



**NHỰA BÌNH MINH**

**ANNUAL  
REPORT** **2013**  
**SOLID FOUNDATION  
SUSTAINABLE FUTURE**







**NHỰA BÌNH MINH**





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### Vision

*To continue to be a  
leading enterprise of plastic  
construction materials  
in Vietnam.*

### Mission

*To supply products and  
services to meet the increasing  
demands of the market.  
To harmonize the interests  
of customers, employees,  
shareholders and society.*

### Core values

*High consensus, respecting  
the past, to move forward  
to the future with  
self-confidence*

# Messages

## FROM THE BOARD OF MANAGEMENT

Dear Shareholders,

Year 2013 is over with a lot of difficulties, domestic construction market was not generally prospering, plastic pipe industry competition was increasingly fierce. That caused many businesses lower growth or no growth in both revenue and profit, even much decrease with some enterprises compared with 2012.

In the unfavorable situation, BMP still increased 10% in revenue and 4% in profit before tax compared with 2012. It was a very encouraging result of the Company, causing shareholders be heartened and staffs be more confident.

After separating two titles Chairman of the Board of Management and General Director in 2012, there was a major change in the beginning of the second quarter of 2013, which was the first time the Board of Management have a structure of multi-component, multi-nationality with 2/3 independent and non operation members. However, the Board of Management initiatively overcome difficulties and gets a good unity. Every member was reasonably assigned with the motto understanding in work, flexible and step by step in resolving. Therefore, the direction and supervision for all Company activities achieved in most of major goals, which had been decided by the General Meeting of Shareholders.

It is also the year that BMP had to confront the difficulties and problems of tax liabilities and debts that have never happened in the history during 36 years of formation and development, related to both objective and subjective reasons. This sometimes caused confusion, fluctuation in shareholders. In this situation, we promptly informed, and actively discussed and proposed reasonable and effective solutions in the shortest

time, to meet the requirements of transparency and public information before the special concerns of the shareholders and outside public opinions.

Overcoming challenges in 2013, we were very grateful to the relative authorities, the public media, friends, partners, domestic and foreign investors... who had sympathy, encouragement and co-operation with us. It was a great power source that we hope to receive continually in the future.

Year 2014 has arrived, early months of the year is over, the purchasing power has not increased yet, the company's major issues are still not definitively resolved, difficulties are piling up, so the Board of Management does not dare to be too optimistic. However, with the vision, the strategic direction, the Company's resources, the strong commitment of consensus, the humility in learning, the experience from past..., which are the premise that the Board of Management has painstakingly prepared to create conditions for the Executive Board ready to face and overcome obstacles, keep BMP moving rapidly comprehensively on the SUSTAINABLE DEVELOPMENT way.

Wishing you good health, happiness and success.

 CHAIRMAN OF THE BOARD  
OF MANAGEMENT  
  
Le Quang Doanh









# Company PROFILE

## 1. GENERAL INFORMATION:

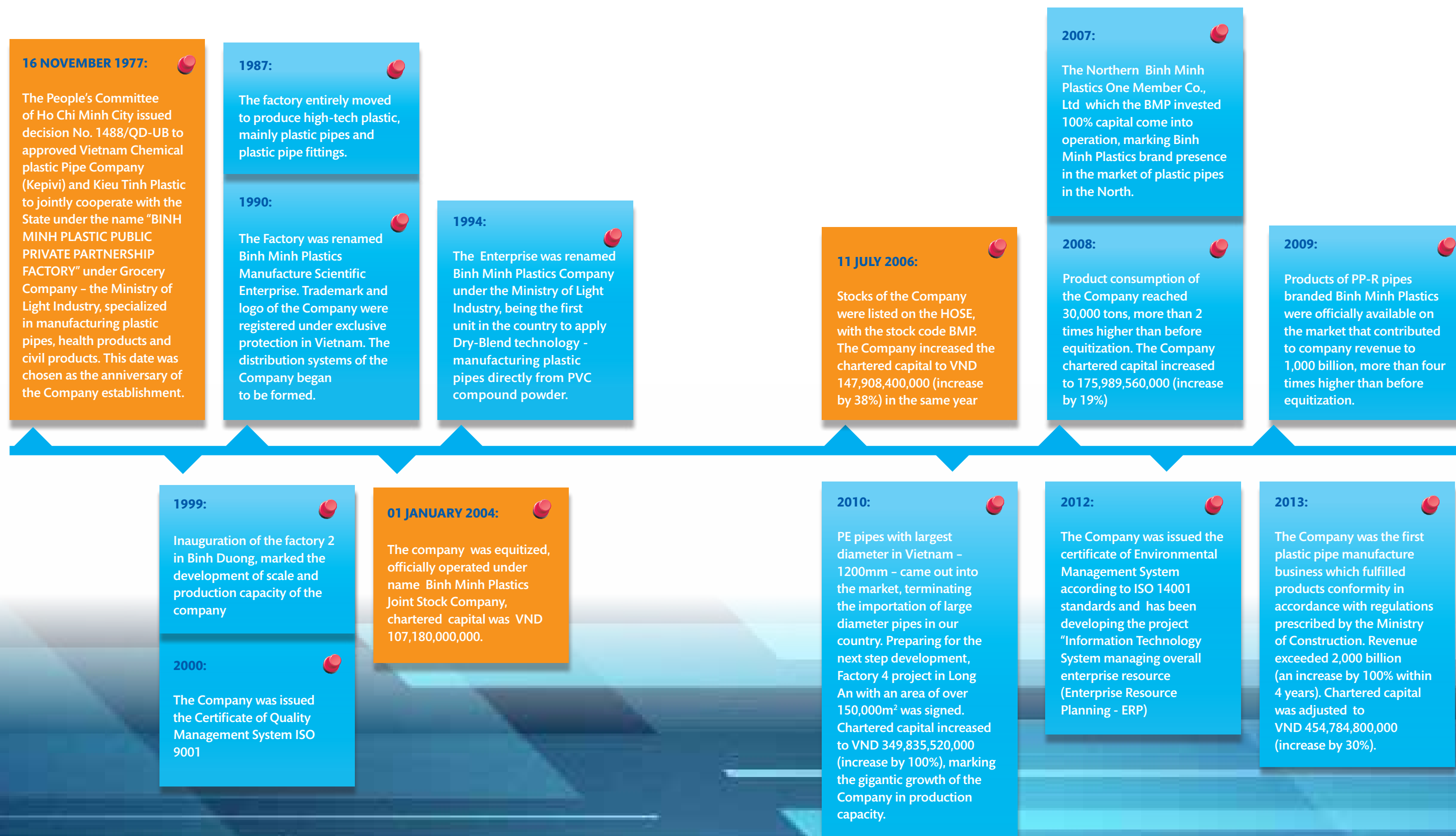
Company's name	: BINH MINH PLASTICS JOINT STOCK COMPANY
Abbreviated name	: BM PLASCO
Business registration certificate	: 0301464823
Charter capital	: VND 454,784,800,000
Invested capital by the owners	: VND 1,489,073,090.875
Head office's address	: 240 Hau Giang street, ward 9, district 6, HCMC
Telephone	: 8 39 690 973
Fax	: 8 39 606 814
Website	: www.binhminhplastic.com
Stock code	: BMP
Binh Minh Plastics Joint Stock Company Branch	: No. 7, road No. 2, Song Than 1 industrial park , Di An town, Binh Duong province, Viet Nam
Vinh Loc - Ben Luc Branch	: Block C1-6 to C1-30, Vinh Loc 2 industrial park, Vinh Loc 2 street, Voi La hamlet, Long Hiep commune, Ben Luc district, Long An province , Vietnam
Subsidiary companies	: Northern Binh Minh Plastics One Member Co., Ltd. (NBM), road D1, block D, Pho Noi A industrial park, Van Lam rural district, Hung Yen province





# COMPANY PROFILE

## 2. PROCESS OF FORMATION AND DEVELOPMENT





# COMPANY PROFILE

CHART OF CHARTERED CAPITAL AND TOTAL ASSETS FROM 2003 TO 2013

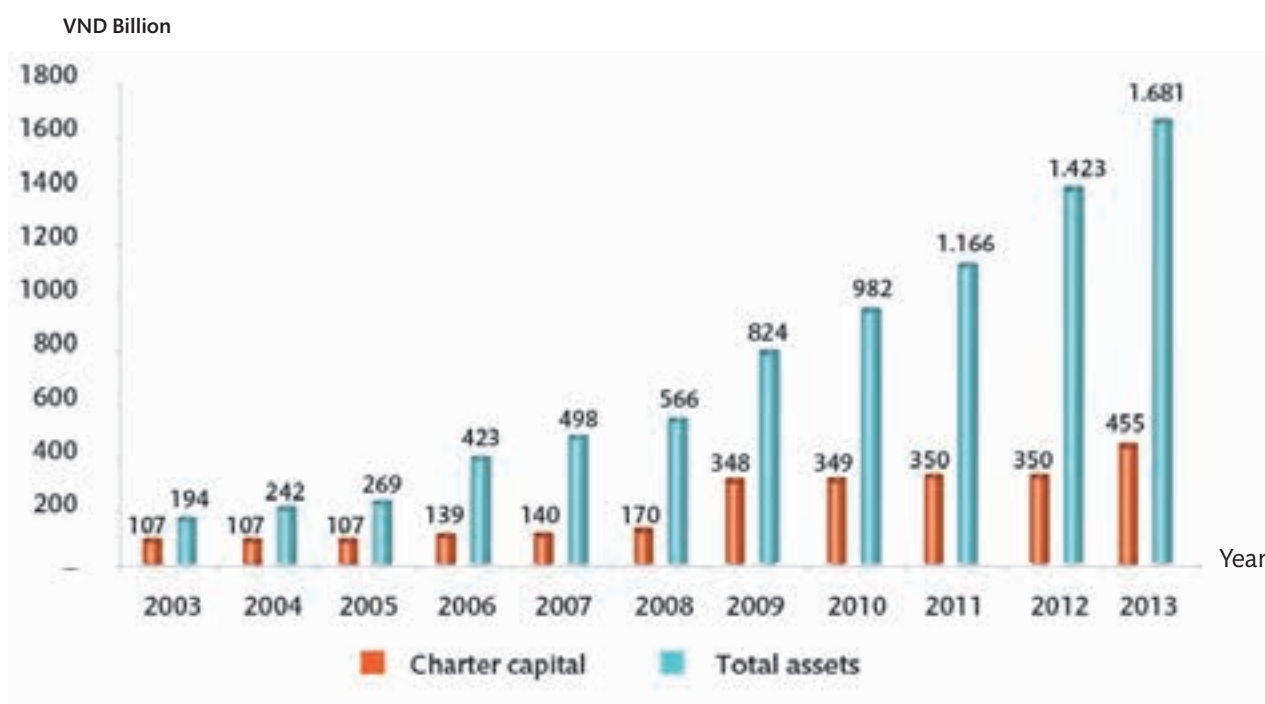
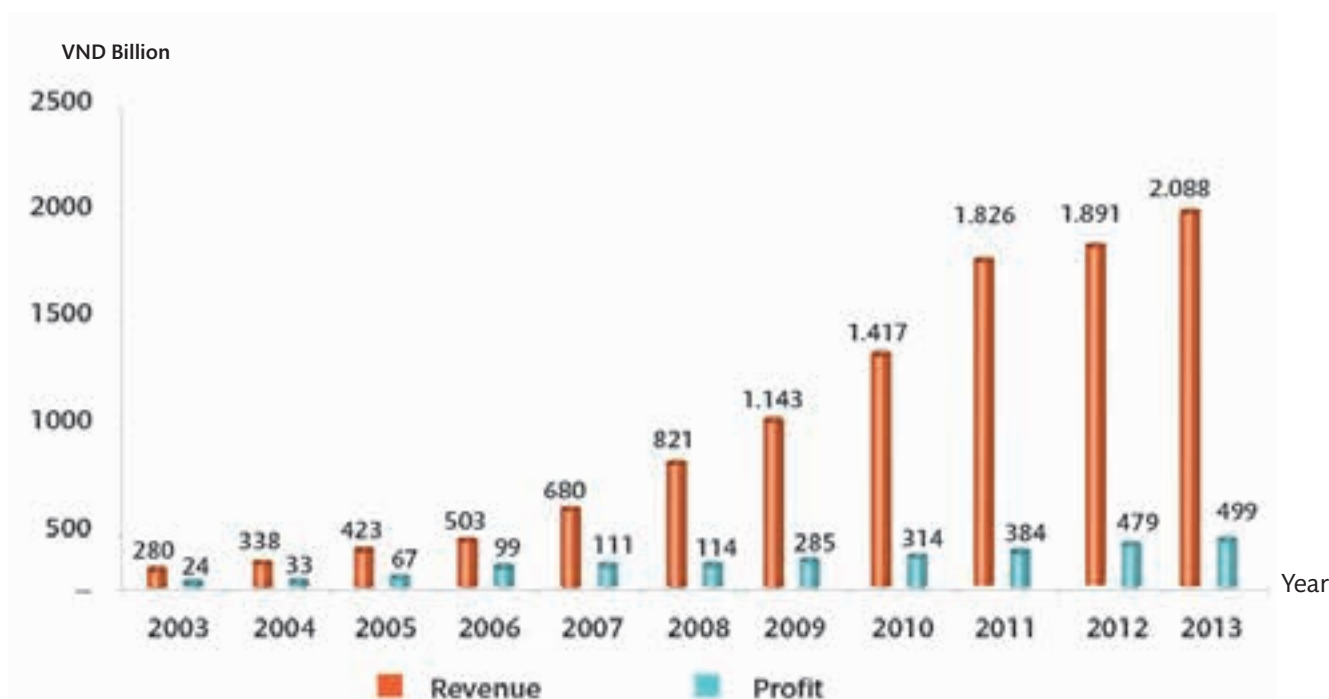


CHART OF REVENUE AND PROFIT FROM 2003 TO 2013



## 3. BUSINESS LINES AND FIELDS

Binh Minh Plastics is evaluated by consumers to be a leading and reputable plastic business in the plastic industry in Vietnam in general and industrial plastics industry in particular, specializing in providing pipes, plastic pipe fittings, plastic high technology products for the sectors of water supply and drainage, telecommunications, electricity, construction and civil use, details as follows:

uPVC pipes and fittings from 21mm to 630mm in diameter, used in the sectors of water supply and drainage, electricity, telecommunications, construction and civil use.

HDPE pipes and fittings from 16mm to 1,200 mm in diameter, used in the sectors of water supply and drainage, electricity, construction and civil use, especially for alkaline and saline waters.

HDPE double-wall pipes and fittings from 110mm -500mm in diameter, specially used in infrastructure drainage and electric power.

PP-R Pipes and fittings from 20mm to 160mm in diameter, used for hot water and cold water, under high pressure.

Products branded Binh Minh Plastics have obtained national and international standards, granted a certificate of standards conformity and a certificate of conformity with National technical regulations QCVN 16-4:2011 / BXD.

With systems of machinery, equipment and technology in the most advanced generation from Italy, Germany, Austria, Canada ... synchronously equipped at the three factories in Ho Chi Minh City, Binh Duong, Hung Yen, Binh Minh Plastics is capable of providing 80,000 tons of products to markets annually.

Besides that, with teams of professional trained staff and the quality management system ISO 9001, Environmental Management System ISO 14001, Binh Minh Plastics is proud of being a supply a supplier for plastic pipe products to many key national projects, industrial construction and civil works, water supply and drainage, electricity, infrastructure...

Binh Minh Plastics brand is known by the over country distribution network, there are over 1,000 stores belong to the distribution system of the Company and more than 90% of plastic pipe stores nationwide trading Binh Minh Plastics products.





**NHỰA BÌNH MINH**





# COMPANY PROFILE

## 4. INFORMATION OF MANAGEMENT MODEL, BUSINESS ORGANIZATION AND MANAGEMENT APPARATUS

### a. The management model:

The Company has complied with management model applied to Joint-stock enterprise in accordance with The Unified Enterprise Law, which are the General Meeting of Shareholders, the Board of Management, the Inspection Committee, the Executive Board headed by the General Director, two Deputy General Directors and Chief Accountant.



In April 2013 Annual General Meeting of Shareholders elected the Board of Management with 5 members and The Inspection Committee with 3 members for term from 2013 to 2018. It is the first time the Board of Management has foreign member representing the large shareholder, two titles Chairman of the Board of Management and General Director are separated and clearly demarcated. Therefore, the operation of Board of Management is improved, more diversified. Chairman of Board of Management has more time to focus on strategic planning, to enhance the control and supervision of the Board of Management over operation of the apparatus.

For assisting the Board of Management activities, in 2013 the Board of Management formally established two sub-committees: Personnel – Policies – Salary and Bonus Subcommittee and Shareholder Relations. Two others - Strategy - Development Subcommittee and Risk Management Subcommittee - are in the preparation stage of personnel and operational regulations.



## COMPANY PROFILE

### b. The management apparatus structure:

At the parent Company, the Board of Management appointed the senior management officials including the Board of Directors and the Chief Accountant. The General Director appointed the middle level management officials including the Heads and the Deputy Heads of the functional departments, the Board of Directors of the two factories and basic level management officials.

In Subsidiary company - Northern Binh Minh Plastics Co., Ltd - the Board of Management appointed the Members' Council. The Chairman of the Members' Council appointed the Board of Directors.

Each year based on the resolutions of the General Meeting of Shareholders, the Board of Management assigned targets to the parent Company, subsidiary companies. The Executive Board developed to implement the plans through the objective of the Company.

Representative of the Leader of Quality Management System ISO 9001 (QMR) and Environmental Management System ISO 14001 (EMR) on behalf of the Inspection Committee inspected the process of implementation of business done by the Company and the departments.

### c. Subsidiary companies, associated companies:

TYPE	COMPANY'S NAME	ADDRESS	BUSINESS SCOPE	CAPITAL FROM BMP
Subsidiary	<b>Northern Binh Minh Plastics One Member Co., Ltd. (NBM)</b>	Road D1, block D, Pho Noi A industrial park, Van Lam rural district, Hung Yen province.	Manufacturing, import and export of civil engineering, technical and industrial products made from plastic, rubber.	100%
Associated	<b>Binh Minh Viet Real Estate Business Investment Joint stock Company (BMV)</b>	No. 240 Hau Giang street, ward 9, district 6, HCMC	Real estate business	26%
	<b>Da Nang Plastics Joint stock Company (DPC)</b>	371 Tran Cao van street, Thanh Khe district, Da Nang city	Manufacturing, import and export of products, raw material, equipment for plastics industry.	29%

(\*) BMV has been granted business registration certificate; actually BMP has not yet made capital contribution





# COMPANY PROFILE



— General management relations  
 ..... Relations under the Quality Management System (QMS)- ISO 9001



# COMPANY PROFILE

## 5. DEVELOPMENT ORIENTATION:

To keep the position of the Viet Nam market leading in the field of production and supply of plastic pipe products and plastic pipe fittings, the Board of Management has built an "overall strategy of BINH MINH Plastics development for period 2010 - 2015 and Vision until 2020 ". Base on this long-term strategic orientation, The company's medium and short-term plans specially pay attention to some key points of the major orientations and develop to be the functional strategies appropriating to each stage of development.





## 6. RISKS AND RESPONSE SOLUTIONS:

	RISK CATEGORIES	MANAGEMENT MEASURES
1	<b>Risk from environmental economics:</b> Global economic crisis, inflation ... affect to the domestic economy, purchasing power reducing, especially in the constructional material market.	<ul style="list-style-type: none"> <li>Frequently updating information of economics, and international politics in the world and country, especially in the field of construction, real estate for rising appropriate policy decisions. Taking advantages of opportunities right in difficulty. Development of distribution network to the remote areas, expand market share abroad, taking part in the project. Investment and development in depth, focusing on core business</li> </ul>
2	<b>Risk from macroeconomic policy:</b> The changes of law, tax policy, accounting rules, reporting, personnel policies, and environment ... of the authority affecting activities, reputation and business results of the Company.	<ul style="list-style-type: none"> <li>Organizing system to update the changes of law, implementation in accordance with regulations.</li> <li>Assigning responsibility for the functional departments to participate in training courses, updating policies and disseminating to laborers for performance together.</li> <li>Retaining legal consultants to advise leaders about the problems of the State's policies concerning the Company's operations.</li> </ul>
3	<b>Risks due to changes of the input:</b> exchange rate, sale price, transportation cost, labor, materials supply... are not stable, affecting costs, profitability and production planning.	<ul style="list-style-type: none"> <li>Updating information relating to the situation, economic forecasts, politics in and out of the country to take the appropriate decisions.</li> <li>Issuing norms, encouraging to save electricity, water, materials..., increasing labor productivity to reduce costs.</li> <li>Using of new materials, high efficiency, environmental friendly. Priorly using local raw materials to minimize fluctuations of the exchange rate, transportation, supply progress.</li> <li>To company's suppliers, always being a reliable partner, keeping a good relationship and reputation in business with motto win - win. Avoiding exclusive supplier.</li> </ul>

	RISK CATEGORIES	MANAGEMENT MEASURES
4	<b>Risks from internal Company:</b> Mistakes in business strategy; inefficient investment; internal disunity, poor management, human resource insufficient to needs ... affecting business performance, brand and the sustainable development of the Company.	<ul style="list-style-type: none"> <li>The Board of Management planed long-term strategy based on the market and the Company's capacity. Assigning specific annual plans and closely monitoring the activities of the Executive Board.</li> <li>The Executive Board sets up progress of implementation, complying and usually improving the work processes in accordance with the State regulations and the Company's capability.</li> <li>Focusing on recruitment, training; holding transparency and fairness in salary, reward, welfare policy for the laborers; having appropriate remuneration policy to attract talents.</li> <li>Paying attention to build corporate culture, ethical standards, behavior, communications, sharing.</li> </ul>
5	<b>Risks from the inefficiency of the distribution system:</b> The customers not loyal to the Company, less competitive, reducing revenue.	<ul style="list-style-type: none"> <li>Unceasingly improving quality to enhance quality of existing products and developing new products, which meet market demand.</li> <li>Policies of price, after sales service were appropriate.</li> <li>Timely and flexibly issuing, controlling and adjusting policies, regulations for the operation of the distribution system, customer to consistent with the market in each period.</li> <li>Not applying the exclusive distribution regime.</li> <li>Well organizing service activities, periodically caring delivery systems, customers. Sponsoring for some of their activities.</li> </ul>
6	<b>Risk of fire, natural disaster, theft of property...:</b> Affected the business operations, assets and equity.	<ul style="list-style-type: none"> <li>Risk dispersion: not locating the warehouses concentratively. Fully equipped with facilities of man and property to inspect and protect assets, regular exercise to prepare for disaster situations, fires.</li> <li>Purchasing of property insurance to minimize the damage.</li> </ul>
7	<b>Financial Risk:</b> Not active in equity capital for operations, it was obligatory to borrow bank loans with high interest rates, affecting work progress and profit. Unrecoverable customer debts affected capital sources, the psychology of laborers and shareholders.	<ul style="list-style-type: none"> <li>Establishment of annual financial plan to actively hold the source of money.</li> <li>There were policies to attract resources from partners to take advantage of low interest money.</li> <li>Closely monitoring relative market conditions to determine appropriate interest rate policies which was good for the purpose of risk limitation and management of the Company.</li> <li>Providing appropriate regulations and regularly inspecting customer debts to avoid losses and appropriation of capital, increasing personel responsibilities of the executive and management in financial side.</li> </ul>





NHỰA BÌNH MINH

OPERATION  
**situation**  
DURING THE YEAR



# OPERATION SITUATION DURING THE YEAR

## 1. SITUATION OF BUSINESS ACTIVITY:

In terms of the macro, our country economy basically kept stable in 2013. Inflation was controlled at a low level. Industrial production gradually showed signs of recovery, the output value of the construction sector tended to increase. However, the works were still in exploration stage and not really positive because the projects were not properly implemented in processes, payment and disbursement were delayed, in addition, the very complex weather in the year also affected rate of construction. Therefore, the purchasing power of the market did not yet recover and also remained many potential risks.

**Facing this situation, the Company maintained basic business strategy which as follows:**

- Brand positioning in the segment of high quality products, products were diversified and abundant, widespread distribution systems with consistent and flexible policy.
- Continuing to conquer the domestic market, being a partner with industries of water, electricity, telecommunications and construction
- Step by step developing overseas market shares.
- Increasing the survey, bringing out the right market solutions.
- Expansion of customer care.
- Increasing the legality of economic contracts and the collaterals from customers.
- To accelerating the process of payment of land rent in Long An Factory to get preferential prices.

**With the strategies of the year:**

- Focusing on developing the distribution systems in the direction of depth instead of width as previously. Thus, although the number of stores increased by only 75 stores (9%) but were carefully selected in each region and promoted trade advantages. In addition, the Company increased its participation
- Reserving appropriate materials by available funds with out of bank interest.
- Rewarding and encouraging timely initiative movements, aiming at reducing costs, increasing productivity and product quality.

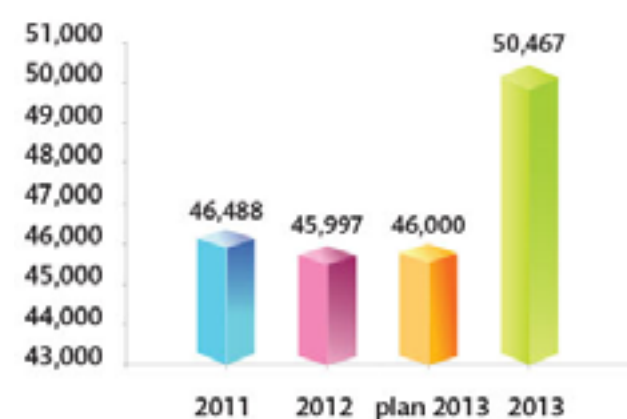




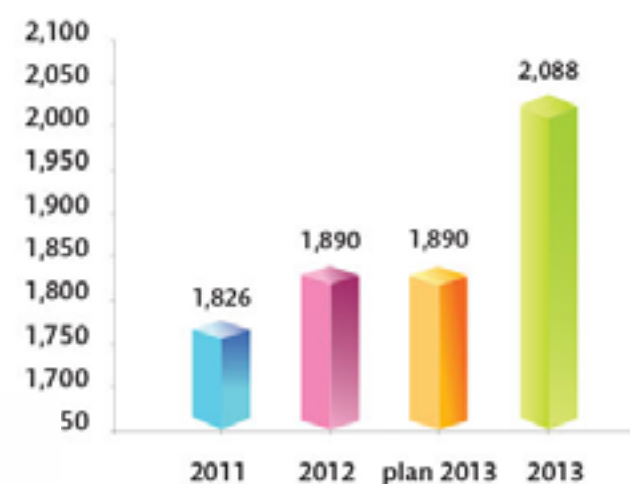
## OPERATION SITUATION DURING THE YEAR

### AND ACHIEVED BUSINESS RESULTS AS FOLLOWS:

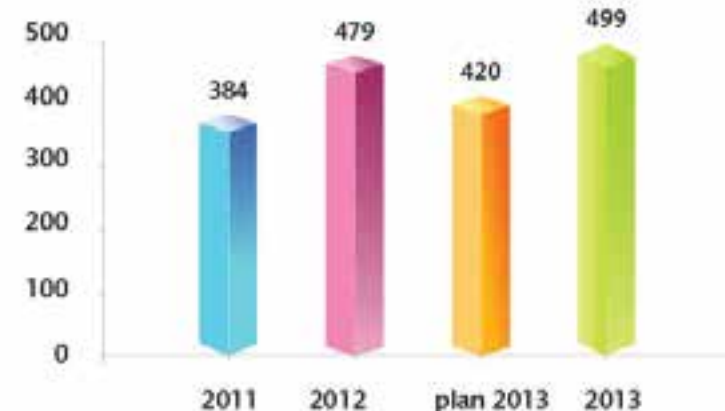
NO.	TARGET	UNIT	PLAN	PERFORMANCE	PE/PL	PE/PE2012
1	Revenue from industrial production	VND billion	1,890	2,088	110%	110%
2	Consumption volume	Ton	46,000	50,467	110%	110%
3	Profit before tax	VND billion	420	499	119%	104%



Output (Ton)



Revenue (VND billion)



Profit before tax (VND billion)

WITH THE  
ABOVE RESULTS,  
THE COMPANY  
OBTAINED:





# OPERATION SITUATION DURING THE YEAR

## 2. ORGANIZATION AND HUMAN RESOURCES

### a. Information of The Board of Management – Board of Executive

**1. Mr. NGUYEN HOANG NGAN:**  
Deputy Chairman of The Board of Management - General Director - Chairman of The Members' Council of Northern Binh Minh Plastics One Member Co.,Ltd - Chairman of The Board of Management of Da Nang Plastics Joint Stock Company

Born in 1962

**Qualification:** Mechanical Engineering, Master of Business Administration

**Working history:**

- 1988: Technician of Binh Minh Public Private Partnership Factory.
- 1992: Chief of Technical Division of Binh Minh Plastic Manufacturing Scientific Enterprise.
- 1997: Deputy Director of Binh Minh Plastic Company.
- 2004: Deputy Chairman of the Board of Management - Vice General Director of Binh Minh Plastics Joint Stock Company.
- 2007: Deputy Chairman of The Board of Management - Vice General Director of Binh Minh Plastics Joint Stock Company - Deputy Chairman of The Members' Council - Director of Northern Binh Minh Plastic One Member Co., Ltd.
- August 2011: Deputy Chairman of The Board of Management - Vice General Director of Binh Minh Plastics Joint Stock Company - Chairman of The Members' Council of Northern Binh Minh Plastic One Member Co., Ltd.
- March 2012: Deputy Chairman of The Board of Management - Vice General Director of Binh Minh Plastics Joint Stock Company,



Chairman of The Members' Council of Northern Binh Minh Plastic One Member Co., Ltd - Chairman of The Board of Management of Da Nang Plastics Joint Stock Company.

- November 2012 to present: Deputy Chairman of The Board of Management - Vice General Director of Binh Minh Plastics Joint Stock Company, Chairman of The Members' Council of Northern Binh Minh Plastics One Member Co., Ltd - Chairman of The Board of Management of Da Nang Plastics Joint Stock Company.



**2. Mrs. NGUYEN THI KIM YEN: Member of the Board of Management - Vice General Director of the Company**

Born in 1960

**Qualification:** Bachelor of Industrial Economics, Bachelor of Business Administration

**Working history:**

- 1981: statistics staff for Binh Minh Public Private partnership Factory.
- 1988: Deputy manager of Supply and Consumption Planning Division of Binh Minh Public Private Joint Venture Factory.
- 1998: Sales manager for Binh Minh Plastics Company.
- 2006 to present: Member of the Board of Management - Vice General Director of Binh Minh Plastics Joint Stock Company.



## OPERATION SITUATION DURING THE YEAR

### 3. Mr. NGUYEN THANH QUAN : Vice Technical General Director

Born in 1968

**Qualification:** Chemical Engineering, Master of Business Administration

#### Work experience :

- 1994: Technician of Binh Minh Plastics Company.
- 1997: Deputy manager of Technical Division for Binh Minh Plastics Company.
- 2000: Manager of workshop 1 Binh Minh Plastics Company.
- 2007 : Director of Factory 1 of Binh Minh Plastics Joint Stock Company.
- 2010 : Director of Factory 2 of Binh Minh Plastics Joint Stock Company.
- 2013 to present : Vice Technical General Director of Binh Minh Plastics Joint Stock Company.



### 4. Mrs. TRANG THI KIEU HAU: Member of the Board of Management - Chief Accountant of the Company

Born in 1958

**Qualification:** Bachelor of Accounting and Finance

#### Working history:

- 1985: Staff of Financial Division for Binh Minh Public Private partnership Factory.
- 1988: Deputy Manager of Financial Division for Binh Minh Public Private partnership Factory.
- 1994: Chief Accountant for Binh Minh Plastic Company.
- 2004: Member of the Board of Management - Chief Accountant for Binh Minh Plastics Joint Stock Company.
- 2013 : Chief Accountant for Binh Minh Plastics Joint Stock Company.



# OPERATION SITUATION DURING THE YEAR

The percentage of ownership of voting shares and other securities of the Executive Board issued by the Company:

NO.	TITLE	FULL NAME	NUMBER OF SHARES OF BMP	OWNERSHIP RATE (%)	NOTE
1	GENERAL DIRECTOR	NGUYEN HOANG NGAN	343,639	0.75	Transfer restriction of 67,000 shares
2	VICE GENERAL DIRECTOR	NGUYEN THI KIM YEN	253,908	0.56	Transfer restriction of 49,200 shares
3	VICE GENERAL DIRECTOR	NGUYEN THANH QUAN	6,505	0.014	
4	CHIEF ACCOUNTANT	TRANG THI KIEU HAU	302,216	0.66	Transfer restriction of 70,900 shares

## b. Changes in the Executive Board:

On 01<sup>st</sup> January 2013, the Board of Management formally appointed Mr. Nguyen Thanh Quan, former Director of Factory 2 to be Vice Technical General Director, in replacement for Mr. Nguyen Hoang Ngan, former Vice Technical General Director who just holds the position of General Director.

## c. Human resource:

The total of laborers in the Company until 31 December 2013 was 700 persons, increasing by 3% compared to 2012, and allocated as following:

GROUP	YEAR 2012	YEAR 2013	CHANGE RATE
Direct staff	568	594	4%
Management officials in basic level	74	68	-9%
Management officials in middle level	34	34	0%
Management officials in high level	4	4	0%
Total of laborers	680	700	3%

In 2013, there still were difficulties and challenges, however BMP still maintained stable growth and jobs for laborers. Labor increasing in 2013 primarily focused in young, skilled personnel working for ERP projects. Fluctuations in personnel structures were mainly in the group of direct staff and management official in basic level, because the Company improved the process of management, and laborers were logically assigned.

Human resource is mostly at the age under 40 (72.8%) with a minimum qualification of graduation from high school that should facilitate the acquisition of knowledge about the laws, rules and technical sciences. Besides, the Company always created favorable working environment based on the respect and the interests for the laborers, so it had a skilled, experienced and sticking labor force. This was one of the advantages of BMP.

CHART OF LABOR STRUCTURE

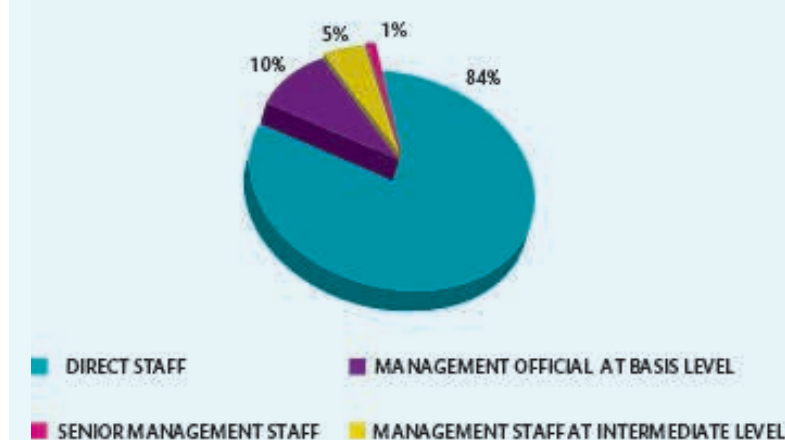


CHART UPON LABOR AGES

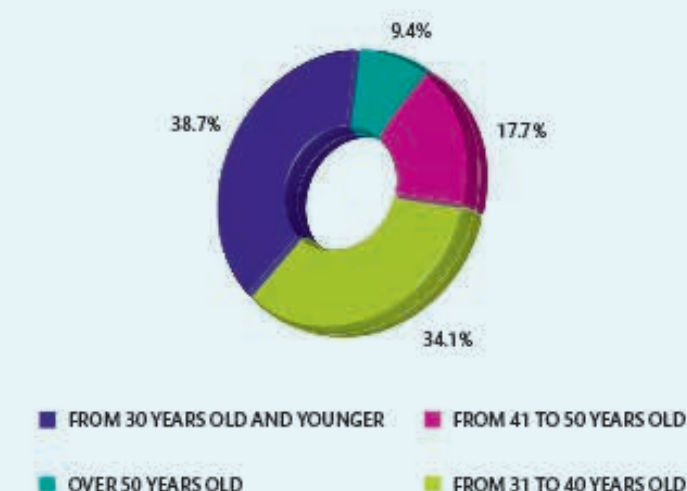
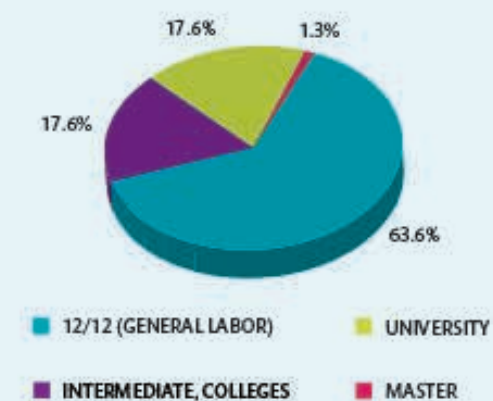


CHART UPON QUALIFICATION







#### **d. Policies for laborers in 2013:**

##### **Recruitment Policy**

For the goal to keep improving to be better, in 2013 the Company issued specific scoring criteria in recruitment, helping to select suitable candidates quickly and accurately, limiting to assess feelingly. Although there was a priority for staff's relation in recruitment policy, but all candidates must pass through the same testing and interview, qualification and health have to meet the demands for each position.

##### **Salary - Bonus Policy**

For encouraging laborers to achieve high efficiency and fairness in income, the Company also paid salary according to business efficiency and bonus according to work completion degree which based on the competition scale. For workers who work on shift 3 or on toxic place, there was the fostering regime right away.

The company maintained rewards which were voted periodically every 6 months. Payment source was from bonus funds.

In 2013 the Company adjusted the salary and allowance for temporary workers.

##### **Training Policy**

Yearly, the Company has made a training plan based on needs form the departments. The policy of encouraging self-training to improve qualifications and training right persons, right contents, consistent with current work towards future planning has helped the Company stabilize the human resource, save training costs while still providing high effect.

##### **Policy for probationary management officials**

For preparing next generation resources, the Company applied the regulation for probationary officials from the basic level upwards. The probationary officials were selected from the laborers, trained and challenged in management environment but not separate from current work, that helped the Company proactively had young staff with qualification, experience and engagement.

##### **Health Care Policy**

Health of workers was a leading concern of the Company leaders. Canteens provided middle shift meals to ensure nutrition and food safety. Maintaining the annual health checking for early detection of disease. Each factory had doctors, who are responsible for common treatment, first aid right away, consult employees about health and disease treatments, organizing vaccination for laborers. Total spending for health care in 2013 was VND 1.024 billions, increase by 29.5% compared with 2012.

Periodically every 6 months, the Company inspected working environment in factories, timely having solutions to minimize pollution (if any), to ensure working environments for laborers meeting the prescribed requirements.

##### **Welfare Policy**

Besides ensuring the regimes for laborers in accordance with law, labor agreements concluded between Labor Union (representing laborers) and the General Director (the employer) also brought more rights for workers, concretely:

- Purchasing of insurance 24/24 for all laborers, health insurance for management officials.
- Policy for sick pay, maternity pay, allowance; for employee borrowing money to repair house, solve problems; supporting transportation fare in annual vacation.
- Gift for laborers on birthdays, holidays, new year.
- Giving the scholarship, rewarding to the laborer's children, who get good learning result, pass college or university. Organizing of annual summer camp for the laborer's children, who get high achievement in learning. Gift for laborer's children on the occasions of Children Festival 1<sup>st</sup> June, Mid -Autumn.
- Organizing annual travels for laborers ...





### 3. INVESTMENT AND PERFORMANCE OF PROJECTS

#### a. Major investments

##### Financial investments:

- In the unstable economic situation, keeping the temporarily idle money in the bank saving account was reasonable option from Executive Board about investment channel while waiting for the other investment opportunities. Bank saving amount until 31<sup>st</sup> December 2013 reached VND 301.5 billions, contributing by VND 30 billions into financial income of BMP.
- In year, BMP already liquidated a long-term investment of VND 18 billions with Vietnam Capital Fund, collected an amount of VND 14.5 billions and 17,317 shares of Long Hau Joint Stock Company. This investment lost VND 3.5 billions, but due to the financial provision established during the previous years, that not affected to the business result in this period.

##### Investments in projects

- ERP project was launched in 2012, now transferring phase, scheduled for operation in 2014. The total project value reaches to VND 20 billions. The costs and effort for the implementation of this system was very high, but when successfully implemented, it would strengthen the foundation for sustainable development of the Company.
- Project building the Factory 4 in Long An province was in the stage of implementing investment procedures. In 2014 planning, BMP will complete the procedures, continuing the plan to expand the Company in the future.

#### b. Subsidiary and associated companies:

##### b.1. Associated companies:

##### Da Nang Plastic Joint Stock Company (DPC)

In 2013, DPC like other businesses continued to have difficulty, although sales - marketing department had effort to sell products, take back each client, gather up each VND to ensure safety for shareholders' capital in the fierce competition, however, production business results come down more and more. Specific performance as follows:

Unit: VND million

TARGET	PERFORMANCE IN 2012	PLAN IN 2013	PERFORMANCE IN 2013	COMPARED TO PERFORMANCE IN 2012 (%)	COMPARED TO PLAN IN 2013 (%)
Revenue	94,632	98,000	78,087	82.5	79.7
Profit	4,493	4,600	1,965	43.7	42.7
Investment	988	3,000	0	0	0
Dividend (%)	11	Not applied	Expected 6	54.5	



## OPERATION SITUATION DURING THE YEAR

### Binh Minh Viet Real Estate Business Investment Joint Stock Company

The company was founded for the purpose of use conversion of the area at 240 Hau Giang, after BMP moved under the guidelines of the People Committee of Ho Chi Minh City. The project is now submitted to the competent authorities for approval.

### b.2. Subsidiary companies:

#### The Northern Binh Minh Plastics One Member Co., Ltd (NBM)

In the difficult economy situation during 2013, in addition, in the northern market, the competition was increased fiercely, that caused the NBM face many difficulties. However, besides the effort of the NBM, the Board of Management and the Parent Company timely had support policies creating conditions to stabilize production operation, therefore the result of operation in 2013 of the NBM retained relatively balance:

NO.	TARGETS	UNIT	PERFOR- MANCE IN 2012	PLAN 2013	PERFOR- MANCE IN 2013	PERFOR- MANCE ON PLAN (%)	PERFOR- MANCE COMPARED TO 2012 (%)
a	b	c	1	2	3	4 = 3/2	5 = 3/1
1.	Revenue	VND billion	156	170	173	102	110
2.	Sales volume	Ton	3,660	4,000	4,200	106	116
3.	Total profit before tax	VND billion	8.7	12	8.4	70	97

Profit in 2013 was only 97% compared to 2012 while revenue reached to 110% due to increase of raw material costs and the additional tax according the Tax Inspectorate's decision.





# OPERATION SITUATION DURING THE YEAR

## 4. FINANCIAL SITUATION:

### a. Financial situation:



TARGET	UNIT	YEAR 2012	YEAR 2013	INCREASE-DECREASE
Total value of assets	VND billion	1,423	1,681	259
Net revenue	"	1,891	2,088	197
Profit from business operations	"	465	486	21
Other profits	"	2	1	-1
Profit before tax	"	479	499	20
Profit after tax	"	361	370	9
Percentage of profit payable for dividend	%	29.1	24.5	-4.6

Source: Audited Consolidated Statements Current assets Long-term assets

### b. Key financial indicators:

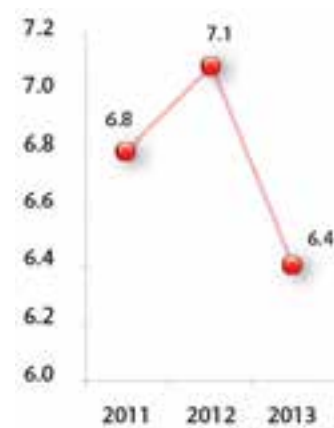
INDICATORS	UNIT	YEAR 2012	YEAR 2013
<b>1. Indicators of solvency</b>			
+ Ratio of short-term payment	Time	7.1	6.4
+ Ratio of fast payment	Time	4.8	4.5
<b>2. Indicators of capital structure</b>			
+ Debt ratio/ total assets	Time	0.1	0.1
+ Debt ratio/ Equity	Time	0.1	0.1
<b>3. Indicators of operational capacity</b>			
+ Inventory turnover	Time	4.0	4.2
+ Net Revenue / Average total assets	Time	1.5	1.3
<b>4. Indicators of profitability</b>			
+ Profit ratio after tax / Net revenue	%	19.1%	17.7%
+ Profit ratio after tax / average equity	%	31.0%	26.8%
+ Profit ratio after tax / average total assets	%	27.8%	23.8%
+ Profit ratio from business operations / Net revenue	%	24.6%	23.3%

Source: Audited consolidated statements in 2013



# OPERATION SITUATION DURING THE YEAR

## SOLVENCY



CURRENT SOLVENCY



QUICK SOLVENCY

## PROFITABILITY



ROA

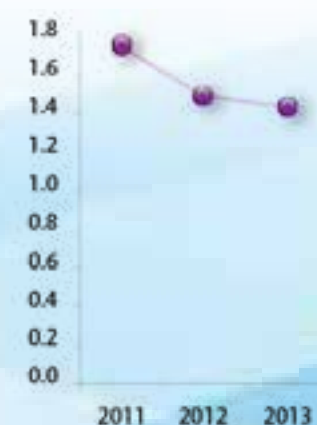


ROE

## OPERATIONAL CAPACITY



INVENTORY ROTATION (times)



TOTAL ASSETS ROTATION (times)



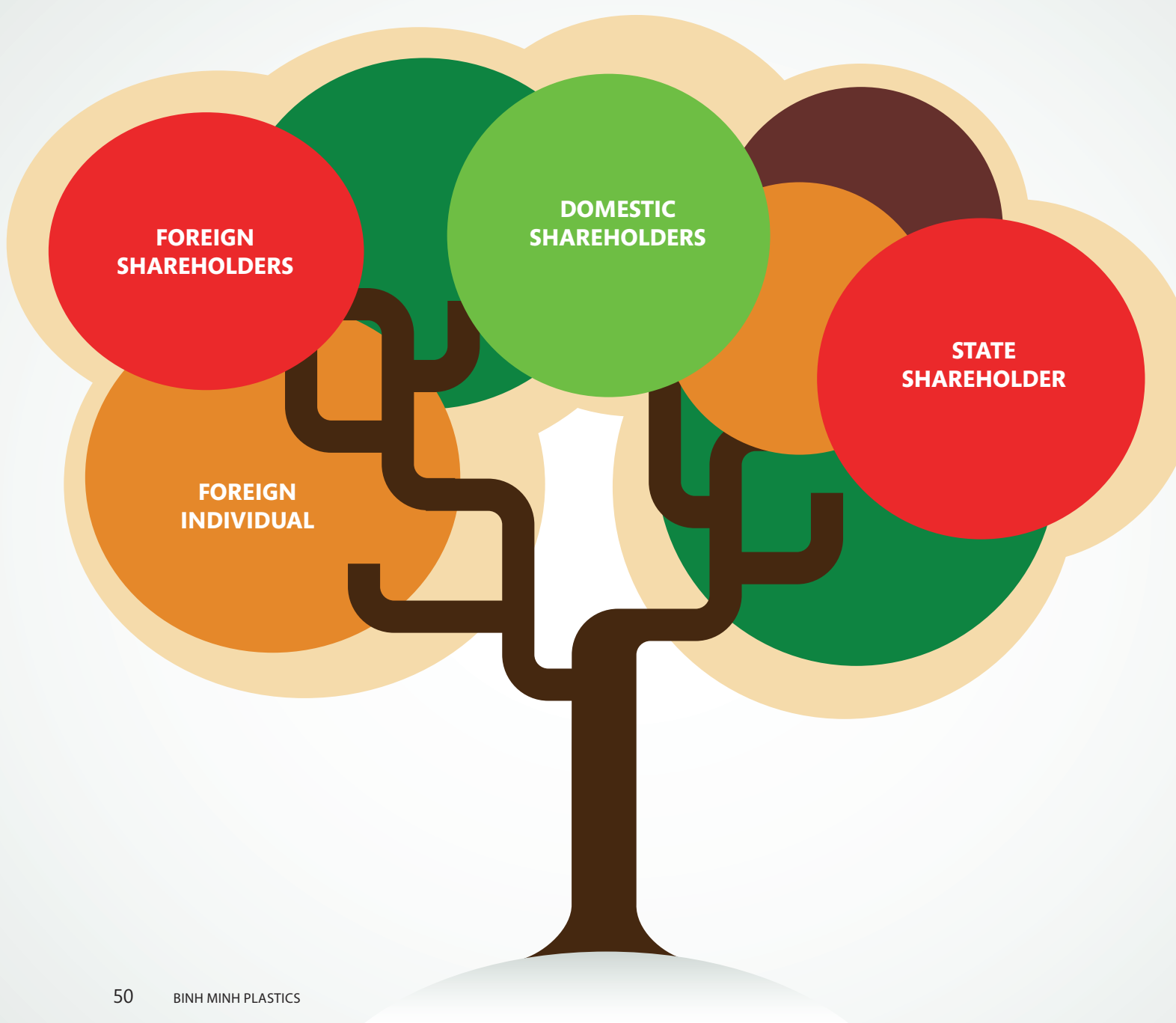


# OPERATION SITUATION DURING THE YEAR

## 5. SHAREHOLDER STRUCTURE, CHANGES IN CAPITAL OF OWNERS

### a. Shares:

- The total of shares of the Company (BMP) registered for issue: 45,478,480
- All of the above shares were common shares sold to the public.
- Number of shares of transfer restriction owned by members of the Board of Management, the Board of Supervisors and the Executive Board: 282,650.



### b. Shareholder structure until 31 December 2013:

SHAREHOLDER STRUCTURE	NUMBER OF HELD SHARES	RATE %	NOTE
<b>Domestic shareholders including:</b>	<b>23,195,585</b>	<b>51</b>	
• Domestic organization	14,869,258	32.70	
Including: State shareholder	13,423,490	29.52	
• Individual	8,326,327	18.31	
Including: Members of BOM	1,187,687	2.61	
Inspection council	134,495	0.30	
<b>Foreign shareholders</b>	<b>22,282,895</b>	<b>49</b>	
Including: Foreign individual	334,331	0.74	
Foreign organization	21,948,564	48.26	
<b>TỔNG CỘNG</b>	<b>45,478,480</b>	<b>100</b>	

### Information of major shareholders:

NO.	SHAREHOLDERS	CONTACT INFORMATION	PROFESSION-AL ACTIVITIES	NUMBER OF OWNED SHARES	PER-CENTAGE
1	Franklin Templeton Investment Fund – Templeton Frontier Markets Fund	26, Boulevard Royal, L-2449 Luxembourg Grand Duchy of Luxembourg	Investment Fund	3,498,390	10%
2	The Nawaplastic Industries (Saraburi) Co. LTD	Building 17, 1 Siam Cement RD, Bangsuf, Bangkok 10800 Thailand	Production of PVC products	9,279,049	20.4%
3	State Capital Investment and Business Corporation SCIC - Co. Ltd	117 Tran Duy Hung, Trung Hoa ward, Cau Giay district, Ha Noi	State Shareholder	13,423,490	29.52%

### c. The situation of capital investment change of owners:

On 12<sup>nd</sup> August 2013 the Company increased its more chartered capital of VND 104,949,280,000 (one hundred and four billion nine hundred and forty-nine million two hundred and eighty thousand VND), bringing the total investment capital of owners up to VND 454,784,800,000 (four hundred and fifty four billion, seven hundred and eighty-four million eight hundred thousand VND). Reason: The Company implemented division of 2012 dividends in share for the existing shareholders at the rate of 30% (10,494,928 shares).

**d. Transaction of fund share:** The Company has no fund share.

**e. The other securities:** In 2013, the Company did not issue other securities.





**NHỰA BÌNH MINH**



# Reports & Assessments

OF THE BOARD OF  
GENERAL DIRECTORS



# REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

## 1. ASSESSMENT OF BUSINESS OPERATION RESULTS:

The year 2013 for the Company was the year of rather much turbulence. While maintaining the position of a leading plastic pipe manufacturer in Vietnam with unanimous support and trust of laborers and shareholders, but the Company still had its own difficulties:

- Changes in the Executive Board in the context of very fierce market competition, requiring quick decisions with flexibility and efficiency.
- The financial management had subjective loop-holes that arose excessive, overdue and bad debt up to 35 billion. Lack of consistent tax policies of the State also made the Company many difficulties to the Decision to retrieve the corporate income tax and a fine up to 117 billion. These were big affairs that took the Company a lot of effort and time to deal with and have not been satisfactorily resolved.
- The development of the Company faced an alarming shortage of human resources in the future.

But with skills and spirit that have been trained for the past 36 years, the Company has created a very positive result with 10% growth over the previous year for income and consumption products, due to:

- Right orientations on product strategies.
- High brand value, brand awareness and brand coverage spread out.
- The resources were utilized. High labor productivity, production costs were reasonable.
- Flexibly adjusting the business policies following closely the market while ensuring the effectiveness on the basis of fair competition.
- Calmly processing information and adverse events with appropriate solutions.
- There was the spirit of the consensus of collective staff of officials and laborers and confidence, loyalty of the customer systems.
- The Board of Executive has the responsibility and capacity, consistency in strategic direction but flexible in planning and implementing short-term solutions to ensure efficient production business.

It is possible to compare the results of Binh Minh Plastics along with a number of units of the same industry through equalization by two important criteria that were performed in 2013 as follows:

NO.	TARGET	UNIT	UNIT NAME				NOTE
			BINH MINH	TIEN PHONG	DONG NAI	DA NANG	
A	B	C	1	2	3	4	5
1	Revenue	Billion VND	2,088	2,487	392	78	
2	Profit	-	499	385	12	03	
3	Profit ratio/ revenue	%	23.9	15.5	3.1	3.8	

Source: Café F

Through these results, we can see that although Binh Minh Plastics is not a unit with the highest sales of industry, but we can fully believe in sustainable development in the future because the lasting effect which the Company brings out.



# REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

## 2. ASSESSMENT OF THE FINANCIAL SITUATION

In the context of the world economic situation still more complicated, slower-than-expected recovery, the domestic economy is still in a difficult period, and the real estate market is still sluggish. And, in all the way through 36 years of development, 2013 was a challenging year for the Company: State retrieved tax arrears and fines more than VND 117 billions, customer bad debts were VND 35 billions. However, Binh Minh Plastics continued business success with performance exceeding the plans obtaining turnover of VND 2,088 billions, over 10%, Profit before tax reached VND 499 billions, over 19%.

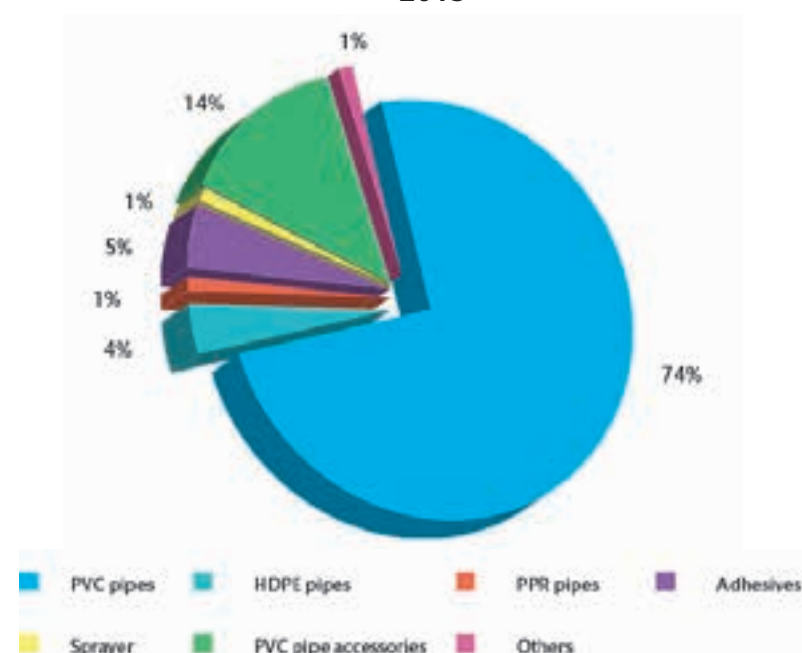
### 2.1. Revenue:

The ongoing effort in improving products, service, striving for bringing satisfaction to customers were key factors to bringing about the success of the Company in 2013. The efforts to seek for new customers through the expansion of distribution systems but not forgotten customer care of existing customers brought about positive business results.

In addition, in order to achieve such results also due to the solid foundation of the construction and ongoing development in the past 36 years, Binh Minh brand in domestic and international market is known as a leading enterprise with the variety of types and sizes of products, quality consistent with international standards. Besides, the quality factors were particularly interested by the Company. In 2013, modern laboratory was put in use to strengthen quality control from raw materials input to the final targets of finished products to ensure products to meet quality standards before shipping to the consumers. The diversity, species richness, peace of mind about the quality, satisfaction of customers to sales and after sales service helped the Company always fulfill business plans.



STRUCTURE REVENUE BY PRODUCT  
2013



TARGET	UNIT	2009	2010	2011	2012	2013
Revenue	VND billion	1,143	1,417	1,826	1,891	2,088
Trend index	%	100	124	160	165	183

Source: the audited consolidated report of BMP for 2009 - 2013



The revenue of 5 years, from 2009 to 2013 was always growing. In 2013 compared with the base year 2009 was almost doubled (83%), although up to this point of time, the economy has not overcome difficulties yet, the construction industry has not prospered. This demonstrated the sustainability of the enterprise over time. This was a proud achievement of collective leaders and staff at Binh Minh Plastics.

In the course of business, Binh Minh Plastics always stands side by side, accompanies its distribution systems to overcome difficulties, and strives for maximum support to customer requirements. Customer care department is always available to answer any questions and quickly resolve customer issues. Respect of business principles, respect of the quality of proposed policies has customers love and trust.



# REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

## 2.2. Structural analysis of assets and capital resources:

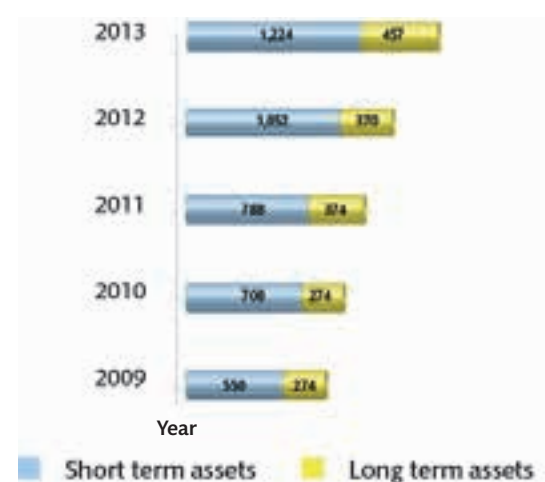
TARGET	UNIT	2009	2010	2011	2012	2013
<b>Total Assets</b>	VND billion	824	982	1,166	1,423	1,681
- Short-term assets	"	550	708	788	1,052	1,224
- Long-term assets	"	274	274	378	370	457
<b>Liabilities</b>	"	152	130	117	149	192
- Short-term Debts	"	151	128	115	149	192
- Long Term Debts	"	1	2	2	0	0
<b>Equity</b>	"	672	852	1,049	1,274	1,489

Source: the Audited Consolidated Report of BMP for 2009 – 2013

Total assets of the Company on 31<sup>st</sup> December 2013 reached VND 1,681 billions, increase by 18% compared to the same period last year. In terms of structure, the proportion of long-term assets increased by 1% to contribute 27% of total assets at the end of 2013. Current assets in value increased VND 172 billions for all of the items compared with the previous year, but the proportion of short-term assets in total assets decreased.

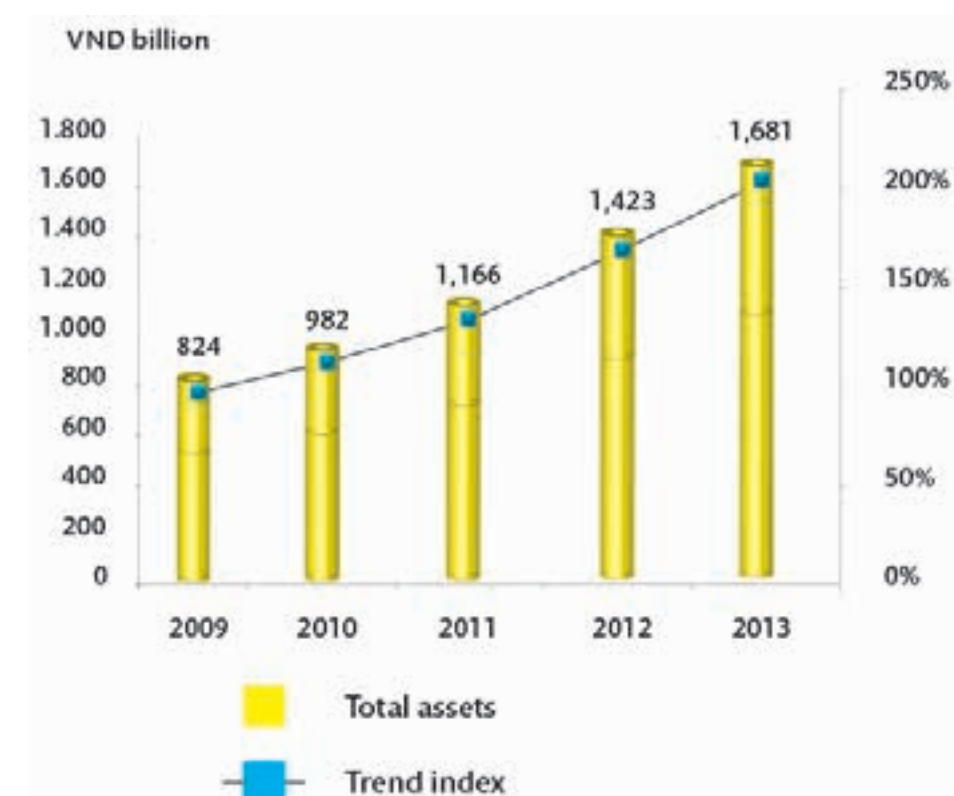
Compared with 2009, the total value of assets in 2013 increased double, mainly due to increase of short-term assets, namely cash items and cash equivalents increased by 4.65 times, accounts receivable increased by 2.72 times, inventories increased by 1.36 times. Although in 2013 not only facing with the difficulties of the economy but also running into the rough right at the enterprise but the Company still grew, maintained financial liquidity ratio, showed the thick solid foundation to be build and grown in many past years.

Unit: VND billion



The changes in long-term assets primarily due to changes in land rent in Vinh Loc Industrial Park, Ben Luc rural District, Long An Province. During the year, the Company continued to pay the rent ahead of time to reduce the pressure to pay the debt for the next years and reduced deferred interest costs. Implementation plan to build the fourth factory here is preparing to start. Just the real estate market recovers; the new factory will go into operation quickly to meet timely demands of the market growth.

Capital structure maintained entirely by equity capital over the years, at the end of 2013, 88.6% of the Company assets were financed by equity. The structure of liabilities in total capital sources was 11.4%, counted for low proportion. Binh Minh Plastics was one of the businesses without outstanding bank loan. The decision on the investment postponement of the Executive Board in the context of past difficult economic was the right step, maintaining a healthy financial situation for the Company.





# REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

## Current assets:

The current assets of the Company as of the end of 2013 were VND 1,224 billions, increase by 16% compared to 2012 and increased by almost double compared with 2009. In the structure of short-term assets in 2013 cash items and cash equivalents accounted for 36%, inventories accounted for 30%, customer accounts receivable accounted for 26%. Comparing to the same period of last year, cash and cash equivalents increased by 27%. Due to the unstable situation of the economy in recent time, the Company did not start construction; this idle money was accumulated to deposit in bank to earn interests of savings.

The proportion of customer accounts receivable at the end of 2013 decreased primarily because BMP maintained forms of discount for immediate payment. On the one hand, customers could pay promptly to enjoy additional discounts; on the other hand their cash flow could circulate more easily than depositing in bank savings accounts. However, in the past year, BMP encountered management problems of liabilities for Duc Thanh Plastics Co., Ltd. The total debts of this company accounted for 12% of total accounts receivable. Currently, there is a decision of the Court on these debts to enforce Duc Thanh Plastic to be responsible for paying both principals and interests over the 5 years from 2014 to 2018. As soon as it happened, the Executive Board quickly overcame, reorganized the entire process, sales policies, and debt management to avoid losses to minimum and to prevent possible risks in the future.

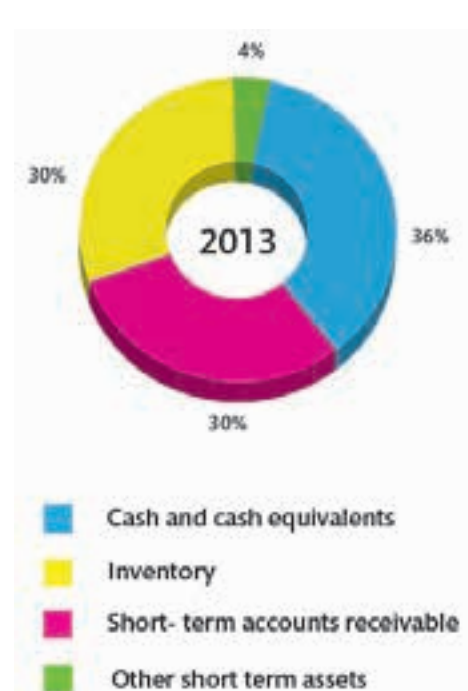
The situation in which more and more domestic enterprises, especially in the construction, real estate sector are being stagnated, that the difficulties in sales of the enterprises of production and business of building materials as Binh Minh Plastics were more and more. Therefore, the Company facilitated customers to buy on credit to maximum based on value of their mortgaged properties under control regulations of liabilities, simultaneously reinforced and paid more attention to the collection of debts. The collaterals were mostly through notary public in order to limit to lowest risks of irrecoverable debts. Consequently, the Company could fully adjust reasonably policies and practical management of accounts receivable efficiently, ensuring working capital not be affected.

Other account receivable in 2013 increased about VND 70 billions compared to 2012 after the Company was retrieved arrears of corporate income tax in period for 2009-2012. Binh Minh Plastics submitted official letters to the Ministry of Finance and the Tax General Department to complain on the above matters and is awaiting replies so temporarily suspended this item. It was the risks of policies that the Company incurred rather than poor management or fraud.

STRUCTURE OF CURRENT ASSETS  
2012



STRUCTURE OF CURRENT ASSETS  
2013



## Long-term assets

Like many other manufacturing enterprises, long-term asset structure depends on the field of activity of the enterprise. Long-term assets of the Company in 2013 were mainly fixed assets and prepaid expenses of long term rents in Long An. In the past year, the Company just renovated factories, warehouses, equipped with a number of machines and ancillary equipment to help reduce the costs of consumption of raw materials, improve productivity as industrial water chillers (Water Chiller), air compressors, welding machines for HDPE pipes ... Some lines of modern machinery imported from Germany, Italy, the Netherlands ... are expected to come into operation in 2014.

Plans for the period for 2014 - 2018, the assets of BMP will continue to increase due to continuous investments in modern machinery, factories to serve production activities for new factory to expand the market shares of plastic construction business, estimated costs for this factory are about VND 1,200 billions, raising the total assets of BMP to VND 3,000 billions.

## 2.3. Liabilities

The structure of liabilities in 2013 wholly was short-term debts. Total liabilities of the Company increased year by year and reached VND 192 billions as of 31<sup>st</sup> December 2013, in which short-term debts of VND 36 billions, accounted for 19%, payable to suppliers were VND 52 billions, accounted for 27%, obligations to the State budgets and laborers were VND 89 billions, accounted for 46%, other items accounted for 8%. The entire short-term loans were deposits of customers for purchase of deferred payment products under control regulations of customer debts of the Company.

Currently, due to lack of promotion of investments, the Company should not have difficulty in cash. However, for the purpose of boosting sales, the Company accepted to pay interests on customer deposits with a term interest rates over 10% that of Commercial Bank of Vietnam at the same time. In return, the Company was completely comfortable with customer liabilities.

Even knowing that, the Company may invest in other fields to contribute to profitable main business activities with profitability rate higher than savings deposit but the Executive Board could not venture with this amount of accumulated money. Therefore, the existing solution is to take advantage of payment immediately in purchase activity to enjoy the best price compared to the market, significantly reducing input costs, contributing to the increase of corporate profits and preparation of capital resources for the upcoming projects.

## 2.4. Owner's equity

Sources of equity of the Company at the end of 2013 reached VND 1,489 billions, increase of VND 215 billions, equivalent to 17% compared to the end of 2012, primarily from undistributed profits of shareholders.

Equity structure continued make up high proportion accounted for 86% of total capital, the increase relied on retained earnings showing the results of investment of Binh Minh Plastics. The structure was maintained in the past years to help the Company control risks, to stand firm and overcome the current difficulties, and was the foundation for sustainable growth in the future.





# REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

## 2.5. Assessment of financial situation:

According to the assessment of outlook report 2014 of Vietcombank Securities Company (VCBS), Vietnam's economy has shown improvement although the pace of recovery is slow, but not really breaks out also there have been quite positive signs compared to 2012.

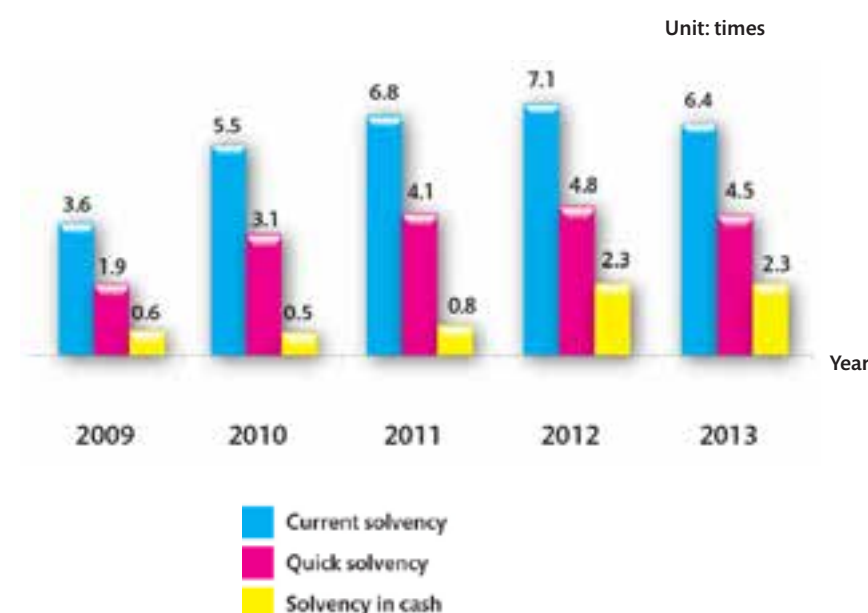
After inflation was under control in 2012, fiscal and monetary policies continued to maintain towards easing cautiously and flexibly has been actively promoting effects, support for momentum of economic recovery. GDP growth improved and accelerated each quarter, for the whole 2013, GDP recorded an increase by 5.42%, almost reaching the target of 5.5% and higher than the figure of 5.25% in 2012.

Year 2014 is forecast to continue to be a challenging year for the economy with a central goal of macroeconomic stability, inflation control and reasonable growth. In 2014 real estate market is expected to be brighter than the year 2013 with a series of positive developments in terms of supply and demand and support policies from the State. Yet it still faces a number of challenges and difficulties due to the world economy and domestic economy that can not fully recover. Difficulties in the real estate industry have a huge impact to plastic construction sector. However, the Company always tries its best to overcome difficulties, is awaiting and hoping for prosperity in the future.

## 2.6. Solvency:

Over the 5 years from 2009 to 2013, the changes of the current payment index, fast payment and cash payments were high, it can be seen working capital lines of the Company were abundant. Specifically, the current liquidity of recent years is over 6 times, fast payment is over 4 times. The highlight of the solvency of the Company better than the other enterprises is cash liquidity by 2.3 times, one VND of short-term debt at the end of 2013 there will be VND 2.3 in cash with highest liquidity guaranteeing for the implementation of the payment obligations. Therefore, in Binh Minh Plastics not only short-term asset always guaranteed payment of short-term debts at high level but also risk of payment was almost none.

With the advantage of the ability to payment, in the past years, the Company took advantage of the purchase methods to achieve the goal of input goods both ensuring the good quality, and low-cost, contributing increase of business efficiency. However, once the Company makes largest investment, it is difficult to keep these indicators as present. Therefore, in order to improve asset utilization, efficient working capital management to maintain these indicators is not a small pressure for the Executive Board.



## 2.7. Profitability:

Unit: %

TARGET	2009	2010	2011	2012	2013
Gross profit margin	29.4	26.9	25.8	31.2	29.8
Pre-tax profit margin	24.9	22.1	21.0	25.4	23.9
Net profit margin (ROS)	21.9	19.4	16.1	19.1	17.8
Revenue on total assets (ROA)	36.0	30.5	27.4	27.8	23.9
Revenue on Equity (ROE)	43.4	36.1	31.0	31.0	26.8

Source: The audited consolidated report of BMP for 2009 – 2013

Gross profit margin had relatively stable trend over the period from 2009 to 2013. Although the past years, the demand of construction on the market was not growing, but the Company remained stable operation, output consumption on average increased by 10% / year due to expanding market shares. In addition, measures to strengthen the auxiliary equipment to reduce the costs of raw materials consumption, minimize waste incurred to keep the costs not much change was the Company's special attention.

Although revenue and profit after tax grew in the past year but the indicators related to ROS, ROA, ROE declined in 2013 compared with the previous years. This meant that the growth in profit after tax was lower than revenue growth, asset utilization rate decreased by 0.2 time compared with the previous year. In addition, the tax burden relatively affected to the targets of the Company.

Effective management of costs, mitigating risk, to take full advantage of the business opportunities ... were the key factors to maintain growth. Anyway, in the situation of businesses in real estate in general and plastic construction industry in particular faced many difficulties, the targets of profitability shown by BMP remained fairly high. The attempt to revive the real estate market of the Government, along with putting into operation a new factory will definitely continue to bring about growth and sustainable development in the future for Binh Minh Plastics.

## 2.8. Operational capacity

TARGET	UNIT	2009	2010	2011	2012	2013
Average collection period	Unit	33	40	46	56	52
Average payable period	Day	28	31	11	10	13
Average storage period	Day	104	101	84	92	88
Fixed asset turnover	Day	4.7	5.3	6.6	6.7	8.3
Total asset turnover	Time	1.6	1.6	1.7	1.5	1.3

Source: The audited consolidated report of BMP for 2009 – 2013



## REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

In business, accounts receivable are always high proportion of short-term asset structure. Particularly, in the construction sector, accounts receivable management items will have special emphasis in corporate governance. Target of collection period on average increased in recent years, but in 2013 it gradually dropped to 52 days. Risks occurred on debts with Duc Thanh Plastic was lessons for the Company in surveillance of customer debt management activities. In 2013, the Company held reappraisal of entire secured properties by competent independent agencies, and through notary public to minimize risks of incurring irrecoverable bad debts.

Along with accounts receivable management, inventory management to maintain optimal quantity to meet the needs of use of the factories, ensuring the output without shortage are the main tasks of production managing. At the warehouses it operates under a model of economic order, the materials and goods are set to minimum - maximum complying with a close process. The average storage period in 2013 was 88 days, decrease of 4 days compared with 2012.

Exploiting the capacity of existing equipment to maximize the use of assets, fixed asset turnover was 8.3 times in 2013 increased double compared with 2009. The reason was the large number of fixed assets was fully depreciated but still operating normally to increase performance. With plans to expand production in the future, a number of modern machinery purchased in 2013 was put into operation, expected to bring a breakthrough in terms of revenue and profitability, performance of using products will have a new step.

### 2.9. Proportion of cost / revenue

Unit: %

PROPORTION OF COST / REVENUE	2009	2010	2011	2012	2013
Cost of goods sold	70.6	73.1	74.2	68.8	70.2
Cost of sales	2.2	2.8	2.9	3.4	3.3
Management expenses	2.5	2.3	2.3	3.2	3.2
Financial expenses	0.3	0.5	0.5	0.4	0.8

Source: The audited consolidated report of BMP 2009 - 2013

Although it is impossible to say that all resources were well managed but also can not deny the attempts to control, manage business activities effectively, stabilize cost structure, in synchronize with the growth in revenues and profits contributed to enhance competitiveness and ensure sustainable development in the company.

The percentage of cost of sales compared with net revenues in 2013 accounted for 70.2%, up from 68.8% in 2012 but lower than the previous years. Over time, input costs increased more and more, as power consumption costs, fuel costs, labor costs... In 2013, raw material prices were not stable as the previous year, but the Company took advantage of its edge, bought raw materials with reasonable prices so even though the cost of raw materials accounted for about 70% of the product costs so the total costs did not make many changes.

Structure of selling expenses, management costs compared with net revenue of 2013 equivalent 2012, accounted for 6.5%. Selling expenses primarily were used for marketing activities, maintaining close relationships with existing customers and brand popularization, searching more potential customers, expanding market shares in Central and Western areas of Highlands.

The proportion of financial expenses increased to 0.8%, the highest in the past years. The increase in the cost structure was because in 2013, the Company prepaid two phases of rents in Long An. This saved 50% interest of deferred payment but the costs increased for this period.

### 2.10. Cash flow

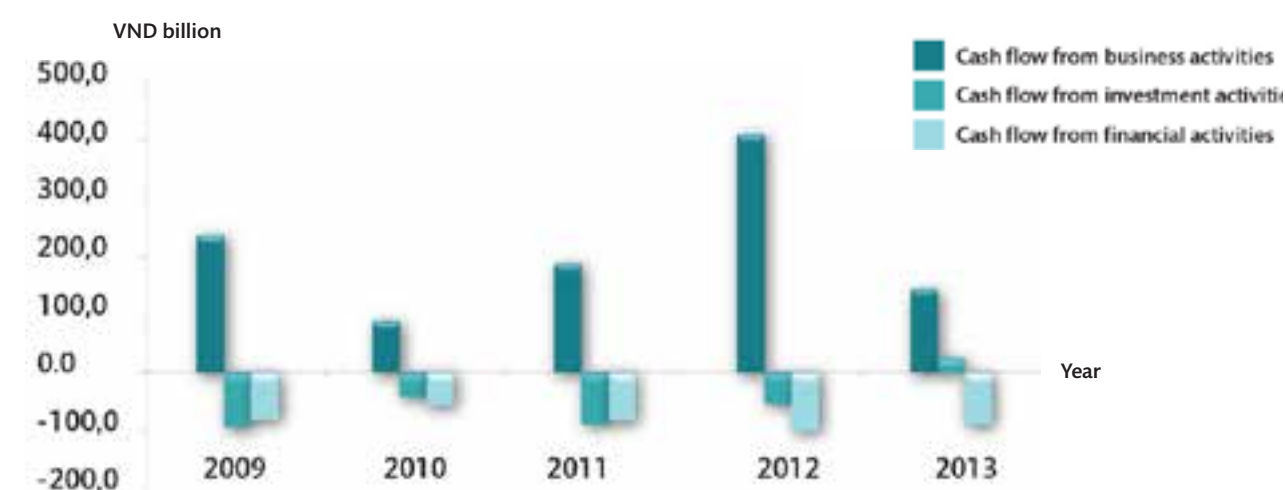
TARGET	UNIT	2009	2010	2011	2012	2013
Cash flow from business operating activities	VND billion	241.1	83.5	171.7	420.4	144.9
Cash flow from investment activities	"	-89.8	-42.0	-75.9	-55.1	32.2
Cash flow from financing activities	"	-75.0	-68.7	-74.2	-108.6	-83.8
Net cash flow in period	"	76.2	-27.3	21.5	256.6	93.4

Source: The audited consolidated report of BMP 2009 - 2013

The outstanding leverage of the Company over the years from 2009 - 2013 was that almost net cash flow for the years was positive. Although the net cash flow in 2013 decreased compared to 2012 pretty much but the cash flow generated from operating activities and investing activities was enough for funding financial activities so net cash flow in the period was VND 93.4 billions.

In 2013, cash flow generated from operating activities decreased VND 275 billions compared with 2012. The reason was from prepayment of VND 155 billions of rents in Vinh Loc Industrial Park, decrease in accounts payable due to deposit of VND 45 billions to purchase equipment and machinery, increase of accounts receivable due to payment of tax arrears of VND 71 billions and some other increases and decreases made the cash flow decline. But this year it is supported by the cash flow by the investment cash flow of VND 32 billions, mainly the source of revenue was from interests of deposits so BMP was enough for payments of business operations, performance of obligations towards State, the dividend division...

Until this time, the Company does not use external financing sources, beginning year cash balance, cash flow generated from operating activities in the year were sufficient for regular expenditure needs. These are favorable conditions for economic stage which has not really thrived; helping the Company more proactive of capital resources for new factory project in Long An in the coming time.





# REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

## 2.11. The position of BMP in the plastic construction industry

Currently there are 4 listed plastic construction businesses consisting of Binh Minh Plastics (BMP), Dong Nai Plastics (DNP), Da Nang Plastics (DPC) and Tien Phong Plastics (NTP), in which, BMP and NTP are the two largest companies in terms of market share and scale. According to a statistic of Business Forum magazine issued on 11<sup>st</sup> May 2013, BMP dominated the southern market with 90% market share and the whole central region is 50% market share, second only to NTP on the percentage of market share of the whole industry at a rate of 20%. Therefore, the average results of BMP and NTP were selected for comparative analysis.

TARGET	BMP	AVERAGE OF THE 2 COMPANIES
Net revenue (VND billion)	2,088	2,284
Cost of goods sold	70.2%	67.2%
Financial expenses	0.8%	0.9%
Cost of sales	3.3%	9.9%
Business management expenses	3.2%	3.7%
Net Profit	17.7%	14.4%
Total Assets (VND billion)	1,681	1,746
Equity (VND billion)	1,489	1,358

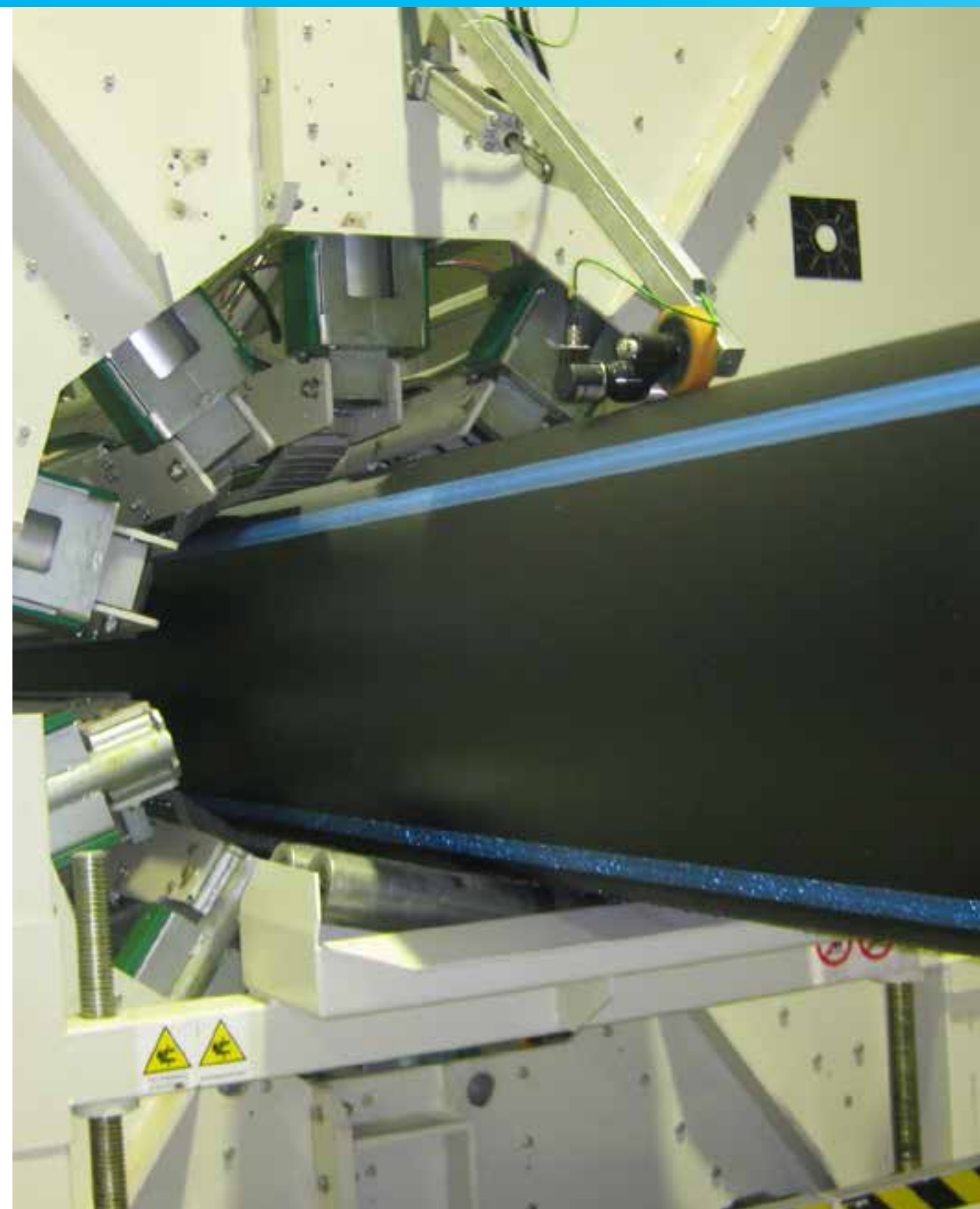
Source: website *cafef.vn*

Gross profit ratio of BMP was 29.8% lower than the average 32.8%. On specific industry, both businesses suffered risks and fluctuations in raw material prices (accounted 70%). Therefore, the major difference here mainly was discount sale policy of the Company that reduced revenue.

Meanwhile, all the other expenses of the Company were lower than that of the industry; especially sales costs were only 1/3 of the average. As a result, net profit reached 17.7%, 14.4% higher than the average.

With plans to grow market shares, BMP demonstrated the ability to dominate the market in Vietnam and was one of the few enterprises that had the highest EPS in the securities market. Plans in the coming years will expand Vinh Loc project, estimated at VND 1,200 billions, increasing the capacity of the Company to more than 3 times higher than now.

The Company has never encountered waves as last year, not only was the instability of the economy, shrinking markets, fluctuations of raw materials, but also from the exchange rate management policy of the State. But with a thickness of 36 years, it was sufficient for Binh Minh Plastics to build a reputable brand, build product lines, seek customers and consolidate its position in the top 500 largest enterprises in Vietnam, to stand firm and shine bright in the most difficult time in the economy.





## REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

### 3. THE IMPROVEMENTS OF THE ORGANIZATIONAL STRUCTURE, POLICIES, MANAGEMENT

In 2013, besides good business results shown by figures on revenues and profits mentioned above, Binh Minh also achieved the following advances:

- Organizational structure: separating strategic management personnel and high level executives, appointing new personnel to the Executive Board, continuing the policy of appointing probationary management officials, man power planning specific to 2015 based on strategic of human resources development.
- Continuing roadmap to build product standard system conformity with one national standard, conducting certification and declaration of conformity to standards and regulations for all major products of the Company nationwide under regulations of the State.
- Business policy: Continuing to adjust the business policy appropriate to actual market and to be the prerequisite for consistent orientation on business operation management, business policies and general nationwide distribution systems. Compared with 2012, the system of selling stores rose 12% of selling points nationwide. Continuing to improve digital map delivery system on the Company website, allowing customers more convenient in the approach of BMP products.
- Communication strategy: Strengthening communication activity in diversified forms but selective and maintaining the image of a leading brand through continuously voted titles “The Title Of The 18th Vietnam High Quality Products”, “Vietnam Value”, “The Award Of The 8th Viet Golden Star”, “The Title Of Ho Chi Minh City Typical Enterprise”.
- Continuing to implement information technology solutions managing overall business resources ERP of the entire Company.

### 4. DEVELOPMENT PLANS FOR FUTURE

With development orientations of the Company as mentioned above, in the short term 2014-2015, the Company will focus on some of the operation plans, specifically as follows:

- Planning and execution of roadmap to unify management systems in accordance with standards of ISO 9000, ISO 14000.
- Summarizing, assessing and planning models and business policies under orientation of unified management of business activities on the whole market. Development of new customers and new markets.
- Strengthening brand popularization activities and marketing communications through customer care, chains of customer conferences, fairs, workshops to introduce the Company.
- In 2014, the investment will be promoted to develop new products and new factory construction according to expected roadmap consistent with market situation and investment orientations of the Company.
- Focusing on preparation of human resources for alternative route and personnel supplement in 2015.
- Strengthening human recourse apparatuses and enhancing risk management capacities through building strategies and risk management systems to bring professionalism in internal management.
- Enhancing capacity and strengthening financial management activities to be more proactive in capital source management, costs and profits according to orientation of more balance. Strengthening debt management and ensuring both the bad debt limitations, and attracting customer funds, and creating favorable conditions for customers in business of Binh Minh Plastics products.
- Development of “Binh Minh Culture” tradition, building a friendly, professional, safe working environment, caring for physical life and spirits of the employees in the Company better and better.

With the achievements obtained in 2013, and plans for 2014, the General Director has determined the message of 2014 for all officials and staffs of the Company as follows:



and always believe that business production activities in 2014 of the Company will be successful in the efforts of the entire staffs of officials and laborers with tradition **“Consensus to overcome difficulties – Joint together to succeed.”**



# REPORTS AND ASSESSMENTS OF THE BOARD OF GENERAL DIRECTORS

## 5. EXPLANATIONS OF THE BOARD OF GENERAL DIRECTORS FOR THE AUDIT OPINIONS:

The financial statements of BMP ended on 31<sup>st</sup> December 2013 made on 17<sup>th</sup> March 2014 audited by the Southern Vietnam Financial Accounting Consulting and Auditing Co., Ltd stated basis for exceptive audit opinion as follows.

“As noted in Section V.4, in 2013, the Tax Department in Ho Chi Minh City issued a decision No. 3979/QD-CT-TTr1 dated 11<sup>th</sup> October 2013 on retrieving the arrears of corporate income tax from 2009 to 2012 in the amount of VND 71,379,327,053, and additional fines of VND 41,455,678,186. On 25<sup>th</sup> October 2013 the Company temporarily paid the amount of VND 71,379,327,053. However, the Company submitted official letter No. 42/CV-BM/TCKT/2013 dated 12<sup>th</sup> December 2013 to the Ministry of Finance and the General Tax Department relating the above said problem and awaiting the written replies of these two agencies. Therefore, the Company was accounting for in other accounts receivable item in accounting balance sheet at 31<sup>st</sup> December 2013. ”

### The explanations of The Board of General Directors as follows:

- 2004: Binh Minh Plastics Join Stock Company was equitized from a State owned enterprise, and 2006 was listed on stock exchanges in Ho Chi Minh City with BMP share code. According to the provisions of the State, to encourage enterprise equitized and listed in this stage, BMP was granted tax exemption for two years 2004, 2005 and 50% for the five years from 2006 to 2010.
- 2013, the Inspectorate of the Tax Department of Ho Chi Minh City disagreed to let BMP reduce 50% of corporate income tax of the two years for 2009, 2010, issuing a decision to retrieve tax arrears of VND 71,379,327,053 and fines of VND 41,455,678,186. Although not agreed with these conclusions the Company temporarily paid the arrears of corporate income tax to the State budget VND 71,379,327,053. The Company submitted complaints to the Tax Department in Ho Chi Minh, the General Tax Department and the Ministry of Finance but so far not yet received any replies from the agencies. Hence the temporary payment account was accounted for other accounts receivable item on the Balance Sheet on 31<sup>st</sup> December 2013.







**NHỰA BÌNH MINH**



# Assessments from the Board of Management

ON COMPANY ACTIVITIES



# ASSESSMENTS FROM THE BOARD OF MANAGEMENT ON COMPANY ACTIVITIES

## 1. ASSESSMENTS FROM THE BOARD OF MANAGEMENT ON THE ACTIVITIES OF THE COMPANY

In 2013, the Government had effective solutions to resist inflation, and to stimulate demands reasonably for helping the economy in stability. With no significant changes as the previous year, but in general, the growth was still low, the purchasing power was not high although there was a drastic competitions in various field of local market.

This was a year the Company had many big changes:

- Appointing a Vice Technical General Director, a factory director, training a probationary chief accountant and promoted a series of mid-level officials.
- Mobilize some current human resources and recruit large scale highly qualified staff with occupation of economic, technic and information technology for ERP program.
- The financial management and personnel management in accounting had a weakness, resulting VND 35 billions of bad debts, bringing a big store into court.
- The Tax Department of Ho Chi Minh City issued a decision about the retrieving and delay fines - amounted VND 117 billions of corporate income tax for two years from 2009 to 2010. This was the results of inconsistent policies and guidelines of the State tax authorities. And, the Company keeps complaining to higher levels.
- Production and business in NBM were largely affected by intense competition policy in the Northern market, so it not achieved in growth and efficiency, which the Board of Management expected. In addition, the behaviors of some officials of the NBM were not skillful, leading to some unnecessary conflicts.
- Investment effectiveness in Da Nang Plastics Joint Stock Company not meets the requirements, and the co-operation did not achieve as desired .

However, with the corporate culture which was built and maintained, cultivated, the stable ISO system about management of quality and environment, the famous brand in product qualities and after-sales service, the whole Company unanimously overcame difficulties, achieved impressive business results as follows:

NO.	TARGET	PLAN	PERFOR- MANCE	PERFOR- MANCE/PLAN	PERFOR- MANCE 2012
1	Revenue (VND billion)	1,890	2,088	111%	110%
2	Profit before tax (VND billion)	420	499	119%	104%
3	Expected dividend (%) in cash	20	30	150%	75%

*Note: In 2012, there was 30% dividend in shares, therefore, 30% cash dividend on the new chartered capital in 2012 equivalent to 39% in 2012*

## 2. ASSESSMENTS OF THE BOARD OF MANAGEMENT ON THE ACTIVITIES OF THE BOARD OF GENERAL DIRECTORS

Generally, Company Board of General Directors is a team with knowledge, qualities and ethics, well trained, gradually grown from the work environment at the Company, therefore they understand profoundly the cultural of Binh Minh Plastics, be stick and whole-hearted for the Company development. The Executive Board has operated fluently, been solidary, processed information quickly, calmly responded and leaded all staffs solving the work effectively.

## 3. THE PLANS, THE DIRECTIONS OF THE BOARD OF MANAGEMENT

With the result of the Government management policies in last year, the Board of Management think that the economy of Vietnam in 2014 will be relatively stable, raw material prices are not raised high, and the exchange rate does not fluctuate much. For the company, the brand BMP retains advantages; distribution systems are wide and deep; staffs unite, executive apparatus are capable, strong financial capabilities.... that are important premises help us to be more optimist to affirm the strategic vision and to set specific goals for each stage.

However, fierce competition was a heavy pressure for the management apparatus, many policies and behaviors of the public authorities did not meet the reality requirements of the business, and Binh Minh Plastics is now a victim. Beside, the shortage of next general human resources for the future and the cramped space at the existing factories, which need a comprehensive restructuring will cause many intrinsic difficulties to the Company. The investment costs for building the new factories, cost for marketing and trading to maintain market shares will be the other financial pressures.



## ASSESSMENTS FROM THE BOARD OF MANAGEMENT ON COMPANY ACTIVITIES

Therefore, the Board of Management prepared targets for presenting to the General Meeting of Shareholders for 2014 plan as follows:

NO.	TARGET	UNIT	2014 PLAN	PLAN/ 2013 PERFORMANCE
1	Revenue	VND billion	2,200	105%
2	Profit	-	500	100%
3	Minimum dividend	%	30	100%

To achieve good result the above objectives, the Board of Management and the Board of General Directors should focus on the key solutions:

### For the Board of Management

- Continuing to review the regulations on coordination of the whole system, including the Operation Charter of NBM.
- Early forming Subcommittee of Risk Management and Internal Control.
- Reviewing policies of salaries, bonuses and income distribution for the purpose of transparency and fairness to motivate laborers working enthusiastically in the long-term commitment with the Company.
- Control the investment directions and specific routes for each stage achieving utility, saving and most effective.
- Step by step in withdrawal of ineffective outside financial investments as Da Nang Plastic, Tan Tien Plastic.

### For the Board of Directors General:

- Particularly emphasizing on building human resources to meet the present and future requirements, from recruitment, training stage to promotion stage.
- More concern to take advantage of the synthetic forces from the system of administration and unions in the educating and training the staff about work styles, civilized behaviors, professionalism
- Quickly enhancing products reserves to meet market demands by increasing the storage areas.
- Speeding up the application of ERP
- Considering comprehensively policies of business, marketing, finance to attract customers.

The greatest experience for Binh Minh Plastics achievements during last years is the CONSENSUS. This requires not only enormous effort from the Board of Management, the Executive Board, the staffs... but also the sympathy, sharing from shareholders. The challenges still are ahead but "use fire testing gold, use arduousness testing strength", the Board of Management believes that Binh Minh Plastics has been continuing to affirm itself on the markets by the current stableness and sustainable development in the future.







**NHỰA BÌNH MINH**



# Company

MANAGEMENT



# COMPANY MANAGEMENT

## 1. THE BOARD OF MANAGEMENT:

### 1.1. Members and structure of the Board of Management:

In April 2013, the General Meeting of Shareholders elected a new Board of Management for the term 2013 - 2018 with 5 members. The structure of the Board of Management consisted of: 1 independent member, 2 non-executive members and 2 members in charge of executive. In which, there was one foreign member representing a major shareholder. The curriculum listed as follows:

#### 1. Mr. LE QUANG DOANH: Chairman of the Board of Management (non-executive member)

Born in 1952

**Qualification:** Mechanical Engineering

#### Working history:

- 1979: Deputy Manager for the Workshop of Binh Minh Public Private Partnership Factory.
- 1987: Deputy Director of Binh Minh Plastic Manufacturing Scientific Enterprise.
- 1997: Director of Binh Minh Plastic Company.
- 2004: Chairman of the Board of Management - General Director of Binh Minh Plastics Joint Stock Company.
- November 2012 to present : Chairman of the Board of Management of Binh Minh Plastics Joint Stock Company.



#### 2. Mr. NGUYEN HOANG NGAN: Deputy Chairman of The Board of Management - Vice General Director of The Company - Chairman of The Members' Council of Northern Binh Minh Plastics One Member Co.,Ltd - Chairman of The Board of Management of Da Nang Plastics Joint Stock Company

(See details on page 34)



#### 3. Mrs. NGUYEN THI KIM YEN: Member of the Board of Management - Vice General Director of the Company

(See details on page 35)



## COMPANY MANAGEMENT



**5. Mr. SUCHAI ASVATHAVORNVANIT: Member of The Board of Management**  
(non-executive member)

Born in 1957

Nationality: Thailand

**Qualifications:** Mechanical Engineer

**Working history at BMP:**

- April 2013 until now: General Director of Thai Plastic and Chemicals PCL - Member of the Board of Management of Binh Minh Plastics Joint Stock Company.



**4. Mrs. NGUYEN HONG MINH**  
**Member of the Board of Management**  
(non-executive member)

Born in 1978

**Qualification:** Bachelor of Economics, Bachelor of Arts, major in foreign languages, Master of Business Administration, Master of Administration.

**Working history at BMP:**

- July 2012 to the Present: Member of the Board of Management of Binh Minh Plastics Joint Stock Company, Expert for Investment Board No. 3, the State-Capital Investment and Business Corporation (SCIC).



# COMPANY MANAGEMENT



## PERCENTAGE OF OWNERSHIP IN BMP SHARES WITH VOTING RIGHTS OF MEMBERS OF THE BOARD OF MANAGEMENT:

NO.	FULL NAME	POSITION IN THE BOARD OF MANAGEMENT	NUMBER OF OWNED SHARES	PERCENT-AGE OF OWNERSHIP	NOTE
1	Mr. Le Quang Doanh	Chairman	590,140	1.29 %	
2	Mr. Nguyen Hoang Ngan	Deputy Chairman	343,639	0.75%	
3	Ms. Nguyen Thi Kim Yen	Member	253,908	0.56%	
4	Ms. Nguyen Hong Minh	Member	Zero		Representing for the SCIC shareholders
5	Mr. Suchai Asvathavornvanit	Member	Zero		Representing for Nawaplastic Industries (Saraburi) Co. Ltd. shareholder

## 1.2. The sub-committees under the Board of Management:

SUB-COMMITTEES	MEMBERS	POSITIONS IN COMPANY
1. Human Resources - Policies – Salary and Bonus	1/ Mr. Le Quang Doanh	Chairman of the Board of Management
	2/ Mr. Bui Quang Khoi	Director of Factory 1
	3/ Mr. Nguyen Thanh Hai	Director of NBM
	4/ Ms. Nguyen Kim Bich	Human Resource Manager
	5/ Ms. Nguyen Thi Chuc Quynh	Legal executive
2. Shareholder Relations	1/ Ms. Nguyen Thi Kim Yen	Member of the Board of Management – Vice General Director
	2/ Mr. Nguyen Kim Thuong	R & D Manager
	3/ Mr. Phung Huu Luan	Financial and Accounting Deputy Manager
	4/ Mr. Bong Hoa Viet	Marketing Deputy Manager
3. Strategy - Development (Expected)	1/Mr. Nguyen Hoang Ngan	Deputy Chairman of the Board of Management – Genegal Director
	2/ Mr. Suchai Asvathavornvanit	Member of the Board of Management
	3/ Mr. Nguyen Thanh Quan	Deputy General Director
	4/ Ms. Nguyen Thi Phuong Nga	Marketing Manager
	5/ Mr. Hong Le Viet	Financial and Accounting Manager
4. Risk management (personnel is under selection progress)	Ms. Nguyen Hong Minh	Member of the Board of Management



# COMPANY MANAGEMENT

## 1.3. Activities of the Board of Management:

### 1.3.1. Assessments:

The above structure brought some advantages to the new Board of Management. These are experts in different fields, who have good qualification, deep understanding in plastic industry, also a lot of extensive and useful information for the company operational management. It's absolutely compliance with law requirements about the structure. However, there are difficulties from this as the differences in language, culture, life style and working place of the members.

With out any more advantage for settling the business in any time as the previous term, the current Board of Management has built the schedules and working regimes more methodically. The meeting contents were informed in advance to all members for opinion contributions, the meeting time was carefully considered to facilitate all members attending. The metting times were settled suitably to solve quickly, neatly and effectively the contents informed in advance.

Every week, the Chairman of the Board of Management on behalf of the Board of Management work periodically with the Board of General Directors to hear reports on the business and other Company activities.

With the operation guideline of "Right, Sufficiently and Regularly", the Board of Management made the right directions for developing strategies, directed sufficiently all the significant work and regularly monitored Company activities but still ensure the best conditions of operation for the Executive Board. Every week, the Chairman of the Board of Management scheduled to work with the Board of General Directors to get information, stabilize the directions and more important to contribute settling difficulties and timely encourage officials and staffs overcoming difficulties.

The working calendar of the Board of Management was properly complied with, the resolutions, decisions timely met the actual situations, details as follows:

### 1.3.2. The meetings of the Board of Management and the results:

#### 1.3.2.1. Meetings of the Board of Management:

NO.	MEMBERS OF THE BOARD OF MANAGEMENT	POSITIONS	NUMBER OF MEETING ATTENDANCE	PERCENTAGE%	REASONS OF ABSENCE
1	Mr. Le Quang Doanh	Chairman	06	100	
2	Mr. Nguyen Hoang Ngan	Deputy Chairman	06	100	
3	Ms. Nguyen Thi Kim Yen	Member	06	100	
4	Mr. Suchai Asathavornvanit	Member	03	100	New member elected at the General Meeting of Shareholders in April 2013, the percentage of attendance was based on the 3 meetings of the new Board of Management
5	Ms. Nguyen Hong Minh	Member	06	100	

#### 1.3.2.2. Resolutions:

NO.	RESOLUTIONS NO.	DATE	CONTENTS
1	01/NQ-BM/HĐQT/2013	08 <sup>th</sup> January 2013	Appointment of Vice Technical General Director.
2	02/NQ-BM/HĐQT/2013	27 <sup>th</sup> May 2013	<ul style="list-style-type: none"> <li>Establishment of sub-committees under the Board of Management</li> <li>Appointment of information announcer</li> <li>Performance of some contents of the Resolutions by the General Meeting of Shareholders in 2013.</li> <li>Approval assessments of the business situations during the first 5 months in 2013 and forecasts for the remaining months in 2013.</li> </ul>
3	03/NQ-BM/HĐQT/2013	27 <sup>th</sup> May 2013	Approval of the profile of paying dividend in shares in 2012.
4	04/NQ-BM/HĐQT/2013	27 <sup>th</sup> May 2013	Approval of the plan to issue shares to pay dividends in 2012.
5	05/NQ-BM/HĐQT/2013	01 <sup>st</sup> July 2013	Approval reward for the Members' Council and the Inspectors of the NBM in 2012.
6	06/NQ-BM/HĐQT/2013	07 <sup>th</sup> October 2013	<ul style="list-style-type: none"> <li>Approval of personnel in charge of the Sub-Committees under the Board of Management.</li> <li>Approval of remuneration distribution coefficient and Regulations of reward from profit exceeding annual plan to the members of the Board of Management and the Inspection committee.</li> <li>First prepay dividend 10% in cash in November 2013, authorizing the Executive Board to implement.</li> <li>Approval of the proposals by the Executive Board for handling the debt from Duc Thanh Plastic Co., Ltd.</li> <li>Approval of the proposals for development of a new ESOP program (from 2014 to the end of 2017).</li> </ul>



# COMPANY MANAGEMENT

## 1.3.2.3. Decisions:

NO.	DECISION NO.	DATE	CONTENTS
1	01/QĐ-BM/HĐQT/2013	08/01/2013	Appointment of Mr. Nguyen Thanh Quan – Director of Factory 2 to the position of Vice Technical General Director
2	02/QĐ-BM/HĐQT/2013	18/01/2013	Issuance of salary unit prices of BMP in 2013.
3	03/QĐ-BM/HĐQT/2013	18/01/2013	Entrustment of the production plans to NBM.
4	04/QĐ-BM/HĐQT/2013	18/02/2013	Supplementation of scopes of business in the new business registration certificate.
5	05/QĐ-BM/HĐQT/2013	01/3/2013	Continuing to appoint Ms. Nguyen Thi Kim Yen as Vice Sales General Director
6	06/QĐ-BM/HĐQT/2013	7/5/2013	Removal of the title of Secretary for the Board of Management from Mr. Nguyen Thanh Hai
7	07/QĐ-BM/HĐQT/2013	7/5/2013	Appointment of the title of Secretary for the Board of Management to Mr. Bui Quang Khoi
8	08/QĐ-BM/HĐQT/2013	27/5/2013	Appointment of probationary chief accountant to Mr. Hong Le Viet - Financial and Accounting Deputy Manager
9	09/QĐ-BM/HĐQT/2013	01/7/2013	Distribution of profits after tax of NBM in 2012.
10	10/QĐ-BM/HĐQT/2013	06/8/2013	Increasing of chartered capital from VND 349,835,520,000 to VND 454,784,800,000, payment of dividend in 2012 in shares.
11	11/QĐ-BM/HĐQT/2013	07/10/2013	Issuance of Operation Regulations of the Board of Management in term for 2013 to 2018.
12	12/QĐ-BM/HĐQT/2013	15/10/2013	Establishment of the sub-committee of Human Resource – Policy –Salary and Bonus
13	13/QĐ-BM/HĐQT/2013	30/10/2013	Establishment of Shareholder Relations Sub-committee.
14	14/QĐ-BM/HĐQT/2013	15/12/2013	Removal of position of the Chief Accountant of the Company from Ms. Kieu Trang Thi Hau.

In general, the Board of Management completed its mission, performed their operations to the depth day by day, on behalf of shareholders to direct, monitor at the same time and to ensure the good condition for the Board of General Directors managing the Company getting good results in a business environment with many difficulties in 2013.

## 1.4. Activities of the independent, non-executive members in the Board of Management:

- **Independent member** (Mr. Le Quang Doanh): with the position Chairman of the Board of Management, he organized and fully participated in all meetings of the Board of Management, represented for the Board of Management to work weekly with the Executive Board, and through that, grasp the reality to direct timely for issues. As the Head of the Subcommittee of Human Resources – Policies – Salary and Bonus positively feedbacked for the other activities of the Board of Management and operational regulations of the Board of Management as well as the regulations of the operations of the subcommittees.

### - Non-executive member of the Board of Management

- Mr. Suchai Asathavornvanit: Fully attended all meetings of the Board of Management, expected to participate in the Strategy -Development sub-Committee, positively feedbacked for the other activities of the Board of Management and operational regulations of the Board of Management as well as the regulations of the activities of the sub-committees.
- Ms. Nguyen Hong Minh: Fully attended all meetings of the Board of Management, assigned to the position of the Head of Risk Management Sub-committee, positively feedbacked for the other activities of the Board of Management and operational regulations of the Board of Management as well as the regulations of the activities of the sub-committees.

## 1.5. Activities of the Sub-committees under the Board of Management:

The Sub-committees under the new Board of Management were also established. In the first step, the sub-committees contributed to propose general policies to the Board of Management of the Company, as follows:

- The Sub-committee of Policy, Human Resources, Salary and Bonus: Mr. Le Quang Doanh, Chairman of the Board of Management as the Head of the Sub-committee: The meeting was held on 30<sup>th</sup> August 2013 to discuss operational regulations and assignment of tasks.
- The Shareholder Relations Sub-committee: Ms. Nguyen Thi Kim Yen, a Member of the Board of Management, Vice Business General Director as Head of the Sub-committee: Contacted to the SCIC on 05<sup>th</sup> March; periodically held the meetings of investment funds on 19<sup>th</sup> July, 21<sup>st</sup> October 2013 and 22<sup>nd</sup> January 2014. Exchanged information with the investment funds and shareholders via emails. Timely disclosed information on the Company website.
- The Strategy-Development Sub-committee: Mr. Nguyen Hoang Ngan, Deputy Chairman of the Board of Management, General Director - as Head of the Sub-Committee: The meeting was held on 26<sup>th</sup> November 2013 to discuss a draft of Regulations on activities, scheduled task assignment and proposed action plans in 2014.
- The Risk Management Sub-committee: Ms. Nguyen Hong Minh, a Member of the Board of Management as the Head of the Sub-committee: in the stage of personnel proposal, building operation regulations.

## 1.6. Training corporate management for the Board of Management:

All of the 5 members in the Board of Management got a certificate in company management. In 2013, the Board of Management did not participate any programs on company management.





**NHỰA BÌNH MINH**





# COMPANY MANAGEMENT

## 2. INSPECTION COMMITTEE:

### a. The Members of the Inspection Committee:

The Inspection Committee in term for 2013 – 2018 was elected by the General Meeting of the Shareholders consisting of three members:



#### 1. Mrs. NGUYEN THI PHUONG NGA: Head of the Inspection Committee

Born in 1963

**Qualification:** Bachelor of Economics

#### **Working history:**

- 1982: Staff of Supply and Consumption Division of Binh Minh Public Private Partnership Factory.
- 1999: Deputy Manager of Sales Division of Binh Minh Plastic Company.
- 2004: Member of the Inspection Committee - Deputy Manager of Sales Division of Binh Minh Plastics Joint Stock Company.
- 2008: Head of Inspection Committee - Deputy Manager of Sales Division of Binh Minh Plastics Joint Stock Company.
- 2010: Head of the Inspection Committee - Marketing Manager of Binh Minh Plastics Joint Stock Company.

#### 2. Mr. NGUYEN LUU THUY MINH - Member

Born in 1983

**Qualifications:** Bachelor of Accounting, Master of Finance

#### **Working history:**

- 2006: Staff for Financial – Accounting Department for Binh Minh Plastics Joint Stock Company.
- 2013 until now: Member of the Inspection Committee, Member of Committee of Internal Control and Risk Management.



#### 3. NGUYEN THI THAM - Member

Born in 1985

**Qualifications:** Bachelor of Economics

#### **Working history at BMP:**

- 2010 until now: Specialist for the Risk Management Committee of the State owned Capital Investment and Business Corporation (SCIC).





# COMPANY MANAGEMENT

**Percentage of ownership of shares of the members Inspection Committee with voting rights issued by the Company:**

NO.	FULL NAME	POSITIONS	NUMBER OF OWNED SHARES	THE PERCENTAGE OF OWNERSHIP %	NOTE
1	Ms. Nguyen Thi Phuong Nga	Head of Committee	126,695	0.27	
2	Ms. Nguyen Luu Thuy Minh	Member	7,800	0.017%	
3	Ms. Nguyen Thi Tham	Member	0	0	

## b. Activities of the Inspection Committee:

In 2013, the Inspection Committee held 3 meetings with the full participation of 3 members, specific contents as follows:

NO.	DATE	CONTENTS AND RESULTS
1	25 <sup>th</sup> April 2013	Election of Head of the Inspection Committee
2	24 <sup>th</sup> May 2013	<ul style="list-style-type: none"> <li>Discussing the contents of the operating regulations of the Inspection Committee in term for 2013 - 2018</li> <li>Considering the general situations of production and business operations of the Company</li> <li>Reviewing the Financial Statements in Quarter 1/2013</li> <li>Assigning personnel to participate in periodic inventory, participate in annual audit and considering some internal regulations, Especially about the regulations for customer debt control.</li> </ul>
3	21 <sup>st</sup> January 2014	<ul style="list-style-type: none"> <li>Adopting the regulations for operations of the Inspection Committee</li> <li>Adopting the periodical meetings of the Committee.</li> <li>Assigning the official tasks to the members.</li> <li>Information about some contents of the activities of the Board of Management, the situations for implementation of the resolutions.</li> <li>Some activities of production and business of the Company, particularly, the issue of tax arrears in previous years, customer debts.</li> <li>Review of financial statements.</li> <li>Situation of implementation of the resolutions of the General Meeting of Shareholders.</li> <li>Some other activities of the Committee.</li> </ul>

Year 2013 was the first year of the Inspection Committee for the new term (2013 - 2018). The members in the Committee actively, fairly and carefully completed the missions of monitoring the financial status of the Company, the legitimacy of all activities of the members in the Board of Management, the Executive Board in the implementation of the resolutions of the General Meeting of Shareholders.

The positive supports and good coordination from the Executive Board and the Board of Management created good conditions for the Inspection Committee to fulfill obligations assigned by shareholders.

## 4. TRANSACTIONS, REMUNERATION, BENEFITS FOR EACH MEMBER IN THE BOARD OF MANAGEMENT, THE INSPECTION COMMITTEE, THE BOARD OF GENERAL DIRECTORS

**4.1. Salary, bonus, remuneration and benefits for the Board of Management, the Inspection Committee and the Executive Board in the Company:**

FULL NAME	POSITIONS	SALARY IN 2013	BONUS IN 2013	REMUNERATION AND BONUS FOR HDQT & BKS	OTHER REMUNERATIONS	TOTAL INCOME
Le Quang Doanh	Chairman of the Board of Management	390,461,340	342,687,100	1,226,676,958	0	1,959,825,398
Nguyen Hoang Ngan	Deputy Chairman of the Board of Management - General Director	775,268,560	306,562,690	617,977,734	24,229,007	1,724,037,991
Nguyen Thi Kim Yen	Member of the Board of Management - Vice General Director	652,061,320	290,073,573	483,534,480	25,845,218	1,451,514,591
Suchai As-vathavornvanit	Member of the Board of Management			99,998,000	0	99,998,000
Nguyen Hong Minh	Member of the Board of Management			247,498,000		247,498,000
Nguyen Thi Phuong Nga	Head of the Inspection Committee - Marketing Manager	417,616,111	179,249,300	352,091,898		948,957,309
Nguyen Luu Thuy Minh	Member of the Inspection Committee - Member of the Risk Management Sub-Committee	188,897,060	67,310,097	56,995,396		313,202,553
Nguyen Thi Tham	Member of the Inspection Committee			56,249,000		56,249,000
Nguyen Thanh Quan	Vice General Director	635,518,334	211,752,300		13,207,981	860,478,615
Trang Thi Kieu Hau	Chief Accountant	701,733,747	219,189,480	27,615,398		948,538,625



# COMPANY MANAGEMENT

## 4.2. Transaction of shares:

**4.2.1. By internal shareholders:** In 2013, there was no transaction of shares of BMP performed by the internal shareholders.

**4.2.2. By the major shareholders:**

NO.	SHAREHOLDERS	NUMBER OF SHARES AND PERCENTAGE OWNERSHIP BEFORE THE TRANSACTION	TYPE OF TRANSACTION	NUMBER OF SHARES AND PERCENTAGE OWNERSHIP AFTER THE TRANSACTION	TIME OF IMPLEMENTATION
1	Franklin Templeton Investment Fund - Templeton Frontier Markets Fund	3,053,060 (8.73%)	Purchase	3,498,390 (10%)	25 <sup>th</sup> January 2013 and 15 <sup>th</sup> February 2013
2	State owned Capital Investment and Business Corporation- SCIC - Co., Ltd	13,463,470 (29.60%)	Sale	13,423,490 (29.52%)	06 <sup>th</sup> November 2013

**4.2.3. By the relevant persons:** In 2013, there was no transaction of BMP shares performed by any persons related to the members of the Board of Management, the Inspection Committee, and the Executive Board.

## 4.3. Contract of transactions with the internal shareholders:

In 2013, there was no transaction or contract signed by any members of the Board of Management, the Inspection Committee, the Executive Board with the Company, or the Subsidiary companies, or the Associated Companies.

## 4.4. Implementation of provisions of company management:

In 2013, the Company complied well with the procedures, rules of candidates, elections and the General Meeting of Shareholders elected 5 members of the Board of Management in April, meeting the demands of developments in the new period. The Board of Management put the missions of corporate management on the top important positions in the list of issues needed to maintain and perfect:

- Separation of the two titles of Chairman of the Board of Management and General Director. Thereby, the responsibilities of management and operation of the companies were clearer day by day.
- Ensuring that there was one independent member in the Board of Management. Moreover, there were also 2 non-executive members.
- The Company's Charter is not contrary to the Enterprises Law and any related legal documents, however, it has been still considered for amending every year toward more scientific.
- Shareholder's rights and obligations were properly complied to ensure that the shareholders should be

provided with information publicly and transparently according to the State regulations on web site of the Company, on the media . . . , facilitated for participation in the Annual General Meeting of Shareholders and the quarterly meetings.

- The Inspection Committee was assured to access to the Company's information, participate in presenting the opinion in the open meetings of the Board of Management.
- The Chairman of the Board of Management on behalf of the Board to set up the weekly working schedule with the Executive Board to get the situation, provide timely guidance to ensure correct orientations in accordance with the Resolutions of the General Meetings of the Shareholders.
- Ensuring the rights and activities of the Members' Council of the Subsidiary company - NBM in directing and assigning the annual business plans in accordance with the general company directions.
- Establishment of some sub-committees to assist the Board of Management in the fields of policy, personnel, salary and bonus, shareholder relations, investment development and risk management.
- The contents of the periodical meetings of the Board of Management were properly stipulated on the regime of information, of the contents provided in advance to the members, regime of report by the Executive Board... to ensure about the time and the success of the meetings.

Although in reality, the management of the Company was performed seriously and effectively, shown by transparency, consensus and sustainable development of the Company during the past time, but looking back, there were still incomplete documents, such as:

- Processes and procedures for the coordination of activities between the Board of Management, the Inspection Committee and the Board of Executive.
- Regulations on the coordination of activities between the parent Company BMP and subsidiary company NBM.
- Regulations of operations between the two sub-committees Strategy- Development and Risk Management.

## The causes of the above delay:

- The changes of personnel structure, personnel of the Board of Management, the Inspection Committee with the independent, non-executive members, the foreigner and the Executive Board with new members out of the Board of Management reduced the advantage of convenience on the time and the consistency, therefore, a number of provisions on working methods should be amended.
- In the year, there were so many big problems occurred such as taxes, debts. . . therefore, some issues such as perfection of some documents in the management process were slow down than expected.

In 2014, the sub-committee of Human Resources - Policy - Salary and Bonus will strengthen for the priority settling the outstanding issues in the management system, quickly complete the documents, regulations which may make the Company management reaching the reality and satisfying the trust and expectations from the shareholders.





**NHỰA BÌNH MINH**





# FINANCIAL STATEMENTS AND AUDITED REPORT

## 1. INFORMATION ABOUT THE AUDIT

### • Independent audit

Company's name: Nam Viet Accounting and Audit Financial Consultancy Services Co., Ltd. (AASCN)

Address: 29 Hoang Sa St., District 1, Ho Chi Minh City

Telephone : (84-8) 39103908

Fax : (84-8) 39104880

### • Main auditor conducted auditing for the Company

Mr. Nguyen Anh Tuan - Number of registration certificate of audit practice: 1559-2013-152-1 performed audit for the Company in 2013.

### • Assessment of audit

The unit performing our Company data audit in 2013 was Nam Viet Accounting and Audit Financial Consultancy Services Co., Ltd. (AASCN), one of the sixth audit units approved by the General Shareholder Meeting in 2013. After reviewing the audited report, we agreed with the data and conclusions of the audit unit.

## 2. INTERNAL AUDIT

The Company did not perform internal audit. Any accounting figures, consolidated financial activities were quarterly reported by the functional department to the Executive Board, the Board of Management quarterly and periodically audited every 6 months. The Internal Control and Risk Management Committee in collaboration with the application process managed by ISO 9000 system control helped to control well any activities and timely reported to the Executive Board and the Board of Management any issues related to the management of the Company.



## THE CONSOLIDATED FINANCIAL STATEMENTS



## STATEMENTS OF THE BOARD OF DIRECTORS

The Board of Directors of Binh Minh Plastics Joint Stock Company (hereafter called “the Company”) would like to present its statements and the consolidated financial statements of the Company and Subsidiary for the year ended 31<sup>st</sup> December 2013.

### Overview

Binh Minh Plastics Joint Stock Company was established under Decision No. 209/2003/QĐ-BCN dated on 4<sup>th</sup> December 2003 by the Ministry of Industry, transforming State enterprises into a joint stock company.

The Company's business license – No. 4103002023 – was issued on 2<sup>nd</sup> January 2004. The fifth amendment on the business license – No. 0301464823 – was issued by the Planning and Investment Department of Ho Chi Minh City dated 7<sup>th</sup> October 2013.

The Company's key business activities are in the manufacturing and trading of producing and trading civil and industrial, products made of plastic and rubber; designing, manufacturing, trading plastic moulds for the casting industry; producing and trading machinery, materials, sanitation for the construction industry; interior decoration; consultancy and execution of water drainage, yards, and warehouses; appraisal, analysis and testing for the chemical industry; trading in import and export materials, chemicals, machinery for the plastic industry, mechanical industry and construction industry; water supply and drainage; and laboratory equipment; transportation of goods by road; advertising.

The Company's head office is located at 240 Hau Giang, ward 9, district 6, Ho Chi Minh city.

The Company has the following branches:

- **Binh Minh Plastics Joint Stock Company Branch:** No. 7, street No. 2, Song Than 1 industrial zone, Di An town, Binh Duong province
- **Vinh Loc – Ben Luc Branch:** Lot C1-6 to C1-30, Vinh Loc 2 industrial zone, Vinh Loc 2 road, Voi La hamlet, Long Hiep commune, Ben Luc district, Long An province

The subsidiary is included in this consolidated financial report include:

COMPANY NAME	ESTABLISHED UNDER	BUSINESS SCOPE	STAKE
<b>Binh Minh Plastic Northern One Member Limited Liability Company</b>	The Company's business license – No. 0504000211 – was issued by the Planning and Investment Department of Hung Yen province dated 18 <sup>th</sup> September 2006	Civil and industrial products made of plastic and rubber	100%

### Events after book closure

No other important events taking place after the book closure are required to be adjusted or announced in this consolidated financial statements.

The following is the list of members of the Board of Management, Board of Directors and Board of Supervisors in the year to the date of this report:

#### Board of Management:

• Mr. Le Quang Doanh	Chairman	
• Mr. Nguyen Hoang Ngan	Vice-Chairman	
• Ms. Nguyen Thi Kim Yen	Member	
• Mr. Bui Quang Khoi	Member	until 25 <sup>th</sup> April 2013
• Ms. Trang Thi Kieu Hau	Member	until 25 <sup>th</sup> April 2013
• Mr. Suchai Asathavornvanit	Member	from 25 <sup>th</sup> April 2013
• Ms. Nguyen Hong Minh	Member	

#### Board of Directors:

• Mr. Nguyen Hoang Ngan	General Director	
• Ms. Nguyen Thi Kim Yen	Deputy General Director	
• Mr. Nguyen Thanh Quan	Deputy General Director	from 8 <sup>th</sup> January 2013

#### Board of Supervisors:

• Ms. Nguyen Thi Phuong Nga	Chief Supervisor	
• Mr. Nguyen Kim Thuong	Member	until 25 <sup>th</sup> April 2013
• Ms. Nguyen Luu Thuy Minh	Member	from 25 <sup>th</sup> April 2013
• Ms. Dinh Thi Nguyet Ha	Member	until 25 <sup>th</sup> April 2013
• Ms. Nguyen Thi Tham	Member	from 25 <sup>th</sup> April 2013

#### Auditor:

Nam Viet Accounting Consultancy and Auditing Service Ltd. audited the unified consolidated financial statements for the Company.

### Statements of the responsibilities of the Board of Directors in respect of the consolidated financial statements

The Board of Directors is responsible for the consolidated financial statements, reflecting the consolidated business results as well as the cash flow of the Company in the year. In the process composing of the consolidated financial statements, the Board of Directors committed to complying with the following requirements:

- Selecting a suitable accounting policies and then apply them consistently;
- Make judgement and estimates that are reasonable and prudent;
- Preparing and presenting the consolidated financial statements based on the compliance of accounting standards and related regulations;
- Prepare the consolidated financial statement on a going concern basis unless it is inappropriate to presume that the company will continue to business.

The Board of Directors is responsible for ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time and the consolidated financial statements complies with the current law. The board of directors is also responsible for safeguarding the assets of the company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

The Board of Directors commits to ensure that the consolidated financial statements give a true and fair view of the position of the company as at 31<sup>st</sup> December 2013, results of operations and cash flows the year ended is accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and the relevant statutory requirements.

#### Approval of the consolidated financial statements

We, the Board of Management of Binh Minh Plastics Joint Stock Company approved the consolidated financial statements for the financial year ended 31<sup>st</sup> December 2013 of the Company set out on pages 07 to 33 attached (pages 106 to 133 in this Manual repost).

On behalf of the Board of Management

**Le Quang Doanh**  
Chairman  
Hochiminh City, 17<sup>th</sup> March 2014

On behalf of the Board of Directors

**Nguyen Hoang Ngan**  
General Director



# INDEPENDENT AUDITORS' REPORT

No: 148/BCKT/TC

To: Shareholders, the Board of Management and the Board of Directors  
Binh Minh Plastics Joint Stock Company

We have audited the accompanying consolidated financial statements of Binh Minh Plastics Joint Stock Company and its subsidiary, which were prepared on 17<sup>th</sup> March 2014, from pages 101 to pages 133, which comprise consolidated balance sheet as at 31<sup>st</sup> December 2013, the consolidated statements income and cash flows for the financial year then ended on the same date and the notes to the consolidated financial statements.

## Responsibilities of the Board of Directors

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

## Auditors' Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessment, the auditors considered internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company'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 consolidated financial statements.

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

## Basis of exceptive audit opinion

As noted in item V.4, in 2013, the Tax Department in Ho Chi Minh City issued decision No. 3979/QĐ-CT-TTr1 dated 11<sup>th</sup> October 2013 on retrieving the income tax from 2009 to 2012 in the amount of VND 71,379,327,053, and the amount of additional penalties was VND 41,455,678,186, on 25<sup>th</sup> October 2013 the Company provisionally paid VND 71,379,327,053. However, the Company wrote official letter No. 42/CV-BM/TCKT/2013 dated 12<sup>th</sup> December 2013 to the Ministry of Finance and the General Tax Department relating the above said matter and is awaiting for the written replies of the two agencies. Therefore, the company accounted for in other receivable accounts entry on balance sheet at 31<sup>st</sup> December 2013.



## Exceptive audit opinion

According to our opinion, except for the effects of the matter referred to in paragraph "Basis of exceptive audit opinion", the consolidated financial statements reflected a true and fair view, in all material respects of financial position of Binh Minh Plastics joint Stock company and its subsidiary on 31<sup>st</sup> December 2013 and the results of operations and cash flows for the year then ended at the same date, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting Regulations and the relevant statutory requirements applicable to financial reporting.

Ho Chi Minh City, 17<sup>th</sup> March 2014

**Nam Viet Accounting Consultancy and Auditing Service Ltd.**

**Deputy Director**



**Cao Thi Hong Nga**

Practicing Auditor Registration Certificate  
No: 0613-2013-152-1

**Auditors**

**Nguyen Anh Tuan**

Practicing Auditor Registration Certificate  
No: 1559-2013-152-1



# THE CONSOLIDATED FINANCIAL STATEMENTS AUDITED

As at 31<sup>st</sup> December 2013

ASSETS	Code	Note	31/12/2013	01/01/2013
<b>A . CURRENT ASSETS</b>	100		<b>1.224.403.192.258</b>	<b>1.052.348.769.293</b>
<b>I. Cash and cash equivalents</b>	110	V.1	<b>438.728.212.089</b>	<b>345.293.101.809</b>
1. Cash	111		137.228.212.089	67.993.101.809
2. Cash equivalents	112		301.500.000.000	277.300.000.000
<b>II. Short-term investments</b>	120		-	-
<b>III. Accounts receivable</b>	130		<b>366.476.115.793</b>	<b>351.158.699.160</b>
1. Accounts receivable	131	V.2	291.885.303.026	302.521.925.101
2. Prepayment to suppliers	132	V.3	16.251.204.833	50.164.902.769
3. Other receivables	135	V.4	71.683.459.719	726.603.814
4. Allowance for doubtful debts	139	V.5	(13.343.851.785)	(2.254.732.524)
<b>IV. Inventories</b>	140	V.6	<b>367.792.833.881</b>	<b>336.502.455.628</b>
1. Inventories	141		367.792.833.881	336.502.455.628
2. Allowance for inventories	149		-	-
<b>V. Other current assets</b>	150		<b>51.406.030.495</b>	<b>19.394.512.696</b>
1. Short-term prepayments	151		2.333.598.638	1.942.324.200
2. Other receivables from the State Treasury	154		-	-
3. Other current assets	158	V.7	49.072.431.857	17.452.188.496
<b>B. LONG-TERM ASSETS</b>	200		<b>456.878.651.241</b>	<b>370.319.638.712</b>
<b>I. Long-term accounts receivable</b>	210		-	-
<b>II. Fixed assets</b>	220		<b>225.088.158.449</b>	<b>280.589.371.327</b>
1. Tangible fixed assets	221	V.8	188.084.100.440	244.324.090.435
- Cost	222		682.778.451.151	675.025.638.528
- Accumulated depreciation	223		(494.694.350.711)	(430.701.548.093)
2. Finance lease assets	224		-	-
- Cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.9	29.081.102.322	29.843.353.002
- Cost			35.996.185.657	35.996.185.657
- Accumulated amortization	229		(6.915.083.335)	(6.152.832.655)
4. Construction-in-progress	230	V.10	7.922.955.687	6.421.927.890

ASSETS	Code	Note	31/12/2013	01/01/2013
<b>III. Investment property</b>	240		-	-
<b>IV. Long-term investments</b>	250	V.11	<b>13.362.723.232</b>	<b>26.712.775.960</b>
1. Investment in associates and joint ventures	252		11.168.772.832	11.644.594.142
2. Other long-term investments	258		4.193.950.400	22.000.000.000
3. Allowance for diminution in the value of long-term investment	259		(2.000.000.000)	(6.931.818.182)
<b>V. Other long-term assets</b>	260		<b>218.427.769.560</b>	<b>63.017.491.425</b>
1. Long-term prepayment	261	V.12	217.366.699.750	62.104.771.357
2. Deferred income tax assets	262	V.18	1.061.069.810	912.720.068
3. Other long-term assets	268		-	-
<b>VI. Goodwill</b>	269		-	-
<b>TOTAL ASSETS</b>	270		<b>1.681.281.843.499</b>	<b>1.422.668.408.005</b>





# THE CONSOLIDATED FINANCIAL STATEMENTS AUDITED (Continued)

As at 31<sup>st</sup> December 2013

Unit: VND

RESOURCES	Code	Note	31/12/2013	01/01/2013
<b>A. LIABILITIES</b>	300		<b>192.208.752.624</b>	<b>148.568.997.691</b>
<b>I. Current liabilities</b>	310		<b>192.208.752.624</b>	<b>148.568.997.691</b>
1. Short-term borrowings and liabilities	311	V.13	35.950.187.000	4.305.670.000
2. Accounts payable	312	V.14	52.239.417.100	49.903.077.238
3. Advances from customers	313		438.697.908	696.652.224
4. Taxes and amounts payable to State Treasury	314	V.15	37.649.484.616	38.594.298.222
5. Payables to employees	315		21.740.715.110	14.423.054.416
6. Accrued expenses	316	V.16	13.257.736.397	10.249.597.481
7. Other payables	319	V.17	1.477.131.866	2.829.214.756
8. Bonus and welfare fund	323		29.455.382.627	27.567.433.354
<b>II. Long-term liabilities</b>			-	-
<b>B. EQUITY</b>	400		<b>1.489.073.090.875</b>	<b>1.274.099.410.314</b>
<b>I. Owner's equity</b>	410	V.19	<b>1.489.073.090.875</b>	<b>1.274.099.410.314</b>
1. Share capital	411		454.784.800.000	349.835.520.000
2. Share premium capital	412		1.592.782.700	1.592.782.700
3. Investment and development fund	417		695.092.584.571	618.161.462.652
4. Finance reserve fund	418		39.404.062.173	39.016.101.557
5. Other funds belong to equity	419		34.983.552.000	34.983.552.000
6. Retained earnings	420		263.215.309.431	230.509.991.405
<b>II. Other sources</b>	430		-	-
<b>C. MINORITY INTEREST</b>	439		-	-
<b>RESOURCES</b>	440		<b>1.681.281.843.499</b>	<b>1.422.668.408.005</b>

## OFF - BALANCE SHEET ITEMS

As at 31<sup>st</sup> December 2013

Unit: VND

ITEMS	Note	31/12/2013	01/01/2013
1. Leasehold assets		-	-
2. Materials and goods kept or processed for others		-	-
3. Goods deposited by others		-	-
4. Bad debts already treated		-	-
5. Foreign currencies		-	-
+ USD		165.509,24	479.834,99
+ EUR		13.654,60	17.925,41
6. Estimates for non-business and project expenditure		-	-

Prepared by

Chief Accountant

General Director





Phung Huu Luan

Hong Le Viet

Nguyen Hoang Ngan

Ho Chi Minh City - 17<sup>th</sup> March 2014



## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 2013

Unit: VND

ITEMS	Code	Note	CURRENT YEAR	PREVIOUS YEAR
<b>1. Sales and service revenue</b>	<b>01</b>	VI.1	<b>2.131.858.459.998</b>	<b>1.924.194.001.778</b>
2. Deductions	02	VI.2	43.713.641.153	33.447.779.545
<b>3. Net revenues</b>	<b>10</b>	VI.3	<b>2.088.144.818.845</b>	<b>1.890.746.222.233</b>
<b>4. Cost of goods sold</b>	<b>11</b>	VI.4	<b>1.466.114.810.947</b>	<b>1.301.574.886.710</b>
<b>5. Gross profit</b>	<b>20</b>		<b>622.030.007.898</b>	<b>589.171.335.523</b>
6. Revenue from financial activities	21	VI.5	30.521.562.828	14.679.647.151
7. Financial expense	22	VI.6	17.504.446.599	6.821.537.919
<i>In which: interest expenses</i>	23		905.745.100	770.755.540
8. Selling expenses	24		68.631.181.008	64.095.605.933
9. General administrative expenses	25		67.049.442.056	59.866.213.393
<b>10. Net operating profit</b>	<b>30</b>		<b>499.366.501.063</b>	<b>473.067.625.428</b>
11. Other incomes	31		1.569.810.395	1.989.028.398
12. Other expenses	32		985.870.861	7.048.741
<b>13. Result of other activities</b>	<b>40</b>		<b>583.939.534</b>	<b>1.981.979.657</b>
<b>14. Share of Profit/losses in associates and jointly controlled entities</b>	<b>50</b>		<b>(475.821.310)</b>	<b>4.419.594.142</b>
<b>15. Total accounting profit before tax</b>	<b>60</b>		<b>499.474.619.287</b>	<b>479.469.199.228</b>
16. Current income tax expense	61	VI.7	129.692.307.275	119.131.882.231
17. Deferred income tax expense	62	VI.8	(148.349.742)	(189.032.101)
<b>18. Net profit</b>	<b>70</b>		<b>369.930.661.754</b>	<b>360.526.349.098</b>
18.1 Minority interest	71		-	-
18.2 Equity holders of the company	72		369.930.661.754	360.526.349.098
<b>19. Basic earnings per share</b>	<b>80</b>	VI.9	<b>8.134</b>	<b>7.927</b>

Prepared by



Phung Huu Luan

Chief Accountant



Hong Le Viet

General Director



Nguyen Hoang Ngan

Ho Chi Minh City – 17<sup>th</sup> March 2014

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 2013

Unit: VND

ITEMS	Code	CURRENT YEAR	PREVIOUS YEAR
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before Tax</b>	<b>01</b>	<b>499.474.619.287</b>	<b>479.469.199.228</b>
<b>2. Adjustments for</b>			
- Depreciation and amortisation	02	68.126.726.247	73.494.817.550
- Allowances and provisions	03	6.157.301.079	(462.350.164)
- Unrealized foreign exchange differences	04	(155.183.342)	(202.313.260)
- Gain, lost from other investing activities	05	(27.166.861.527)	(17.955.070.113)
- Interest expenses	06	905.745.100	770.755.540
<b>3. Operating profit before changes in working capital</b>	<b>08</b>	<b>547.342.346.844</b>	<b>535.115.038.781</b>
- Changes in accounts receivable	09	(26.552.365.015)	1.934.170.817
- Changes in inventories	10	(31.290.378.253)	(19.117.551.127)
- Changes in accounts payable	11	(23.481.351.945)	28.715.971.410
- Changes in of prepayment	12	(155.653.202.831)	8.989.297.409
- Interest paid	13	(128.043.686)	(1.068.732.000)
- Income tax paid	14	(128.386.117.727)	(116.674.982.082)
- Other receipts from operating activities	15	250.226.026	9.493.587.222
- Other payments for operating activities	16	(37.156.903.792)	(27.008.482.553)
<i>Net cash flows from operating activities</i>	<b>20</b>	<b>144.944.209.621</b>	<b>420.378.317.877</b>
<b>II. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
1. Payments for addition to fixed assets	21	(12.738.944.399)	(69.579.114.572)
2. Proceeds from disposal of fixed assets and other long-term assets	22	70.000.000	2.727.273
3. Loan granted and purchases of debt instruments of other entities	23	-	-
4. Collection of loans granted and to associated and proceeds from sales of debt instruments of other entities	24	-	-
5. Payments for investment in other entities	25	-	-
6. Collection on investments in other entities	26	14.540.449.757	-
7. Receipts of interests, dividends and profit shared	27	30.362.461.370	14.432.748.698
<i>Net cash flows from investing activities</i>	<b>30</b>	<b>32.233.966.728</b>	<b>(55.143.638.601)</b>



## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 2013 (Continued)

Unit : VND

ITEMS	CODE	CURRENT YEAR	PREVIOUS YEAR
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Collection of stock issuance and capital contributions from owners	31	-	-
2. Payment for capital contributions and re-purchases of stocks issued	32	-	-
3. Short-term and long-term loans received	33	45.270.187.000	4.005.670.000
4. Payment for loan principal amounts	34	(13.625.670.000)	(7.669.880.000)
5. Payment for financial leasehold assets	35	-	-
6. Payment of dividends	36	(115.444.611.700)	(104.958.176.000)
<i>Net cash flows from financing activities</i>	40	<b>(83.800.094.700)</b>	<b>(108.622.386.000)</b>
<i>Net cash flows during the year</i>	50	<b>93.378.081.649</b>	<b>256.612.293.276</b>
 <b>Beginning cash and cash equivalents</b>	60	<b>345.293.101.809</b>	<b>88.672.102.251</b>
Effect of fluctuation in foreign exchange rates	61	57.028.631	8.706.282
<b>Ending cash and cash equivalents</b>	70	<b>438.728.212.089</b>	<b>345.293.101.809</b>

Prepared by



Phung Huu Luan

Chief Accountant



Hong Le Viet

General Director



Nguyen Hoang Ngan

Ho Chi Minh City – 17<sup>th</sup> March 2014

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013

### I. OPERATION FEATURES

#### 1. Investment form

Binh Minh Plastics Joint Stock Company was established under Decision No. 209/2003/QĐ-BCN dated on 4<sup>th</sup> December 2003 by the Ministry of Industry, transforming State enterprises into a joint stock company.

The Company's business license – No. 4103002023 – was issued on 2<sup>nd</sup> January 2004. The fifth amendment on the business license – No. 0301464823 – was issued by the Planning and Investment Department of Ho Chi Minh City dated 7<sup>th</sup> October 2013.

Company's Headquarter is located 240 Hau Giang, Ward 9, District 6, Ho Chi Minh City.

The Company has the following branches:

NAME	ADDRESS
<b>Binh Minh Plastics Joint Stock Company Branch</b>	No. 7, Street No. 2, Song Than 1 Industrial Zone, Di An Town, Binh Duong Province
<b>Vinh Loc – Ben Luc Branch</b>	Lot C1-6 to C1-30, Vinh Loc 2 Industrial Zone, Vinh Loc 2 Road, Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province

The subsidiary in this consolidated financial report include:

COMPANY NAME	ESTABLISHED UNDER	BUSINESS SCOPE	STAKE
<b>Binh Minh Plastic Northern One Member Limited Liability Company</b>	The Company's business license – No. 0504000211 – was issued by the Planning and Investment Department of Hung Yen Province dated 18th September 2006	Civil and industrial products made of plastic and rubber	100%

List of associated companies consolidated by the equity method:

COMPANY NAME	ADDRESS	BUSINESS SCOPE	STAKE
<b>Da Nang Plastics Joint Stock Company</b>	371 Tran Cao Van, District Thanh Khe, Da Nang City	Manufacturing import and export business of products, raw materials and equipment for plastic industry	29

#### 2. Business scope

Production and trade.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## 3. Business Activities

The Company's main activities are in the manufacturing and trading of civil and industrial products made of plastic and rubber; designing, manufacturing and trading moulds for the plastic and casting industries; manufacturing and trading machinery and equipment, materials, as well as sanitary components for construction and interior decoration; consultancy and construction works of water supply, yard and warehouse; inspection, analysis, and testing of chemicals; and trading, importing and exporting of raw materials, chemicals, materials, plastics machinery, as well as engineering, construction, water supply and laboratory equipment; transportation of goods by road; advertising.

## II. FISCAL YEAR AND CURRENCY FOR ACCOUNTING

### 1. Fiscal year

The fiscal year of the Company is from 1<sup>st</sup> January to 31<sup>st</sup> December.

### 2. Standard currency unit

The currency unit used for accounting is Vietnam dong (VND).

## III. ACCOUNTING STANDARDS AND SYSTEM

### 1. Accounting system

The Company applies the Vietnamese Accounting System in accordance to Decision No. 15/2006/QĐ-BTC of 20<sup>th</sup> March 2006 and Circular No. 244/2009/TT-BTC of 31<sup>st</sup> December 2009, issued by the Ministry of Finance and the guidelines accompanying amendments.

### 2. Statement on compliance with the Vietnamese accounting Standard and System

The Company applies the Vietnamese Accounting system and guidelines issued by the State. The consolidated financial statements have been prepared and presented according to these standards and guidelines, as well as the accounting system that currently applies.

### 3. Accounting form

The Company uses the voucher recording form in its accounting.

## IV. ACCOUNTING POLICIES

### 1. Basis of consolidated

#### Subsidiary is entities controlled by the parent company

The control exists when the parent company has power to govern the financial and operating policies of the subsidiary to obtain economic benefits from its activities. Financial statements of subsidiary are consolidated in the consolidated financial statements from the date control commences until the date that control over.

#### Associate Company:

Associate company is a entitle in which the Company has significant influence, but no control over the financial and operating policies. Associated is accounted for using the equity method.

The consolidated financial statements include the expenses and income of the Company in the unit receiving

investment accounted by the equity method, after this unit has made adjustments of accounting policies in accordance with the accounting policies of the Company, from the date commencing significant influence or joint control until the end of significant influence or joint control. If the company's share of losses exceeds the Company's investment in the unit receiving investment accounted by the equity method, the record amount of the investment (including all long-term investments) is reduced to nil and cease the recognition of losses, unless the Company has an obligation to perform or has made payments on behalf of the investees.

#### Transactions eliminated on consolidation

The internal balance and all unrealized income and expenses arising from internal transactions are eliminated when making the consolidated financial statements. Unrealized profit arising from internal transactions with equity accounted investees are eliminated investments against the extent of the company's interest in the investees. Unrealized losses resulting from internal transactions are eliminated unless costs are unrecoverable.

### 2. Cash and cash equivalents

Economic transactions made in foreign currencies shall be converted into Vietnam dong based on the exchange rate at the time of the transactions. At the end of the year, foreign currency items shall be converted based on the buying rate by the Bank which company has account.

Differences in real exchange rates arising during the business cycle and differences in exchange rates after re-evaluation of the balance of monetary items at the end of year will be recorded in sales or financial costs for the fiscal year.

Short-term investments of less than 3 months can be converted into cash with minimal risk, since such investments were made during the time of preparation of the financial statements.

### 3. Inventories

Inventories are stated at their costs. Net value is stated where it is lower than the cost. Costs of inventories include the cost of buying, processing costs, and other directly related costs arising from adjustments made to bring the inventories to the current positions and conditions.

The values of inventories are determined by the average method

Inventories applied the perpetual method of accounting .

Allowance for inventories is the difference between the original cost of inventory is greater than net realisable value.

### 4. Recording depreciation of fixed assets

Tangible and intangible fixed assets are initially recognized at their cost. Subsequently, the total costs of these fixed assets comprise their historical costs and accumulated depreciation and residual value.

Depreciation of fixed assets is computed on a straight-line basics. The estimated lifespan of these assets is as follows:

- Building and structures	5 to 10 years
- Machinery and equipment	3 to 8 years
- Means of transportation	6 to 8 years
- Office equipment	3 to 5 years
- Right of using hand	41 to 50 years



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## 5. Recording financial investments

Investments in securities at the time of statement are recorded if :

- Withdrawal or maturity period does not exceed three months from the date of purchase, and are considered cash equivalent;
- Withdrawal period under one year or within one business cycle, and are classified as short-term assets;
- Withdrawal period over one year or more than one business cycle, and are classified as long-term assets;

Allowances for diminution in the value of investment is made through calculating the difference between the costs of investments on the accounting ledger and its market value at the time of provision.

## 6. Recognition and distribution of prepayment

Prepaid expenses related to the production and operation costs of the business in the current fiscal year are recorded as short-term prepaid expenses and included in the business cost of the fiscal year.

## 7. Recognition of accrued expenses

Based on the principle of ensuring consistency between revenue and costs, actual expenses not incurred yet are deducted in the business costs for the period to ensure that the actual costs do not distort the actual representation of the business costs. When these expenses arise, if there are any discrepancies to the recognized items, the accountant will record the additional expenses or write-off the cost corresponding to the difference.

## 8. Recognition of share capital

Share capital will be recorded according to the amount actually invested by the owner.

The difference between the issuance price and nominal value of shares when stock was first released, additionally released or re-released will be recorded as share premium.

Retained earnings is the profits from the operation of the company less adjustments caused by the application of retroactive adjustments in changing accounting policy and the retroactive adjustments of key error of previous year.

## 9. Recognition of Sales

### Sales

Sales are recognized when the following conditions are satisfied simultaneously:

- Most of the risks and benefits associated with the goods ownership are transferred to customers;
- Company no longer holds ownership of the goods as the owner of goods or controller of goods;
- Revenue is determined rather reliably;
- Company has gained or will gain economic benefits from sales;
- Costs related to sales transactions are determined

### Financial income

Revenue arising from interest, dividends, profit sharing and cash revenue from other financing activities are recognized when the following two conditions are satisfied simultaneously:

- Ability to gain economic benefits from such transactions;
- Revenue is determined rather reliably.

Dividends and profit shared are recognized when the company has the right to receive dividends or profit from the contribution of capital.

## 10. Recognition of Financial expenses

Expenses recorded as financial costs are:

- Costs or losses related to financial investment activities;
- Cost of loans and borrowings;
- Losses due to changes in exchange rates of business transactions conducted in foreign currency;
- Provision for diminution in value of securities investments.

The above items are recognized as a whole in the period incurred, and are not compensated with income from financial activities.

## 11. Recognition of current income tax and deferred income tax

Current income tax is calculated on the basis of taxable income and the tax rate of income tax in the current year.

Deferred income tax is calculated on the basis of deductible temporary differences, taxable temporary differences and tax rate of income tax.

## 12. Segment Report

Segment reports include segments according to business area or a segment according to geographical area.

Segments according to business area: is a differential segment of a enterprise engaging in production process or supply of product, separate services, a group of products or relevant services that the segment is responsible for risks and other economic interests to other business segments.

Segment according to geographical area: is a differential segment of an enterprise engaging in production process or supply of products, services in a sphere of a concrete economic environment that this segment is responsible for risks and other economic interests to other business segments in other economic environments.

## 13. Financial Instruments

### Initial Record

#### Financial assets

On the date of initial record, financial assets are recorded at costs plus transaction expenses directly relating to the purchase of those financial assets.

The financial assets of the Company include cash, short term deposits, short term receivables, other receivables and investment amounts.

#### Financial liabilities

On the date of initial record, financial liabilities are recorded at costs minus transaction expenses directly relating to the issuance of those financial liabilities.

Financial liabilities of the Company include accounts payable, other payables and loans.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## Compensation of financial instruments

The financial assets and financial liabilities are offset to each other and present the net value on the balance sheet when and only when the Company:

- There is a legal right to offset the recorded value.
- There is a payment plan on a net basis or recognized assets and payment of liabilities at the same time.

## 14. Parties concerned

Parties are considered to be concerned if one party has the ability to control or significantly influence the other party in making decision financial and operating policies.



## V. ADDITIONAL INFORMATION ON THE ITEMS OF THE BALANCE SHEET

### 1. Cash and cash equivalents

	31/12/2013 VND	01/01/2013 VND
Cash	298.548.653	277.961.559
Cash in bank	136.929.663.436	67.715.140.250
Cash equivalents (time deposits of less than 3 months)	301.500.000.000	277.300.000.000
<b>TOTAL</b>	<b>438.728.212.089</b>	<b>345.293.101.809</b>

### 2. Accounts receivable

	31/12/2013 VND	01/01/2013 VND
Receivables from customers selling goods and finished goods	291.885.303.026	302.521.925.101
<b>TOTAL</b>	<b>291.885.303.026</b>	<b>302.521.925.101</b>

### 3. Prepayments to suppliers

	31/12/2013 VND	01/01/2013 VND
Prepaid rent in Vinh Loc Industrial Park	-	45.000.000.000
Prepayments to other suppliers	16.251.204.833	5.164.902.769
<b>Total</b>	<b>16.251.204.833</b>	<b>50.164.902.769</b>

### 4. Other Receivables

	31/12/2013 VND	01/01/2013 VND
Receivable from personal income tax	36.474.249	555.903.961
Social security receivable from staff	182.015.357	129.014.068
Temporary income tax under the records were retrospectively collected tax inspection of the city Department of Taxation (*)	71.379.327.053	-
Other receivables	85.643.060	41.685.785
<b>TOTAL</b>	<b>71.683.459.719</b>	<b>726.603.814</b>

(\*) The company has temporarily paid business income tax arrears by decision No 3979/QD-CT-TTr1 dated 10<sup>th</sup> November 2013 of HCMC Tax Agency.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## 5. Allowance for uncollectible accounts

	31/12/2013 VND	01/01/2013 VND
Duc Thanh Plastics Co., Ltd. (*)	10.649.438.530	-
Other customers	2.694.413.255	2.254.732.524
<b>TOTAL</b>	<b>13.343.851.785</b>	<b>2.254.732.524</b>

(\*) On 8<sup>th</sup> January 2014, the People's Court of Tan Binh district issued decision No. 09/2014/QDST-KDTM recognizing the agreement on overdue debts of VND 35 billion that Duc Thanh Commercial Plastic Co., Ltd. owes Binh Minh Plastics Joint Stock Company through repayment schedule from now until 2018. Binh Minh Plastics Joint Stock Company made provision based on overdue time of the debts.

## 6. Inventories

	31/12/2013 VND	01/01/2013 VND
Goods in transit	1.830.172.880	1.940.162.335
Raw materials	104.190.460.275	85.877.103.572
Tools and supplies	1.135.013.995	1.265.693.987
Work in process	165.691.997.011	159.932.582.010
Finished goods	57.475.182.480	55.477.966.158
Merchandise inventories	37.470.007.240	32.008.947.566
<b>TOTAL COST OF INVENTORIES</b>	<b>367.792.833.881</b>	<b>336.502.455.628</b>
Allowance for inventories	-	-
Unrealized net value of inventories	367.792.833.881	336.502.455.628

## 7. Other short-term assets

	31/12/2013 VND	01/01/2013 VND
Pending shortage assets	178.182.866	131.331.487
Advanced	81.230.000	130.602.000
Depositing (*)	48.813.018.991	17.190.255.009
<b>Total</b>	<b>49.072.431.857</b>	<b>17.452.188.496</b>

(\*) Deposits to open L/C to pay to suppliers of machinery equipment and mould accessories.

	Unit: VND			
	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment
<b>Initial cost</b>				
Opening balance	100.651.783.182	553.542.777.643	13.771.517.619	7.059.560.084
Increase	-	8.164.697.220	3.004.420.200	68.799.182
- New purchase	-	8.164.697.220	3.004.420.200	68.799.182
Decrease	12.000.000	2.648.158.555	70.138.095	754.807.329
- Liquidation, sold	-	126.304.762	16.000.000	-
- Other decreases (*)	12.000.000	2.521.853.793	54.138.095	754.807.329
Ending balance	<b>100.639.783.182</b>	<b>559.059.316.308</b>	<b>16.705.799.724</b>	<b>6.373.551.937</b>
<b>Accumulated depreciation</b>				
Opening balance	58.024.436.170	362.216.854.202	8.067.463.067	2.392.794.654
Increase	7.779.979.788	56.303.905.362	1.906.047.034	1.374.543.383
Decrease	12.000.000	2.534.727.525	70.138.095	754.807.329
- Liquidation, sold	-	126.304.762	16.000.000	-
- Other decreases (*)	12.000.000	2.408.422.763	54.138.095	754.807.329
Ending balance	<b>65.792.415.958</b>	<b>415.986.032.039</b>	<b>9.903.372.006</b>	<b>3.012.530.708</b>
<b>Net book values</b>				
At the beginning of the year	42.627.347.012	191.325.923.441	5.704.054.552	4.666.765.430
At the ending of the year	<b>34.847.367.224</b>	<b>143.073.284.269</b>	<b>6.802.427.718</b>	<b>3.361.021.229</b>

The cost of the fixed assets were fully depreciated as of 31<sup>st</sup> December 2013 which are still in active use: VND 245.879.643.532.

(\*) Other decreases: the fixed assets which were not meet one of the criteria for recognition as fixed assets as regulated in Circular 45/2013/TT-BTC transfers to equipments and amortized to operation expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## 9. Increases / (decreases) of intangible fixed assets

Unit: VND

	Land use right
<b>Cost</b>	
Opening balance	35.996.185.657
Ending balance	<b>35.996.185.657</b>
<b>Accumulated Amortisation</b>	
Opening balance	6.152.832.655
Amortisation	762.250.680
Ending balance	<b>6.915.083.335</b>
<b>Net book value</b>	
At the beginning of the year	29.843.353.002
At the ending of the year	<b>29.081.102.322</b>

## 10. Construction in progress

	31/12/2013 VND	01/01/2013 VND
Oracle Cost of deploying IT consulting and software licensing Oracle	7.922.955.687	6.421.927.890
<b>TOTAL</b>	<b>7.922.955.687</b>	<b>6.421.927.890</b>

## 11. Long-term investments

	Number of shares	31/12/2013 VND	Number of shares	01/01/2013 VND
Investment in Associates (*)		11.168.772.832		11.644.594.142
Other long-term investments		4.193.950.400		22.000.000.000
- Shares		4.193.950.400		22.000.000.000
+ Long Hau Joint Stock Company	17.317	193.950.400		-
+ Ban Viet Securities Investment Fund		-	180	18.000.000.000
+ Tan Tien Plastics Joint Stock Company (nominal value VND 100.000)	20.000	4.000.000.000	20.000	4.000.000.000
Allowance for diminution in value of long-term Investments		(2.000.000.000)		(6.931.818.182)
<b>TOTAL</b>		<b>13.362.723.232</b>		<b>26.712.775.960</b>

(\*) As investment in Danang Plastic Joint Stock Company with ownership rate is 29%

## 12. Long-term prepayments

	31/12/2013 VND	01/01/2013 VND
Prepaid land rental (*)	217.366.699.750	62.104.771.357
<b>TOTAL</b>	<b>217.366.699.750</b>	<b>62.104.771.357</b>

(\*) is the prepayment for land rental at Vinh Loc- Ben Luc- Long An Industrial Park under contract No: 26/HĐNT-VL2-2010 dated 13<sup>th</sup> September 2010. The lease term is until 2060.

## 13. Short-term debts and loans

	31/12/2013 VND	01/01/2013 VND
Short-term loans	35.950.187.000	4.305.670.000
<b>TOTAL</b>	<b>35.950.187.000</b>	<b>4.305.670.000</b>

(\*) The money that customers pay in advance to guarantee themselves of a purchase by deferment according to the statute control of customer debts. Company must pay interest for this deposit according to the prevailing interest rate on deposits of Joint Stock Commercial Bank of industry and Trade of Vietnam at the same time plus its 10 percentages.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## 14. Accounts Payable

	31/12/2013 VND	01/01/2013 VND
Payable to suppliers to purchase materials	47.686.173.137	43.462.925.299
Payable to service providers	617.017.279	1.513.576.947
Payable to other suppliers	3.936.226.684	4.926.574.992
<b>TOTAL</b>	<b>52.239.417.100</b>	<b>49.903.077.238</b>

## 15. Tax payable and payables to government

	31/12/2013 VND	01/01/2013 VND
Value-added tax	6.163.955.879	7.317.046.757
Business Income Tax	31.398.468.333	30.092.278.785
Personal Income Tax	87.060.404	1.184.972.680
<b>TOTAL</b>	<b>37.649.484.616</b>	<b>38.594.298.222</b>

## 16. Accrued expenses

	31/12/2013 VND	01/01/2013 VND
Sale incentives for distributors	11.221.219.417	9.005.781.915
Interest expense	876.516.980	98.815.566
Remuneration of the Board of Management, Board of Supervisors	1.000.000.000	1.000.000.000
Other payable costs	160.000.000	145.000.000
<b>TOTAL</b>	<b>13.257.736.397</b>	<b>10.249.597.481</b>

## 17. Other payables

	31/12/2013 VND	01/01/2013 VND
Pending surplus assets	312.233.259	219.058.519
Trade union fee payable	461.484.307	1.631.094.237
Dividends payable	350.414.300	349.442.000
Other payables	353.000.000	629.620.000
<b>TOTAL</b>	<b>1.477.131.866</b>	<b>2.829.214.756</b>

## 18. Deferred tax assets

	31/12/2013 VND	01/01/2013 VND
Deferred tax assets related to the deductible temporary differences	2.017.534.934	1.654.111.424
The amount of Deferred tax assets recorded from the previous year	(956.465.124)	(741.391.356)
<b>Deferred tax assets</b>	<b>1.061.069.810</b>	<b>912.720.068</b>

## 19. Owner's capital

### a) The comparison of movements of owners' capital

	Unit: VND	Owner capital	Surplus share capital	Investment and Development fund	Financial reserve fund	Other funds belong to equity	Retained earnings
<b>Balance at the beginning of previous year</b>		<b>349.835.520.000</b>	<b>1.592.782.700</b>	<b>454.759.736.139</b>	<b>38.578.538.134</b>	<b>34.983.552.000</b>	<b>169.580.311.285</b>
- Interest for previous year						360.526.349.098	
- Distribution of profit in the year 2011						(169.579.311.285)	
+ Draw to Investment and Development fund				128.226.599.666		(128.226.599.666)	
+ Draw to bonus and welfare fund						(3.788.559.619)	
+ Bonus to The Board of Management and Board of Supervisors						(2.580.600.000)	
+ Dividend 2011						(34.983.552.000)	
- Temporary distribution of profits in 2012						(60.050.253.693)	
+ Temporary extract of development investment fund				35.175.126.847		(35.175.126.847)	
+ Temporary extract of financial reserve fund					437.563.423	(437.563.423)	
+ Temporary extract of bonus and welfare fund						(24.437.563.423)	
- Dividends paid in cash in 2012						(69.967.104.000)	
<b>Balance at the ended of previous year</b>		<b>349.835.520.000</b>	<b>1.592.782.700</b>	<b>618.161.462.652</b>	<b>39.016.101.557</b>	<b>34.983.552.000</b>	<b>230.509.991.405</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## The comparison of movements of owners' capital (continued)

	Owner capital	Surplus share capital	Investment and Development fund	Financial reserve fund	Other funds belong to equity	Retained earnings
	Unit: VND					
- Interest for current year						369.930.661.754
- Distribution of profit 2012					-	(226.988.021.263)
+ Dividends paid in cash in 2012						(69.967.104.000)
+ Dividends paid in shares in 2012	104.949.280.000					(104.949.280.000)
+ Draw to Investment and Development fund			40.155.200.686			(40.155.200.686)
+ Draw to bonus and welfare fund						(8.406.436.577)
+ Bonus to The Board of management and Board of Supervisors					-	(3.510.000.000)
- Temporary distribution of profits in 2013						(110.237.322.465)
+ Temporary extract of development investment fund			36.775.921.233			(36.775.921.233)
+ Temporary extract of financial reserve fund				387.960.616		(387.960.616)
+ Temporary extract of rewards and welfare fund						(27.594.960.616)
+ Dividend						(45.478.480.000)
<b>Balance at the ended of year</b>	<b>454.784.800.000</b>	<b>1.592.782.700</b>	<b>695.092.584.571</b>	<b>39.404.062.173</b>	<b>34.983.552.000</b>	<b>263.215.309.431</b>

## b) Details of capital contribution by the owners

	31/12/2013 VND	%	01/01/2013 VND	%
Capital contributed by the State	134.234.900.000	29,52%	103.565.160.000	29,69%
Capital contributed by others	320.549.900.000	70,48%	246.270.360.000	70,31%
<b>TOTAL</b>	<b>454.784.800.000</b>	<b>100,00%</b>	<b>349.835.520.000</b>	<b>100,00%</b>

## c) Capital transactions with owners and distribution of dividends, profits

	Current year VND	Previous year VND
Capital contributed by the owner		
Capital contributed at beginning of the year	349.835.520.000	349.835.520.000
Capital contributed increasing during the year	104.949.280.000	-
Capital contributed decreasing during the year	-	-
Capital contributed at the end of the year	454.784.800.000	349.835.520.000
Dividends, division of profits	220.394.864.000	104.950.656.000
Including:		
+ Cash	115.445.584.000	104.950.656.000
+ Shares	104.949.280.000	-

## d) Shares

	31/12/2013	01/01/2013
Number of shares registered to be issued	45.478.480	34.983.552
Number of shares already sold to the public	45.478.480	34.983.552
- Common shares	45.478.480	34.983.552
Number of shares repurchased	-	-
Number of shares in circulation	45.478.480	34.983.552
- Common shares	45.478.480	34.983.552

- Nominal value of shares in circulation: VND 10.000



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT

	Current year VND	Previous year VND
<b>1. Sales and service revenue</b>	<b>2.131.858.459.998</b>	<b>1.924.194.001.778</b>
Including:		
- Sales of finished goods	2.036.569.600.694	1.864.537.728.765
- Sales of merchandise and materials	95.288.859.304	59.656.273.013
<b>2. Sales deductions</b>	<b>43.713.641.153</b>	<b>33.447.779.545</b>
Including		
- Sale discounts	42.411.502.222	31.568.718.643
- Sale returns	1.302.138.931	1.879.060.902
<b>3. Net sales</b>	<b>2.088.144.818.845</b>	<b>1.890.746.222.233</b>
Including		
Net sales of goods	1.994.667.265.656	1.832.432.987.751
Net sales of merchandise and materials	93.477.553.189	58.313.234.482
<b>4. Cost of goods sold</b>		
	Current year VND	Previous year VND
Cost of finished goods sold	1.376.439.015.700	1.247.110.924.904
Cost of merchandise and materials sold	89.675.795.247	54.463.961.806
<b>TOTAL</b>	<b>1.466.114.810.947</b>	<b>1.301.574.886.710</b>
<b>5. Financial income</b>		
	Current year VND	Previous year VND
Interest income from deposits and loans	30.362.461.370	14.272.759.698
Dividends, division of profits	-	159.989.000
Realized foreign exchange gains	3.918.116	37.568.094
Unrealized foreign exchange gains	155.183.342	209.330.359
<b>TOTAL</b>	<b>30.521.562.828</b>	<b>14.679.647.151</b>

## 6. Financial expenses

	Current year VND	Previous year VND
Interest expenses	905.745.100	770.755.540
Realized foreign exchange losses	183.464.935	46.755.199
Unrealized foreign exchange losses	-	7.017.099
Payment discount for distributors	11.184.242.315	7.817.010.081
Loss on disposal of long term investments	3.265.599.843	-
Write back allowance for long-term investments	(4.931.818.182)	(1.820.000.000)
Interest late payment	6.897.212.588	-
<b>TOTAL</b>	<b>17.504.446.599</b>	<b>6.821.537.919</b>

## 7. Current income tax expense

Income tax payable is 25% of taxable income.

Tax settlement of the Company will be controlled by the tax agency. By applying the laws and regulations on taxes for many different types of transactions which can be explained in several ways, the tax presented on the consolidated financial statements can be changed by decision of the tax agency.

	Current year VND	Previous year VND
Current income tax expenses	129.692.307.275	119.131.882.231

## 8. Deferred income tax expense

	Current year VND	Previous year VND
Deferred income tax expense arising from return of assets in income tax delayed	956.465.124	741.391.356
Deferred income tax expense arising from the differences of temporary deductibles	(1.104.814.866)	(930.423.457)
<b>TOTAL</b>	<b>(148.349.742)</b>	<b>(189.032.101)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## 9. Earnings per share

	Current year VND	Previous year VND
Accounting profit after income tax	369.930.661.754	360.526.349.098
Increased and decreased adjustment items of accounting profit to determine profit or loss allocated to shareholders' common shares	-	-
Profit or loss allocated to shareholders' common shares	369.930.661.754	360.526.349.098
Average common shares in circulation for the period	45.478.480	45.478.480
<b>Earnings per share (*)</b>	<b>8.134</b>	<b>7.927</b>

(\*) Note: basic earnings target per share in the previous year have been adjusted retroactively to 10,494,928 bonus shares issued on this year.

## 10. Production and business costs by element

	Current year VND	Previous year VND
Raw material cost	1.201.418.360.345	1.041.839.683.965
Labour cost	119.732.570.214	107.780.657.855
Depreciation cost	68.126.726.247	73.494.817.550
Outside service cost	84.454.899.161	78.259.295.833
Other costs in cash	45.845.303.719	46.599.127.059
<b>Total</b>	<b>1.519.577.859.685</b>	<b>1.347.973.582.263</b>

## VII. OTHER INFORMATION

### 1. Commitments

Commitments on operating lease: On 13<sup>th</sup> September 2010, the Company signed Contract No. 26/HDNT-VL2-2010 with Vinh Loc Industrial Park - Ben Luc Investment and Construction Corporation to lease for a long-term 155,662.76 m<sup>2</sup> of land to build factories and warehouses for production business in Vinh Loc 2 Industrial Park, Ben Luc District, Long An Province. The lease has a term of 50 years. The remaining amount must be paid no later than 2016: VND 13.137.547.788.

### 2. Information regarding to relevant parties

Incomes of members of Board of Management, Board of Directors in the year as follows :

	Current year VND	Previous year VND
Salaries, bonus, and other benefits	7.990.599.648	9.513.430.817

### 3. Segment report

#### Segment report according to business area

The main business operation of the Company is to produce and trade civil and industrial products of plastic and rubber, thus there is no presentation of segment report according to business area.

#### Segment report according to geographical area

The Company only operates in geographical area of Vietnam.

## 4. Fair value of assets and payable financial liabilities

	Recorded value 31/12/2013 VND	Recorded value 01/01/2013 VND	Recorded value 31/12/2013 VND	Recorded value 01/01/2013 VND
<b>Financial assets</b>				
Cash and cash equivalent amounts	438.728.212.089	345.293.101.809	438.728.212.089	345.293.101.809
Accounts Receivables and other receivables	350.224.910.960	300.993.796.391	350.224.910.960	300.993.796.391
Financial assets available for sale	2.193.950.400	15.068.181.818	2.193.950.400	15.068.181.818
<b>TOTAL</b>	<b>791.147.073.449</b>	<b>661.355.080.018</b>	<b>791.147.073.449</b>	<b>661.355.080.018</b>
<b>Financial liabilities</b>				
Loans	35.950.187.000	4.305.670.000	35.950.187.000	4.305.670.000
Accounts payable and other payables	52.942.831.400	50.882.139.238	52.942.831.400	50.882.139.238
Payable expenses	13.257.736.397	10.249.597.481	13.257.736.397	10.249.597.481
<b>TOTAL</b>	<b>102.150.754.797</b>	<b>65.437.406.719</b>	<b>102.150.754.797</b>	<b>65.437.406.719</b>

Fair value of financial assets and payable financial liabilities are reflected at the values that financial instruments could be converted in a current transaction between the parties with full of awareness and wish for transactions.

The method and following assumptions are used to estimate the fair value :

Cash, bank deposits, and accounts receivable, accounts payable and other short term liabilities are mostly approximate to recorded values due to short-term maturity of these tools.

The fair value of listed securities are determined on the basis of transaction prices on the stock market. With respect to unlisted securities the fair value is determined on the basis of average transaction price in transaction market of the public companies not listed yet (UpCoM) to the companies that have registered to transact on transaction market of the public companies not listed yet (UpCoM), or average prices on the basis of transaction prices provided by a minimum three securities companies at the time of 31 December 2013 to the companies that have not registered to transact on the transaction markets of the public companies. The stocks without reference prices from reliable sources the fair values are taken from the book value.

The fair value of loans with fixed interest rates or floating interests can not determined due to there was no sufficient information to apply appropriate pricing.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013 (Continued)

## 5. Collateral

The Company does not have any collateral for mortgage to another unit and hold the collateral of other units on 31 December 2012 and on 31 December 2013.

## 6. Credit risk

Credit risk is the risk that partners will not perform its obligations under the provisions of a financial instrument or customer contract, leading to financial losses. The Company has credit risk from its business activities (mainly for customer accounts receivable) and from its own financial operations, including bank deposits and other financial instruments.

### Receivables from customers

The management of customer credit risk of the Company is based on company policies, procedures and control process of the Company relating to the management of customer credit risk.

Accounts receivable not paid yet are regularly monitored. The analysis of the ability to establish a reserve fund was made at the reporting date on the basis of each customer to large customers. On this basis, the company does not have credit risk concentration.

### Bank deposit

Most bank deposits of the Company are deposited at the prestigious banks in Vietnam. The company has found that the credit risk concentration level for bank deposits is low.

## 7. Liquidity risk

Liquidity risk is the risk in which the Company has difficulty in meeting the financial obligations due to lack of capital. Liquidity risk of the Company arises mainly due to mismatch in the maturities of financial assets and financial liabilities.

The Company monitors liquidity risk by maintaining the ratio of cash and cash equivalents at a level that the Board of Directors think is sufficient to provide financial support to the business operation of the Company and to minimize impact of the cash flow changes.

Maturity information of financial liabilities of the Company is based on the value without payment discounts under the contract as follows:

	From 01 year or less	From 01 year to 05 years	Total
<b>Balance at the ending of year</b>	<b>102.150.754.797</b>	-	<b>102.150.754.797</b>
Loans	35.950.187.000	-	35.950.187.000
Payables to sellers	52.239.417.100	-	52.239.417.100
Other payables	703.414.300	-	703.414.300
Payable expenses	13.257.736.397	-	13.257.736.397
<b>Balance at the beginning of year</b>	<b>65.437.406.719</b>	-	<b>65.437.406.719</b>
Loans	4.305.670.000	-	4.305.670.000
Payables to sellers	49.903.077.238	-	49.903.077.238
Other payables	979.062.000	-	979.062.000
Payable expenses	10.249.597.481	-	10.249.597.481

The Company assumes that the risk level of concentration for the debt payment is low. The company has the ability to pay maturity debts from the cash flow from business operations and proceeds from the maturity of financial assets.

## 8. Market Risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate with changes in market prices. Market risk obtains foreign exchange rates, interest rate and equity prices.

### Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate with changes in exchange rates.

The Company does not have foreign currency risk by buying and selling goods and services is done primarily by currency is Vietnam Dong.

### Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Risk of changes in market interest rates of the Company primarily relates to short-term deposits, loans.

The Company manages interest rate risk by closely monitoring relevant market situations to determine the appropriate interest rate policy favorable to the purpose of risk limit management of the company.

The Company does not perform a sensitivity analysis for interest rate because the risk of interest rate changes at the reporting date is not significant.

### Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate according to changes in external market prices changes of interest rates and exchange rates.

The shares hold by the Company may be affected by the risks of future value of the investment shares. The Company manages stock price risk by setting investment limits and diversifying investment portfolio.

## 9. Comparative data

The comparative data are the data on the consolidated financial statements for the fiscal year ended on 31 December 2012 audited.

Prepared by	Chief Accountant	General Director
		
Phung Huu Luan	Hong Le Viet	Nguyen Hoang Ngan

Ho Chi Minh City – 17<sup>th</sup> March 2014





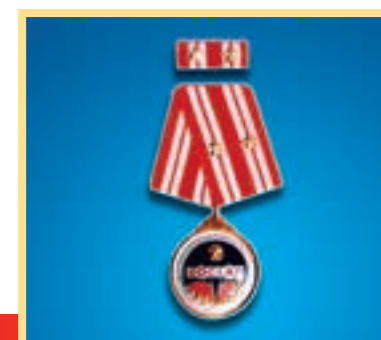
# Sustainable development

## REPORT

Continuous and sustainable development was the enterprise's desires and goals. Annual plans approved by the General Meeting of Shareholders showed this indicator and it becomes the first striving criterion of the Company. To achieve that goal, besides investment to develop human resources, internal material resources, the Company was particularly interested in management with good orientations for developments, environmental protection, harmonizing the interests between the Company, the laborers, the shareholders and the society.

### 1. ACHIVEMENTS:

- **SECOND CLASS OF INDEPENDENCE MEDAL (IN 2012),  
THIRD CLASS OF INDEPENDENCE MEDAL (IN 2006).**
- **FIRST CLASS OF LABOR MEDAL (IN 2002),  
SECOND CLASS OF LABOR MEDAL (IN 1996), THIRD CLASS OF LABOR MEDAL (IN 1988).**
- **CONTINUOUSLY BEING SELECTED BY THE GOVERNMENT TO PARTICIPATE IN THE  
NATIONAL BRANDS PROGRAMS "VIETNAM VALUE" IN 2008, IN 2010, AND IN 2012.**
- **8 TIMES WINNING THE "VIETNAM GOLDEN STAR" AWARDS  
(2003 - 2005 - 2007 - 2008 - 2009 - 2010 - 2011 - 2013).**
- **18 CONSECUTIVE YEARS BEING VIETNAM HIGH QUALITY PRODUCTS  
AS VOTED BY CONSUMERS.**
- **TOP 500 LARGEST ENTERPRISES IN VIETNAM.**
- **LEADING THE LIST OF "THE MOST VIETNAMESE EFFICIENT OPERATION COMPANIES IN  
THE PLASTICS, RUBBER AND PAPER PROCESSING INDUSTRIES IN 2010 AND IN 2011"  
BY VIETNAM INTERNATIONAL PROFILES ORGANIZATION.**
- **MANY YEARS IN TOP 500 ENTERPRISES WITH THE FASTEST GROWTH RATE OF  
VIETNAM (FAST 500).**
- **TOP 20 TYPICAL ENTERPRISES IN THE VIETNAM SECURITIES MARKET  
FROM 2009 TO 2010.**
- **TOP 50 BEST ENTERPRISES FOR BUSINESS PERFORMANCE IN VIETNAM IN 2012.**



**INDEPENDENCE MEDALS OF  
SECOND, THIRD CLASS**



**LABOR MEDALS OF  
FIRST, SECOND, THIRD CLASS**



# SUSTAINABLE DEVELOPMENT REPORT

## 2. REPORT ON REMARKABLE SOCIAL ACTIVITIES

Besides taking care of labors, social work - Charity missions are defined by the Company as a responsibilities to the community. Through these activities, the Company Leaders urged the labors to promote our father's tradition of "a good leaves protect the worn-out leaves", "a piece when hungry is worth a whole pie when full".

- The Company has been taking care of 3 Vietnamese Hero's Mother, 3 martyrs' mother, representing the tradition "drinking water, remember its source", the Company's Youth League often organizes trips to visit and directly take care of the Mothers.
- Every year, the Company coordinates with local authorities, organizations, customers to donate affection and gratitude houses, caring houses to the people in order to reduce social difficulties, in 2013 the Company donated 4 caring houses in some localities and provinces.
- Extracted from funds and organized to collect from the Company's staffs to relive the people suffering from natural disasters, floods in the country and in the world. Besides, the Labor Union organization also extracted funds to support for families of the Company staffs affected by natural disasters.
- Demonstrated the responsibility to soldiers protecting the homeland frontiers, the Company contributed to many programs such as "Stone contribution to build Truong Sa" initiated by the Tuoi Tre Newspaper, "Journey for homeland seas and islands" organized by the Ho Chi Minh Communist Youth Union Central Committee, the program named "The sentimental nets for Hoang Sa, Truong Sa fishermen" organized by the General Labor Union of Vietnam, the program named "The Spring festival at seas and in islands" organized by the Ho Chi Minh City Communist Youth Union...
- The Company also contributed to the funds to support blind and disable children, and helped the staffs' children suffering the terribly difficult circumstances.
- Charitable blood donation movement at the Company was at the 10<sup>th</sup> years, not only attracting the laborers in the Company but also receiving enthusiastic participation from the customers, the suppliers and the local people with the increasing number of participation year after year. The whole amount of re-gaining strength for individuals participating in the blood donation was awarded to the City support funds for poor patients.

In 2013, the total amount spent for social activities was over VND 600 millions.

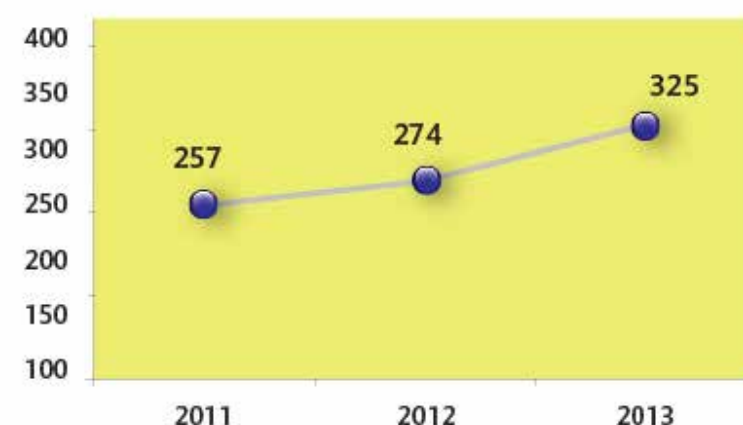
AMOUNT FOR SOCIAL ACTIVITIES FROM 2011 - 2013

Million VND

DURING FROM 2011 - 2013



NUMBER OF PARTICIPANTS IN BLOOD DONATION FROM 2011 - 2013





# SUSTAINABLE DEVELOPMENT REPORT

## 3. REPORT ON ENVIRONMENTAL ACTIVITIES

### a. Commitment to environmental policy

For sustainable development, it was not only to take care of internal resources; the Company was also particularly interested in the factors related to the environment. Over the years, Binh Minh Plastics always strived to seek and implement measures for saving energy, improving and reducing the factors that could negatively impact the environments.

In 2011, the Company was certified conformity - the by the Quality Assurance and Testing General Department of Vietnam (QUACERT) certified the Environmental Management System in accordance with ISO 14001:2004. Accordingly, the environmental policies of the Company were made in writing, determined in accordance with the nature, scale and environmental impacts of activities, products and services from the Company, represented the commitment to continuous improvement and pollution prevention as well as compliance with relevant legal requirements and other requirements. The Company committed to:

- 1. Compliance with the requirements of laws and any regulations related to the environment.**
- 2. Efficiently use resources and focus to environmental protection activities.**
- 3. Minimizing adverse impacts on the environment according to national Strategy 3R "Reduce - ReuseRecycle waste".**

Based on the actual situation from time to time, the significant environmental aspects, the Company set targets on environments in order to implement the above commitments:

- 1. Reducing power consumption in production volumes manufactured in the whole Company.**
- 2. Performing waste separation at source in the whole Company.**
- 3. Implementing measures to reduce pollution in waste water at Area 1.**
- 4. Implementing measures to reduce pollution in the powder mixing stage at Area 2.**

Policies and target for environment were publicly announced to all laborers in the Company, informed to the partners and reviewed every year in meetings for review and consideration by the leaders.

### b. Environmental targets in the year

In order to implement these objectives, the Company annually set targets of environments for implementation. In 2013, the Company implemented environmental criteria, as follows:

#### 1. Reducing electrical energy consumption in output at the two areas as follows:

- + Area 1: Reducing minimum of 0.5% as compared to 2012.
- + Area 2: Reducing the minimum of 1% as compared to 2012.

#### Results of the implementation:

In 2013, devices to record the electrical energy consumption rate at each area were installed at the 2 production areas of the Company. However, the data collected in 2012 in each area were not enough to evaluate. This target will be implemented continuously in 2014.

#### 2. Ensuring 95% of waste classified properly as required.

##### Results of the implementation:

In 2013, 95.5% of the types of waste are classified properly as required in the Company. Meeting the requirements set out.

#### 3. Development to implement the canteen waste water treatment solutions in accordance with laws and applied for waste discharge permit in Area 1.

##### Results of the implementation:

In 2013, the Company performed the canteen waste water treatment as required, the total waste water at the gas pits at Area 1 passed the test results under Vietnam Standard QCVN 40:2011 /BTNMT. The Company completed the procedures for waste discharge permit and pending the license issued by the authorities.

#### 4. Minimizing 5% of dust contents spread at workshop 4 - Factory 2.

##### Results of the implementation:

Surveys were conducted and the solutions were proposed in 2013.

The application of Environmental Management System brought practical results, the working environment was improved better, the significant environmental aspects also were controlled and improved.

Total of funds for environmental activities was: VND 1,346.5 millions.

### c. Responsibilities for environment

#### Energy saving:

The Company performed energy audit periodically to assess the current status of energy consumption, thereby, making suitable solutions in order to use energy efficiently and economically.

Sorting waste and garbage at source:

To apply signs, different colors for every type of waste containers for the Company. The activities of propaganda, guidance and inspection of the waste sorting were performed regularly. Until the present, waste sorting activities at the source were understood and seriously performed by the Company officials and laborers.

The hazardous waste in the production process was monitored, classified and disposed in accordance with the laws, contributed to improve environmental quality at the Company in particularly and the community benefits in general.

#### Waste water

The Company's waste water was controlled and measured periodically by the supervision of the Environmental Protection Department of Ho Chi Minh City and Binh Duong Province.

In 2013, the Company performed waste water treatment under Vietnam Standard QCVN 40:2011/BTNMT, completed the procedures to apply for permit to discharge waste at Factory 1 and is awaiting the license issued by the authorities.

# SUSTAINABLE DEVELOPMENT REPORT

## d. Working environment

Each year, based on the results of periodic inspections of Environmental Health Center for Industry and Commerce labor, the Company set up a classification index of significant environmental aspects which are possible to impact directly to the environment, laborers' health such as dust, toxic gas, noise, temperature, light ... in order to propose mitigation measures or prevent pollution, ensure laborers health such as:

- To organize canteens in the Company, select safe food, all cooks were under medical check-up, trained in food safety and hygiene, performed process of control and supervision as prescribed by the Ministry of Health in order to ensure that laborers get delicious, nutritious meals, over 36 past years, there was no food poisoning occurred at the Company.
- Improvement at place to laborers for their better health
- Providing labor protection devices for preventing occupational diseases,
- Health and working environment were the top concerns by the Company leaders. There were medical doctors and nurses for on-site health care, first aid at each Factory... Every year, the Company periodically organized for health care check-up and occupational diseases to laborers, to detect abnormal health, consult and facilitate laborers who were suffering sickness to be treated promptly.
- Organization to vaccinate, providing information and applying measures in time to prevent the high-risk spreading diseases,
- Establishing device operating procedures and training in order to reduce labor accidents,
- Establishing fire teams in each area, coordinating with local people to practice regularly to ensure production safety, lives and properties,
- Planting trees around the Company areas often held the "green - clean - Beautiful Friday" for general hygiene, Company beauty landscape.

## e. Commitment to responsibilities for products

Binh Minh Plastics Products served mainly for drainage industry; therefore, selection of input materials was the crucial stage. Placed the consumer health issue to the forefront, the Company always applied research of advanced technologies in the world, clean materials, meeting the level of safety to the community under the



provisions of the standards such as: ISO 1452:2009/TCVN 8491:2011, BS 3505:1968, ISO 4427:2007/TCVN 7305:2008, ... and the national technical standards effective in Vietnam such as: QCVN 16:2011/BXD; QCVN 12:2011/BYT. Products produced by the Company periodically tested physical properties, chemical properties by the Quality Assurance and Testing Center 3 and highly appreciated by the consumers.





# SUSTAINABLE DEVELOPMENT REPORT

## 4. HUMAN RESOURCE

Human resource was the most important factor of an enterprise. The success of an enterprise depends mostly on the effectiveness of human resource management. Aware of this, right from the first year of establishment, labors were always the top concerns by the Company leaders. Over many difficult stages in the development process, labors at Binh Minh Plastics have never been reduced even in equitization. Applying the provisions of State for labor, concretizing by the policies, stable employment... made the labors in loyalty to the Company. Until now, the qualified and rejuvenation laborers were precious resources for the sustainable development of the Company.

**Table of statistics and distribution of labors in whole company:**

MEASURE TARGET	DESCRIPTION	2011	2012	2013
<b>Gender</b>	Female	93	94	108
	Male	467	471	592
<b>Age</b>	Over 50 years old	51	66	66
	From 41-50 years old	108	124	124
	From 31-40 years old	223	238	239
	From the age of 30 or younger	294	252	271
<b>Qualification</b>	Postgraduate	5	7	9
	University	105	123	123
	Intermediate, colleges	146	147	123
	High school	420	441	445
<b>Distribution of labor</b>	Staffs	575	568	594
	Basic level management officials	67	74	68
	Intermediate level management officials	30	34	34
	Senior management officials	4	4	4

Besides increasing the quality of human resources, the policies defined for Company laborers were regularly reviewed, adjusted in accordance with the provisions of the laws, and practical activities in favor of the laborers. The policies of social insurance, health insurance, unemployment insurance, health insurance were properly and fully implemented by the Company in accordance with the laws.

### Policies on salary, bonus:

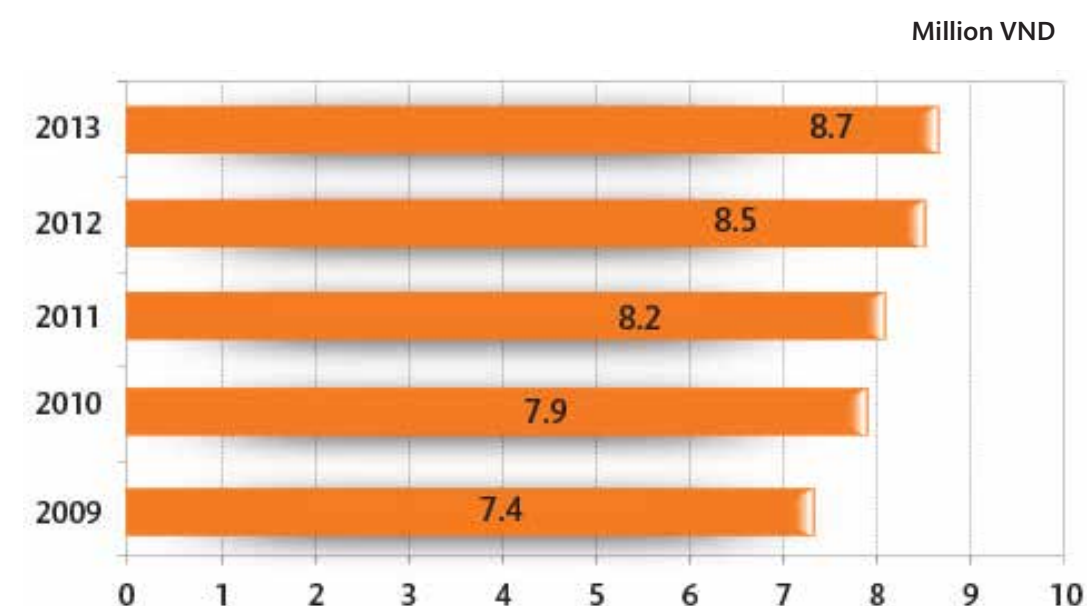
Policies on salary, bonus in the Company were specified in Regulations on salary, Regulations on emulation, ensured transparency and fairness in order to make the laborers willing to work hard. Wage unit prices were regularly considered and timely adjustments by the Board of Management, the Executive Board based on the reality and production and business efficiency, enabled the laborers to get income with adequate efficiency.

In addition, the Company also had a policies of commendation and rewards on the occasions of holidays, Tet, special

anniversaries and extraordinary bonus for individuals, groups performing well or providing technical innovations which brought benefits to the Company.

The program of ESOP for laborers for the first time successful performed in the parent Company and the Subsidiary companies contributed a lot in keeping many good skilled laborers, encouraged laborers to get high efficiency, as the basis for the development of the Company during the past time.

**Chart of Incomes:**



### Welfare Policies:

- Besides the policies prescribed by laws, the Company also issued other policies favorable to laborers through labor agreements signed between the Director General and the Labor Union, in order to encourage and keep the laborers in loyalty to the Company. The welfare policies are regularly reviewed and adjusted in accordance with the provisions of laws and the actual situation.
- In addition to medical insurance under the provisions of the State, the Company also purchased accident insurance 24/24 for all laborers and comprehensive health insurance for high level officials and intermediate level officials.
- Every year, the Company provided new uniforms and labor safety means suitable for the jobs of the units, to ensure safety in production.

# SUSTAINABLE DEVELOPMENT REPORT

## Training Policies:

Improving the quality of human resources plays a key role in business operation of the Company. Therefore, training was always in the forefront of the Company. Right from the beginning of the year, based on the actual requirements of the business, the Company developed specific training plans for each object. The training plans were also flexibly adjusted in time, contents and forms suited the situations of production and business operations of the Company.

The training contents were always selected in order to ensure appropriate professional task of each person. Besides sending learners for training, the Company also organized internal training courses with the contents in accordance with the Company reality.

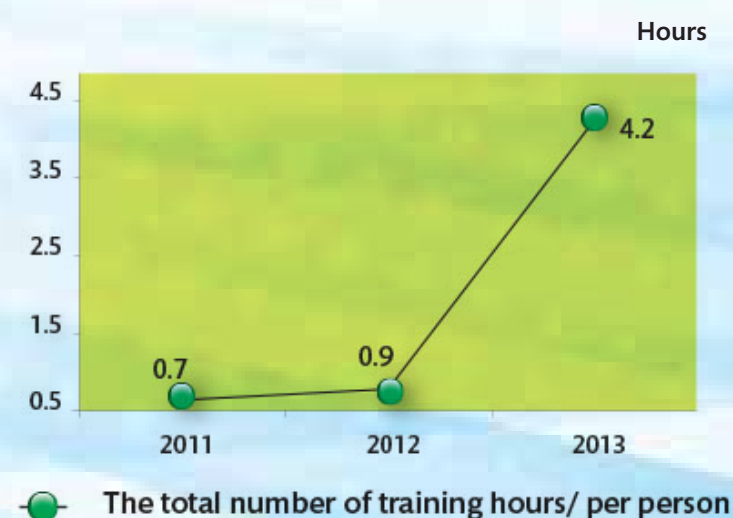
To continually improve the technical level, technological innovation, the Company also organized teams of managers, specialists, engineers attending training courses, training abroad. The training courses were considered, verified, evaluated and the participants were selected to get the best knowledge and experience from the foreign partners.

In addition to professional training, skills, the Company also focused on training styles, lifestyle, working culture for laborers in accordance with the Company culture. As result, the Company laborers are aware of standards of behaviors, conduct in internal enterprise as well as in the society.

**Table of data on training**

MEASURE TARGET	UNIT	2011	2012	2013
Number of courses in year	Course	34	32	66
Total hours of training	hour	606	410	2951
Total number of times of participants	time	819	472	697
Total costs	Million VND	293,7	383,2	524,8

**CHART OF TRAINING TIME TO PERSONNEL / YEAR**



The team of managers had a decisive influence in the operation and development of the enterprise, therefore, the training, selection of the next generation team was always the important and long-term goals of Binh Minh Plastics. The task of management official planning was performed by the Company 5 years in advance, with the priority of development from local resources; the contents for training to the next generation team were built to fit to each position and each level.

In 2013, the Company appointed a new senior management official, three intermediate level management officials and four basic level management officials from the team of probationary management officials. To continue with additional manpower for the management team, in 2014, the Company appointed a probationary senior official, two probationary intermediate level management officials and four probationary basic level management officials.

**CHART OF PROBATIONARY OFFICIALS FROM 2011 TO 2013**



## Recruitment Policies:

Towards the construction of qualified young manpower resources, since the beginning of 2006, the Company issued the regulations on recruitment with the specific recruitment procedures and criteria to each position. The selection criteria in the regulations are regularly reviewed, adjusted to suit the actual work. The Company selected major and prestige providers in recruitment services guaranteed to provide a good source of candidates from the outset, in order to reduce the cost and time of recruitment. In addition to searching candidates from the service providers, the Company associated with the university to admit probationary students to seek and recruit talented candidates from when they graduate.

To avoid the influence of resources affecting the business operation efficiency, right from the beginning the Company had plans to build human resources with numbers, recruiting specific time and distributed to each department. The recruitment information of the Company was widely announced internally, on the mass media...

In 2013, to strengthen the management of resources, subcommittee of policy – Human resource – Salary and Bonus was established under the aim of advising guidelines, policies, training resources for the Board of Management to have the decisions suitable for the preparation of sustainable development in the future.



# SUSTAINABLE DEVELOPMENT REPORT



## 5. DEVELOPMENT INVESTMENT

To continue to maintain a leading position in Vietnamese plastics industry, the Company always focused on the search for new and advanced technologies in the world to improve product quality, service, increase labor productivity, saving raw materials, electrical energy and to improve the environment for laborers. With a consistent policy: Investment focused to the task of producing the main business operation of the Company, innovation for development, the Company annually appropriated funds for production development investment from retained earnings for new equipment investment, capacity enhancement and production expansion, competitiveness improvement, to contribute to bring consumer products reaching international standards. In addition, the movements of investment for initiatives, technical improvements, and production rationalization were especially concerned and supported by the Company leaders.

### Investment for expansion of scale:

With strong position in production of plastic household products in the early years of liberation, during the 36 years, the Company has been implementing the strategic orientations to become a leading industrial plastics manufacturer in Vietnam. The Company gradually expand the scale of production, from a factory with old equipment taken over from the private individual, so far the Company has three factories in Ho Chi Minh City, Binh Duong and Hung Yen with the total area of 10 hectares specialized in manufacturing plastic pipes and fittings with the capacity of 80,000 tons of products/year and the project of the fourth factory in Long An with the area of over 15 hectares is under deployment now. As soon as the project is completed, the total of designed capacity in all over the Company shall be increased to over 200,000 tons of products/year, dominated the domestic market and expand into the neighboring countries.





# BẢO CAO PHÁT TRIỂN BỀN VỮNG



## Investment for strengthening the production capacity and service quality:

Every year, the Company spend several hundred billion Vietnam Dongs to invest new technology, equipment, machines, molds... in order to strengthen the production capacity, customer service quality, including during the years of economic recession, building materials industry sales declined due to real estate market "frozen", slow funds supported from foreign countries to projects, caused the difficulties to the plastic pipe production units, including Binh Minh. Typically, in the situation of economic difficulties in 2013, the production business plan adopted by the General Meeting of Shareholders brought no growth as compared to 2012, but the Company still spent more than VND 90 billions to buy more systems of pipe manufacturing line, mixing materials, pipe welding machines, printers, forklifts... from the advanced countries in order to continue its development, preparation for the recovery of the economy in the future.

## Investment for intensification of quality control:

For the first time, a laboratory with the investment of 100% of new modern equipment originating from Germany and the U.S., application of advanced testing processes in the world, worth of USD 250,000



was officially brought into operation in 2013. The laboratory was rated by the Quality Assurance and Testing Center 3 as one of the most modern laboratory in plastic industry by present. The raw material input, raw materials after mixing, products after granulating, semi-finished and finished products were under strict control in accordance with the Vietnam and international specification to ensure good and stable quality products to consumers with criteria: "Think of quality, remember Binh Minh".

## Investment of research for new products:

Besides development of the product lines in the Company strengths, waiting in front for the market demands and aiming to continuous and sustainable development, the Company has continually brought to the markets new products: double wall PE pipe, large diameter PE pipe, PP-R pipe. Especially in 2012, the Company leaders established three special groups to research for development of three new products aimed at diversifying the Company's products. The staffs participated in the research team for new products including engineers of physics, chemistry from the Department of Investment, Research and Development with the support from the group of staffs from Quality Assurance and Marketing Department.

In 2013, the three groups focused on research of demands from the domestic market, held seminars and invited the partners who were suppliers, in order to introduce the World's advanced technology solutions, machinery, materials..., visited special business fairs in the country and abroad, visited the actual production at the overseas factories to determine the feasibility of the project.

## Investment for improvement of management capacity:

In addition to procurement of machinery and equipment, investment to research new products, the Company also paid special attention to the investment projects related to the field of management.





# SUSTAINABLE DEVELOPMENT REPORT

To enhance the effectiveness of management development to meet the needs of development from the Company and the investors, since 2006, the Company launched integrated solutions in information management application. In 2012, the Company continued to develop the Information Technology System of Enterprise Resource Planning (ERP) – Applied the solutions of “Oracle E-Business Suite”.

For good implementation of the said goals, in 2013, the Company recruited 15 new staffs who had university qualification and experience (university graduated and majored in Information Technology, Accounting & Finance, Banking, Economics). These new staffs quickly took the jobs and coordinated well with the old professional staffs and worked with the partners to develop in accordance with the schedules set out, ready for the official operation in 2014.

The project completion will bring to Binh Minh Plastics a strong enterprise resource management system, providing the relevant authorities, investors and shareholders information quickly, consistently, transparently to all production and business activities of the member units such as sales, costs, inventories, debts, production schedules ...; minimize financial risks; better control the performance of production and business activities and help the Board of Executive to make decisions promptly at any places and any times.



## Movements of initiatives

The movements of technical innovations in the Company have been maintained during over 30 years. They are not only the tasks of technical and economics experts, but also they have become the ebullient competition movements in the Company. The Council of Initiatives approved, proposed the leaders to commend, reward, and motivate promptly to the laborers. A number of initiatives were developed to apply and saved costs and brought high and typical values:

INITIATIVES	CONTENTS OF INITIATIVE	ASSESSMENTS ON RESULTS (BENEFIT VALUE GAINED)
Personnel rationalization for workshop	Sorting, streamlining the labor accordingly.	Approximately VND 900 million / year
Renovation of the stage of moving heat ducts	Equipment renovation	Reducing labors and increase of safety when operating
Solution for anti overflow of glue when upside the cans	Process Improvement	Reducing waste
Improvement of connector production method 45-400 TC	Process Improvement	Reducing labors
Solution to manufacture PPR threaded fittings made of plastic instead threaded brass fittings	Product Innovation	Diversifying products, reducing customer complaints
The research works on manufacturing the glue mixing system of NM1 (35th anniversary of establishment)	Glue Mixing Process Improvement	VND 200 million / year
Solution to round the large oval on the top of large diameter HDPE pipes)	Manufacturing oval pipes handling equipment	Increase of quality of service, reducing customer complaints
Establishment of digital map of the distribution system	Mapping the distribution system for easy access via internet	Increase of efficiency in customer missions
Manufacturing machine for filling and capping glue 0.5 and 1 kg	Manufacturing automated equipment instead of manual work	Reducing labors and labor power, benefiting about VND 100 million / year
Use of the domestic filters instead of imported flour mixer	Replacement of imported goods by domestic products of equal quality	Approximately VND 70 million / year
Solutions for recovery of damaged water valves	Recovering damaged valves, instead of disposal as waste	VND 200 million
Improvement of plastic valve assembly	Mechanized many processes to increase productivity	VND 200 million
The structure for the emergency shutdown for glue extraction device	Support, increase of safety features for workers	Increase of safety
Use steel point instead of grinding wheel point in spray assembly	Improving the quality and efficiency of work	Increase of stability, improvement of the quality of assembly
Quick installation tools to test sprayer	Improving the quality and efficiency of work	Increase of productivity, reducing labors





# SUSTAINABLE DEVELOPMENT REPORT

## 6. BUILDING AND PROTECTING BRAND:

Brand is intangible assets, but the good brand is the most valuable asset of an enterprise. When being well cared and well used, brand equity will become an important resource to help the enterprise to run its business effectively, and also to increase the value of the brand itself at the same time. This interaction contributes to the sustainable development of a business.

Since establishment, especially since equitization until now, the building, development and protecting the brand at Binh Minh Plastics has been placed to the top priority with the sense of "the brand power is a factor for the development". To develop an effective brand with reasonable cost is the responsibility of the whole system.

### Development of distribution systems - broadcast channel to consumers

With the desire to bring products to consumers by any means in the most favorable way, the Company early built distribution systems, which were both sales channels and a branding popularization channels with low costs via outdoor signboards placed outside the stores, displaying products on shelves, having appropriate customer care policies to be attached the distribution systems to the Company ...

Not only developing in width, serving customers all over the country with stores systems crept into the remote, distance areas, the policies of the Company must focus on development of store systems in depth to increase high quality of services at the stores. This created conditions for products and services of the Company to the consumer hand quickly and easily. With the number of stores in the distribution systems of the Company were about 1.000 by the end of 2013, demonstrated that Binh Minh Plastics brand was increasing its confidence by customers.

### Selectively participation in fairs – exhibition activities

As determined that fairs – exhibitions were the widely branding popularization channels to consumers efficiently at low costs, the Company annually selected to participate in the appropriate exhibitions. In order to reach consumers in major metropolitan areas, Binh Minh Plastics participated into Vietnam High Quality Goods Fairs and Vietbuild specialized exhibitions of building materials and interior decoration. For remote and distance areas, Binh Minh Plastics participated in strings of fairs of Vietnamese goods to the rural areas to build brand image in the minds of customers in rural areas.

### Actively participate in specialized seminars

To show leadership position in quality, technology, and also share the knowledge to community, the Company actively participated in introduction of products, new technologies and advanced solutions in the world in many seminars of drainage, water supply and construction. The presentations of the Binh Minh Plastics have been carefully invested in of contents, form, and reality, creating the just and confidence for the consumers.

### Utility added into website

As recognized that website is a spacious communication channel that is accessible to customers at any time, in past years, Binh Minh Plastic updated processes of accessing of information to ensure the information relating to Binh Minh Plastic provided to viewers any information related to Binh Minh Plastic timely and usefully.

In 2013, the Company's website was under renovation for perfection. It was added the perfect function of providing of a digital map of the distribution systems of Binh Minh Plastics. Viewers may directly view the map of distribution on website to determine the location of each store retail. This application had high utility for customers, demonstrating the power of distribution systems, the professionalism of the Company.

### Leading in customer support services

For the products of HDPE and PP-R pipes, it is required the fusion welding equipment in installation and connection execution. However, many of customers had no fusion welding machine for using. Knowing such needs, during past years, Binh Minh Plastics invested in many kind of fusion welding machines to provide free services to support customers using Company's products. The Technical support team also established, to instruct the customers using the equipment, providing the professional welding services.

### Communication and advertisement activities

The Company always considered the effectiveness of promotional activities by means as transportation, outdoor, billboards, on magazine of construction material, real estate investment... How to bring the information may be come to the target customers completely, and effectively with low cost.

### Missions of brand protection, anti-counterfeiting and anti-faking

Since the Law on Intellectual Property became effective, the Company has registered the exclusive brand patent protection in local and abroad. The counterfeit and faking products were the most dangerous risk, directly attacked to the Binh Minh Plastics brand reputation, causing damage to consumers and declining out put. Brand protection was particularly focused on widely propaganda, helping consumers to identify counterfeit and fake products, coordinated with the competent authorities to resolutely fighting against acts of counterfeiting, faking. Besides, the technology to recognize genuine products and anti-counterfeiting, anti-faking is still studied by Company for application in the future.



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# SUSTAINABLE DEVELOPMENT REPORT

## 7. CORPORATE CULTURE

Besides investing in facilities, equipment and modern technology for production and brand developments, the company leaders determine that: **Corporate Culture** is the foundation to keep the Binh Minh Plastics at the leading position in the plastic industry in Vietnam.

### Solidarity - consensus:

That is what mentioned the laborers in Binh Minh Plastics feel proud. There is no any dictator or excessive freedom in action. Every people need to persuade or discuss each other to protect the right together.

### Gratitude to the past:

**“Future knowledge getting from the lesson in past”** is always mentioned by every people in Binh Minh Plastics. The lessons learned from the previous generation to be used as the luggage for the next generation.

Every effort, every achievement of the previous generation was grateful by the next generation. Thus, the bridge between the past and the present became sustainable, imbued the ethic of **“To drink water, remember its source”** in every person in Binh Minh Plastics.

### Firm foundation at the present

Firm skill and spirit in settlement any conflict problems as market against efficiency, competition against partners, Binh Minh Plastic was constantly improving product quality and services, used them as the competitive advantages to get profit, to help continuously partners, for developing together. Thereby, the customers found in Binh Minh Plastics – a supplier of respectability, equality and particularly always sharing the happiness and sadness to be closer day by day.

### Confidence towards the future:

In any situation, the confidence was always demonstrated in each of the Binh Minh Plastics strategy. The leaders always reinforced the confidence of officials and staffs with the right directions, with good plans to prepare infrastructure, physical conditions, and resources for the people be steady on the development road of Binh Minh Plastics to be a strong group in Vietnam and gradually conquer the other countries.





# SUSTAINABLE DEVELOPMENT REPORT

## 8. ORIENTATIONS FOR SUSTAINABLE DEVELOPMENT IN THE FUTURE

With the goal is to maintain the position of the leading industrial plastics manufacturer in Vietnam, the Company always aims to a comprehensive and sustainable development with the consistent strategies and clear directions in each stage:

### Products and services:

- Focus to the main products of plastic pipe and fittings of various types at national and international standards, accepted by the customers in Vietnam and in the world.
- Organizing the services of advice using, installation, warranty of products according to international standards, with the criteria: Product value = product quality + service quality.

### Market share, market:

- Meeting the needs of consumers in whole country and eventually expanding to other countries in the region with high quality products.
- Continuing to expand the distribution networks, enhancing participation to projects with reasonable prices, flexible policies, and attentive services.

**Investments:** Focusing on invest for developments and expansions of the product series of high and stable quality. Strengthen and expand the scale of production to serve domestic demands and export.

**Development of brand:** Continue to develop and promote the brand of Binh Minh Plastics with the orientation: prestige, quality, and friendly to the environment and the community.

### Internal management

- Maintaining and improving the effective management processes in accordance with the international quality management system ISO 9000 and environmental management system ISO 14000
- Successfully use of the Oracle E-Business Suite (ERP) solutions to provide timely information to serve the mission of management to minimize costs, reduce product prices, transparent information to the investors and the shareholders.
- Flexibly, consistently applying with the actual situations of the Company in order to promote the highest efficiency of company management regulations stipulated by the authorities.
- Building and developing high-quality human resources by the policies of recruitment, salary, benefits, rewards... in accordance with the Company's developments in each period.
- Promoting traditional corporate culture of Binh Minh Plastics: Solidarity, high consensus to stabilize production, making a solid development foundation in the future.

**Take care of the benefits of environment and community:** Apply the measures to minimize the damage effecting to the environments. Actively participating in and support the social activities in localities and whole country, contributing to raise the physical and spirit lives standards for the people and protecting the country.

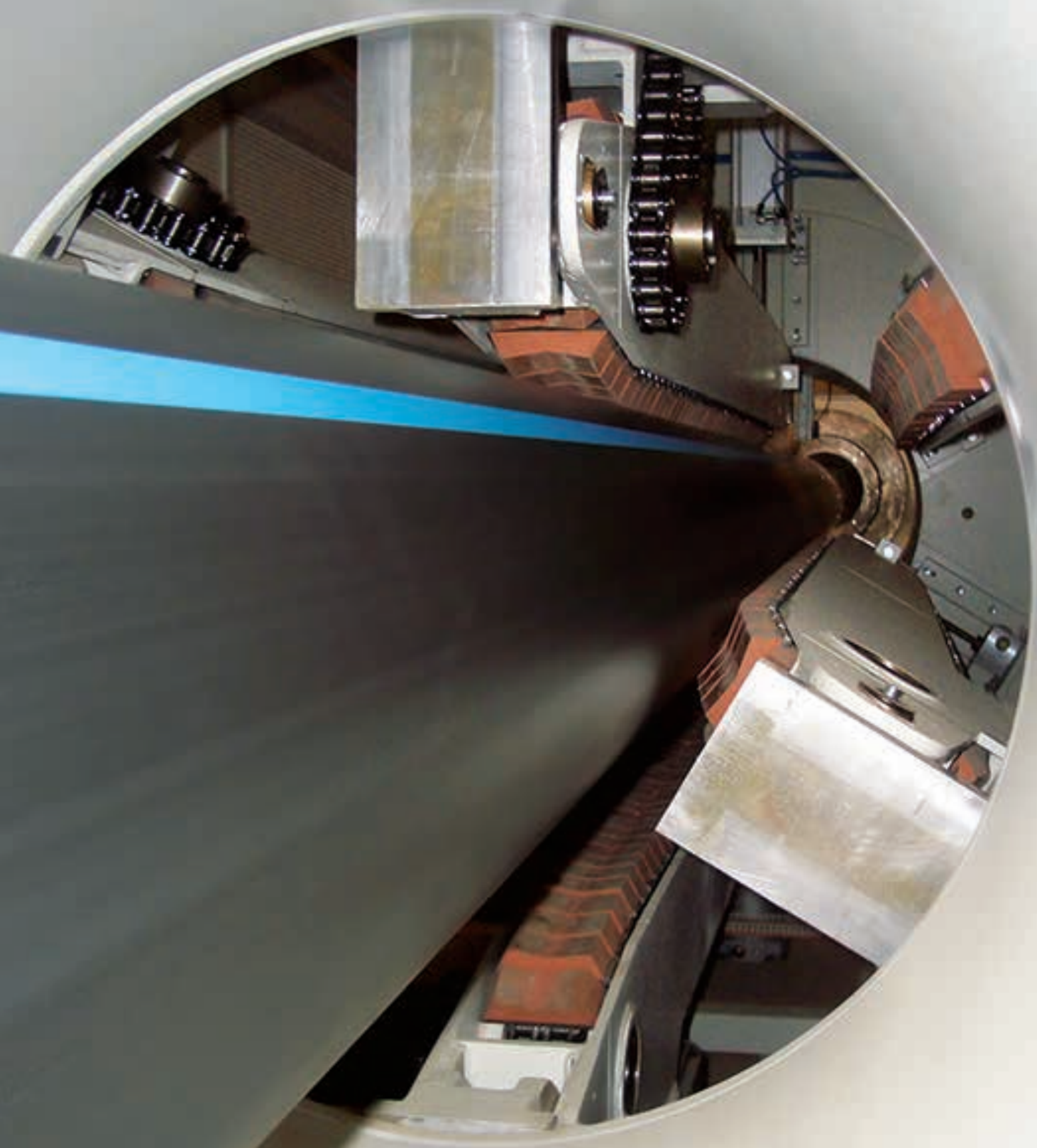
**THE RIGHT STRATEGIES, THE REPUTABLE BRAND, THE GOOD MANAGEMENT FOUNDATION AND THE ABUNDANT RESOURCES ALONG WITH THE INTERNAL SOLIDARITY, THE CONCERNS AND SUPPORTS FROM THE GOVERNMENT, SHAREHOLDERS, INVESTORS, BINH MINH PLASTICS WILL CONFIDENTLY CONTINUE THE SUSTAINABLE DEVELOPMENTS IN THE FUTURE.**

DEFINITION OF ABBREVIATIONS

BMP	Binh Minh Plastics Joint Stock Company
NBM	Northern Binh Minh Plastics One Member Co., Ltd
BMV	Binh Minh Viet Real Estate Business Investment Joint Stock Company







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