Refrigeration Electrical Engineering Corporation

Separate financial statements

31 December 2012

Ernst & Young

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Refrigeration Electrical Engineering Corporation

CONTENTS

Refrigeration Electrical Engineering Corporation

GENERAL INFORMATION

THE COMPANY

Refrigeration Electrical Engineering Corporation ("the Company") is a joint stock company established in Vietnam in accordance with Business Registration Certificate No. 1506/GP-UB issued on 25 December 1993 by the People's Committee of Ho Chi Minh City and the Business Registration No.0300741143 issued by Department of Planning and Investment of Ho Chi Minh City with the latest amendment on 25 June 2011. The Company is listed on the Ho Chi Minh City Stock Exchange in accordance with License No.01/GPPH issued by the State Securities Commission on 2 June 2000.

The Company has six subsidiaries, seven associates and a joint venture as disclosed in Note 10 to the separate financial statements.

The Company's principal activities are mechanical and electrical engineering services (M&E), manufacturing, assembling and sales of air-conditioner systems, real estate development and management, and strategic financial investments in infrastructure sectors.

The Company's head office is located at 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam.

THE BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Madam Nguyen Thi Mai Thanh	Chairwoman and General Director
Mr Dominic Scriven	Vice chairman
Mr Nguyen Ngoc Thai Binh	Member
Mr Luc Chanh Truong	Member
Mr Quach Vinh Binh	Member

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Madam Do Thi Trang	Head of Board of Supervision
Mr Le Anh Tuan	Member
Mr Nguyen Van Khoa	Member

MANAGEMENT

Madam Nguyen Thi Mai Thanh	General Director	
Mr Tran Van Thanh	Deputy General Director	resigned on 1 January 2013
Mr Huynh Thanh Hai	Deputy General Director	appointed on 1 January 2013
Mr Quach Vinh Binh	Deputy General Director	

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Madam Nguyen Thi Mai Thanh.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

REPORT OF MANAGEMENT

Management of Refrigeration Electrical Engineering Corporation ("the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2012.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate state of affairs of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing those separate financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements for the year ended 31 December 2012.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2012 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

The Company is the parent company of the subsidiaries listed in Note 10 and it is in the process of completing the consolidated financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2012 and for the year then ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year then ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

For and on behalf of the management:

Nguyen Thi Mai Thanh
General Director

8 March 2013

ERNST & YOUNG

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Reference: 60752771/15504513

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Refrigeration Electrical Engineering Corporation

We have audited the separate financial statements of Refrigeration Electrical Engineering Corporation ("the Company") as set out on pages 4 to 40 which comprise the separate balance sheet as at 31 December 2012, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

The preparation and presentation of these separate financial statements are the responsibility of the management. Our responsibility is to express an opinion on these separate financial statements based on our audit.

Basis of opinion

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

Opinion

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2012, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

Without qualifying our opinion, we draw attention to Note 2.1 to the separate financial statements, which states that the Company is a parent company with subsidiaries and it is in the process of completing the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") as at 31 December 2012 and for the year then ended to meet the prevailing regulatory reporting requirements. Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year then ended in order to obtain full information on the financial position, results of operations and cash flows of the Group as a whole.

CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM

Ernst & Young Vietnam Limited

Narciso T. Torres Jr.
Deputy General Director
Certificate No. N.0868/KTV

Le Vu Truong
Auditor
Certificate No. N.1588/KTV

Ho Chi Minh City, Vietnam

8 March 2013

SEPARATE BALANCE SHEET
as at 31 December 2012

VND

Code	ASSETS	Notes	31 December 2012	31 December 2011
100	**A. CURRENT ASSETS**		**1,308,457,203,379**	**1,041,159,383,909**
110	***I. Cash and cash equivalents***	***4***	***400,384,783,064***	***294,968,364,009***
111	1. Cash		20,716,329,064	27,868,364,009
112	2. Cash equivalents		379,668,454,000	267,100,000,000
120	***II. Short-term investments***	***10***	***826,390,764,225***	***656,669,566,177***
121	1. Short-term investments		914,140,537,485	933,539,957,529
129	2. Provision for diminution in value of investments		(87,749,773,260)	(276,870,391,352)
130	***III. Accounts receivable***		***63,375,841,073***	***86,843,157,703***
131	1. Trade receivables		70,526,813,124	64,189,400,434
132	2. Advances to suppliers		-	15,191,371,948
134	3. Construction contract receivables		27,694,068,191	27,694,068,191
135	4. Other receivables	5	19,838,794,150	11,852,032,737
139	5. Provision for doubtful debts		(54,683,834,392)	(32,083,715,607)
140	***IV. Inventories***		***13,993,000,513***	***296,934,742***
141	1. Inventories		13,993,000,513	296,934,742
150	***V. Other current assets***		***4,312,814,504***	***2,381,361,278***
152	1. Value-added tax deductible		-	2,268,982,973
154	2. Tax receivables from the State	6	4,307,384,576	102,249,930
158	3. Other current assets		5,429,928	10,128,375
200	**B. NON-CURRENT ASSETS**		**3,800,611,017,173**	**3,217,948,380,837**
220	***I. Fixed assets***		***18,971,544,915***	***23,375,136,157***
221	1. Tangible fixed assets	7	6,563,590,597	7,315,129,030
222	Cost		19,917,973,216	20,661,508,021
223	Accumulated depreciation		(13,354,382,619)	(13,346,378,991)
227	2. Intangible fixed assets	8	12,224,965,110	10,318,967,335
228	Cost		14,734,772,540	11,822,163,148
229	Accumulated amortisation		(2,509,807,430)	(1,503,195,813)
230	3. Construction in progress		182,989,208	5,741,039,792
240	***II. Investment properties***	***9***	***741,232,430,884***	***795,530,955,521***
241	1. Cost		1,012,898,213,379	1,012,898,213,379
242	2. Accumulated depreciation		(271,665,782,495)	(217,367,257,858)
250	***III. Long-term investments***	***10***	***3,034,086,113,586***	***2,399,042,289,159***
251	1. Investments in subsidiaries		517,552,272,525	512,527,472,525
252	2. Investments in associates		1,126,508,056,403	1,084,496,559,949
258	3. Other long-term investments		1,465,500,446,407	802,018,256,685
259	4. Provision for long-term investments		(75,474,661,749)	-
260	***IV. Other long term asset***		***6,320,927,788***	***-***
262	1. Deferred tax assets	23.2	6,320,927,788	-
270	**TOTAL ASSETS**		**5,109,068,220,552**	**4,259,107,764,746**

SEPARATE BALANCE SHEET (continued)
as at 31 December 2012

VND

Code	RESOURCES	Notes	31 December 2012	31 December 2011
300	**A. LIABILITIES**		**1,175,561,882,595**	**524,911,195,228**
310	***I. Current liabilities***		***389,009,713,157***	***341,466,270,897***
311	1. Short-term loans	11	35,504,807,999	9,218,380,000
312	2. Trade payables	12	7,696,671,287	33,786,271,092
313	3. Advances from customers	13	45,595,528,312	24,564,450,808
314	4. Statutory obligations	14	1,824,582,161	32,059,157,465
316	5. Accrued expenses	15	4,419,701,164	4,669,910,000
319	6. Other payables	16	292,571,341,525	235,878,634,527
323	7. Bonus and welfare fund		1,397,080,709	1,289,467,005
330	***II. Non-current liabilities***		***786,552,169,438***	***183,444,924,331***
333	1. Other long-term liabilities	17	96,152,462,388	83,053,987,032
334	2. Long-term loans	18	690,257,815,300	99,015,605,150
335	3. Deferred tax liabilities	23.2	-	1,234,425,899
338	4. Unearned revenue		141,891,750	140,906,250
400	**B. OWNERS' EQUITY**	**19**	**3,933,506,337,957**	**3,734,196,569,518**
410	***I. Capital***		***3,933,506,337,957***	***3,734,196,569,518***
411	1. Share capital		2,446,433,850,000	2,446,433,850,000
412	2. Share premium		774,134,096,786	747,682,985,150
414	3. Treasury shares		(31,342,660)	(57,080,231,024)
417	4. Investment and development fund		62,722,670,000	62,722,670,000
418	5. Financial reserve fund		75,573,265,871	57,678,364,048
420	6. Retained earnings		574,673,797,960	476,758,931,344
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**5,109,068,220,552**	**4,259,107,764,746**

OFF BALANCE SHEET ITEM

ITEM	31 December 2012	31 December 2011
Foreign currencies		
- EUR	12,847	12,847
- USD	668,207	432,239
- JPY	-	320,393

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Huynh Phuong
Preparer

Ho Tran Dieu Lynh
Chief Accountant

Nguyen Thi Mai Thanh
General Director

8 March 2013

SEPARATE INCOME STATEMENT
for the year ended 31 December 2012

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
01	**1. Revenues**	**20.1**	**459,283,329,414**	**516,711,480,127**
11	**2. Costs of goods sold and services rendered**		**(176,124,019,163)**	**(267,505,835,857)**
20	**3. Gross profit**		**283,159,310,251**	**249,205,644,270**
21	**4. Finance income**	**20.2**	**515,808,827,594**	**491,496,607,532**
22	**5. Finance expenses**	**21**	**(139,705,885,252)**	**(115,819,269,157)**
23	*In which: Interest expense*		*(23,955,866,110)*	*(44,613,802,421)*
25	**6. General and administrative expenses**		**(67,057,110,714)**	**(30,318,280,101)**
30	**7. Operating profit**		**592,205,141,879**	**594,564,702,544**
31	**8. Other income**	**22**	**5,438,697,553**	**3,961,426,278**
32	**9. Other expense**	**22**	**(3,525,180,353)**	**-**
40	**10. Other profit**	**22**	**1,913,517,200**	**3,961,426,278**
50	**11. Profit before tax**		**594,118,659,079**	**598,526,128,822**
51	**12. Current corporate income tax expense**	**23.1**	**(97,598,199,924)**	**(67,753,170,967)**
52	**13. Deferred income tax benefit (expenses)**	**23.2**	**7,555,353,687**	**(7,183,546,937)**
60	**14. Net profit after tax**		**504,075,812,842**	**523,589,410,918**

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Huynh Phuong Preparer	Ho Tran Dieu Lynh Chief Accountant	Nguyen Thi Mai Thanh General Director

8 March 2013

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**594,118,659,079**	**598,526,128,822**
	Adjustments for:			
02	Depreciation and amortisation	7, 8, 9	56,138,010,431	37,248,442,123
03	Provision		85,239,044,234	43,113,982,450
04	Unrealised exchange (gain) loss		(87,054,205)	48,599,366
05	Gain from investing activities		(462,945,626,819)	(462,092,435,479)
06	Interest expense	21	23,955,866,110	44,613,802,421
08	**Operating income before changes in working capital**		**296,418,898,830**	**261,458,519,703**
09	Decrease in receivables		12,144,661,195	15,077,718,314
10	(Increase) decrease in inventories		(13,696,065,771)	476,432,988
11	Decrease in payables		(2,233,784,879)	(5,319,673,009)
13	Interest paid		(24,188,167,532)	(67,428,999,375)
14	Corporate income tax paid	23.1	(133,775,468,547)	(79,052,450,629)
15	Other cash inflows from operating activities		25,282,618,842	20,301,075,123
16	Other cash outflows from operating activities		(11,844,821,366)	(5,257,424,416)
20	**Net cash flows from operating activities**		**148,107,870,772**	**140,255,198,699**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(14,564,031,337)	(205,622,898,893)
25	Payments for purchase of shares in other entities and investment in term deposits		(1,370,062,838,691)	(1,054,325,021,135)
26	Proceeds from divestment of other investments		815,622,779,855	463,506,945,067
27	Interest and dividends received		201,071,367,618	379,916,330,584
30	**Net cash flows used in investing activities**		**(367,932,722,555)**	**(416,524,644,377)**
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		83,500,000,000	-
32	Buy back of treasury shares		-	(57,037,196,654)
33	Drawdown of borrowings		630,846,000,000	90,154,693,660
34	Repayment of borrowings		(13,310,789,660)	(50,334,141,000)
36	Dividends paid to equity holders		(375,751,372,800)	(298,064,867,200)

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2012

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
40	**Net cash flows from (used in) financing activities**		**325,283,837,540**	**(315,281,511,194)**
50	**Net increase (decrease) in cash and cash equivalents**		**105,458,985,757**	**(591,550,956,872)**
60	**Cash and cash equivalents at beginning of year**		**294,968,364,009**	**885,312,713,076**
61	**Impact of exchange rate fluctuation**		**(42,566,702)**	**1,206,607,805**
70	**Cash and cash equivalents at end of year**	**4**	**400,384,783,064**	**294,968,364,009**

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Huynh Phuong
Preparer

Ho Tran Dieu Lynh
Chief Accountant

Nguyen Thi Mai Thanh
General Director

8 March 2013

1. CORPORATE INFORMATION

Refrigeration Electrical Engineering Corporation ("the Company") is a joint stock company established in Vietnam in accordance with Business Registration No. 1506/GP-UB issued on 25 December 1993 by the People's Committee of Ho Chi Minh City and the Business Registration No.0300741143 issued by Department of Planning and Investment of Ho Chi Minh City with the latest amendment on 25 June 2011. The Company is listed on the Ho Chi Minh City Stock Exchange in accordance with License No.01/GPPH issued by the State Securities Commission on 2 June 2000.

The Company has six subsidiaries, seven associates and a joint venture as disclosed in Note 10 to the separate financial statements.

The Company's principal activities are mechanical and electrical engineering services (M&E), manufacturing, assembling and sales of air-conditioner systems, real estate development and management, and strategic financial investments in infrastructure sectors.

The Company's head office is located at 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City, Vietnam.

The number of the Company's employees as at 31 December 2012 was 35 (31 December 2011: 38).

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The Company is the parent company of the subsidiaries and associates listed in Note 10 and it is in the process of completing the consolidated financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2012 and for the year then ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year then ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

The separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standard issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying separate balance sheet, separate income statement, separate cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2. BASIS OF PREPARATION (continued)

2.2 *Applied accounting documentation system*

The Company's applied accounting documentation system is the voucher journal system.

2.3 *Fiscal year*

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The Company maintains its accounting records in VND.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Changes in accounting policies and disclosures*

For the year ended 31 December 2012, the Company adopts Circular 179/2012/TT-BTC providing guidance on recognition, measurement, treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 ("Circular 179") in addition to Vietnamese Accounting Standard No. 10 - Effects of Changes in Foreign Exchange Rates ("VAS 10") adopted in prior years.

Following Circular 179, at the end of the year, monetary assets and liabilities denominated in foreign currencies are translated into VND using buying exchange rate announced by the commercial bank where the Company maintains bank accounts. In 2011, inter-bank exchange rates ruling at the balance sheet date was used for this translation.

Circular 179 is applied from 2012 on a prospective basis. Impact of the change from using inter-bank exchange rate to buying exchange rate announced by the commercial bank for the year end translation to the financial statements as at and for the year ended 31 December 2012 is not material as a whole.

3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.3 *Inventories*

Inventories are stated at the lower of cost which comprises all costs of purchase and other direct costs incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows.

Raw materials, consumables and goods for resale	- cost of purchase on a first-in, first-out basis.
Finished goods and work-in-process	- cost of direct materials and labour plus attributable overheads based on the normal level of activities on a first-in, first-out basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Inventories* (continued)

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the separate income statement.

3.4 *Receivables*

Receivables are presented in the separate financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

3.5 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

3.6 *Leased assets*

Where the Company is the lessor

Assets subject to operating leases are included as the Company's fixed assets in the separate balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the separate income statement as incurred.

Lease income is recognised in the separate income statement on a straight-line basis over the lease term.

Where the Company is the lessee

Rentals under operating leases are charged to the separate income statement on a straight-line basis over the term of the lease.

3.7 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Intangible fixed assets* (continued)

Land use right

The land use right represents the cost to acquire the right to use land and is amortised over the remaining useful life of the land of 36 years and three months starting from August 2007.

3.8 *Depreciation and amortisation*

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

Buildings & structures	5 - 50 years
Motor vehicles	6 years
Office equipment	3 - 5 years
Land use right	36 years
Software	1 - 3 years
Others	4 years

The useful life of the fixed assets and depreciation rates are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

3.9 *Investment properties*

Investment properties are buildings or part of a building or both and infrastructure held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services; administration purposes or sale in the ordinary course of business.

Investment properties are stated at cost including transaction costs less accumulated depreciation.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company.

Depreciation of investment properties is calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings & structures	5 - 50 years
Machinery & equipment	5 - 10 years
Office equipment	3 - 6 years
Others	2 years

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the separate income statement.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the construction or production of any qualified assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the separate income statement when incurred.

3.11 Investments

Investments in securities, subsidiaries, associates, joint venture and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the marketable investments at the balance sheet date representing the excess of the acquisition cost over the market value at that date in accordance with the guidance under Circular No 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and prudence concept of accounting. Increases and decreases to the provision balance are recorded as finance expense in the separate income statement.

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.13 Foreign currency transactions

The Company follows the guidance under VAS 10 in relation to foreign currency transactions as applied consistently in prior years. In addition to VAS 10, starting from 2012, the Company adopts Circular 179 in relation to foreign currency transaction with impact presented in Note 3.1.

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Company maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the separate income statement.

3.14 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

3.15 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval by the appropriate level of authority in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Appropriation of net profit* (continued)

Financial reserve fund

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

Investment and development fund

This fund is set aside for use in the Company's expansion of its operation or in-depth investments.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits. This fund is classified as liability in the separate balance sheet.

3.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised in the separate income statement when the significant risks and rewards of ownership have passed to the buyer, usually upon the delivery of the goods.

Rendering of services

Revenue is recognised when services have been rendered.

Revenue from supply and installation contracts

Where the outcome of a construction contract can be estimated reliably and certified by customers, revenue and costs are recognised by reference to the amount of work completed at the balance sheet date. Variations in contract work and claims are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

Difference between the cumulative revenue of a construction contract recognised to date and the cumulative amount of progress billings of that contract was presented as construction contract receivable based on agreed progress billings in the separate balance sheet.

Office rental income

Rental income arising from operating leases is accounted for on a straight line basis over the term of the lease.

Revenue from Business Co-operation Contract ("BCC")

Revenue is recognised when the BCC declares the profit available to parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition (continued)

Interest income

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

Investment gains

Gains from investments are recognised as income when the investment is sold.

Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

Bonus shares or stock dividends

Income is not recognised when the Company is entitled as an investor to receive bonus shares or stock dividends. However, the number of shares received as bonus or dividends is disclosed on the relevant note to the separate financial statements.

3.17 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Taxation* (continued)

Deferred tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

3.18 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular 210 are classified, for disclosures in the notes to the separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan receivables, quoted and unquoted financial instruments.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the separate financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Financial instruments – subsequent measurement

No subsequent re-measurement of financial instruments is currently required.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Convertible bond

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or another financial asset) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

4. CASH AND CASH EQUIVALENTS

VND

	31 December 2012	*31 December 2011*
Cash on hand	170,996,902	327,830,535
Cash in banks	20,545,332,162	27,540,533,474
Cash equivalents	379,668,454,000	267,100,000,000
TOTAL	**400,384,783,064**	**294,968,364,009**

Cash equivalents mainly represent short-term bank deposits with maturity of less than three months which are readily convertible into known amounts of cash without any significant risk of changes in value, and earn an average interest rate at 9% p.a.

5. OTHER RECEIVABLES

VND

	31 December 2012	*31 December 2011*
Other amount due from related parties *(Note 26)*	10,920,861,813	6,613,754,172
Interest income receivables	7,532,212,043	2,106,199,998
Others	1,385,720,294	3,132,078,567
TOTAL	**19,838,794,150**	**11,852,032,737**

6. TAX RECEIVABLES FROM THE STATE

Tax receivables from the State mainly represent CIT receivable amounting to VND 4,257,725,465 (*Note 23.1*)

7. TANGIBLE FIXED ASSETS

VND

	Buildings & structures	*Motor vehicles*	*Office equipment*	*Others*	*Total*
Cost:					
As at 1 January 2012	15,535,842,267	2,829,963,829	1,719,231,925	576,470,000	20,661,508,021
Newly purchased	-	-	66,981,818	-	66,981,818
Written-off	-	-	(810,516,623)	-	(810,516,623)
As at 31 December 2012	15,535,842,267	2,829,963,829	975,697,120	576,470,000	19,917,973,216
In which:					
Fully depreciated	*3,605,254,100*	*999,015,784*	*1,569,368,075*	*576,470,000*	*6,750,107,959*
Accumulated depreciation:					
As at 1 January 2012	9,071,805,891	2,042,739,853	1,655,363,247	576,470,000	13,346,378,991
Charges for the year	477,223,529	305,158,008	36,138,714	-	818,520,251
Written-off	-	-	(810,516,623)	-	(810,516,623)
As at 31 December 2012	9,549,029,420	2,347,897,861	880,985,338	576,470,000	13,354,382,619
Net carrying amount:					
As at 1 January 2012	6,464,036,376	787,223,976	63,868,678	-	7,315,129,030
As at 31 December 2012	5,986,812,847	482,065,968	94,711,782	-	6,563,590,597

8. INTANGIBLE FIXED ASSETS

			VND
	Land use right	*Software*	*Total*
Cost:			
As at 1 January 2012	11,592,038,449	230,124,699	11,822,163,148
Additions	-	2,926,963,318	2,926,963,318
Written-off	-	(14,353,926)	(14,353,926)
As at 31 December 2012	11,592,038,449	3,142,734,091	14,734,772,540
In which:			
Fully amortised	-	-	-
Accumulated amortisation:			
As at 1 January 2012	1,273,071,114	230,124,699	1,503,195,813
Charges for the year	289,224,713	731,740,830	1,020,965,543
Written-off	-	(14,353,926)	(14,353,926)
As at 31 December 2012	1,562,295,827	947,511,603	2,509,807,430
Net carrying amount:			
As at 1 January 2012	10,318,967,335	-	10,318,967,335
As at 31 December 2012	10,029,742,622	2,195,222,488	12,224,965,110

9. INVESTMENT PROPERTIES

VND

	Buildings & structures	*Machinery & equipment*	*Office equipment*	*Others*	*Total*
Cost:					
As at 1 January 2012 and 31 December 2012	774,201,284,293	237,915,983,788	215,692,297	565,253,001	1,012,898,213,379
In which:					
Fully depreciated	*3,934,869,048*	*19,852,886,746*	*215,692,297*	*565,253,001*	*24,568,701,092*
Collateral (Note 18)	*9,437,896,861*	-	-	-	*9,437,896,861*
Accumulated depreciation:					
As at 1 January 2012	147,513,016,724	69,073,295,836	215,692,297	565,253,001	217,367,257,858
Charges for the year	32,548,151,070	21,750,373,567	-	-	54,298,524,637
As at 31 December 2012	180,061,167,794	90,823,669,403	215,692,297	565,253,001	271,665,782,495
Net carrying amount:					
As at 1 January 2012	626,688,267,569	168,842,687,952	-	-	795,530,955,521
As at 31 December 2012	594,140,116,499	147,092,314,385	-	-	741,232,430,884

The fair value of the investment properties was not formally assessed and determined as at 31 December 2012. However, given the present high occupancy rate of these properties, it is management's assessment that these properties' market values are much higher than their carrying value as at the balance sheet date.

10. INVESTMENTS

	31 December 2012	VND 31 December 2011
Short-term investments		
Marketable equity securities *(Note 10.1)*	133,207,392,410	858,293,508,449
Term deposit	401,300,000,000	-
Trust investments	138,607,415,075	75,246,449,080
Other short-term investment (*)	241,025,730,000	-
Provision for diminution in value of equity securities	(87,749,773,260)	(276,870,391,352)
Net value of short-term investments	**826,390,764,225**	**656,669,566,177**
Long-term investments		
Investments in subsidiaries *(Note 10.2)*	517,552,272,525	512,527,472,525
Investments in associates and joint venture *(Note 10.3)*	1,126,508,056,403	1,084,496,559,949
Other long-term equity investments *(Note 10.4)*	1,465,500,446,407	802,018,256,685
Provision for diminution in value of long-term investments	(75,474,661,749)	-
Net value of long-term investments	**3,034,086,113,586**	**2,399,042,289,159**
TOTAL	**3,860,476,877,811**	**3,055,711,855,336**

(*) Other short-term investment represents the 9-month term deposit with EVN Finance Joint Stock Company with the interest rate at 9% p.a.

10.1 *Investments in marketable securities*

Securities	*31 December 2012*		*31 December 2011*	
	Quantity (shares)	*Amount (VND)*	*Quantity (shares)*	*Amount (VND)*
Ut Xi Aquatic Products Processing Joint Stock Company	1,491,176	60,411,760,000	1,491,176	60,411,760,000
Saigon Postel Corp	1,078,845	48,000,000,000	1,078,845	48,000,000,000
Cuu Long PetroGas Transportation Joint Stock Company	1,211,250	11,817,073,170	1,281,250	12,500,000,000
Mang Canh Joint Stock Company	500,000	5,000,000,000	500,000	5,000,000,000
Ree Power Joint Stock Company	781,599	7,815,990,000	781,599	7,815,990,000
Saigon Thuong Tin Commercial Joint Stock Bank	-	-	42,139,266	416,438,089,215
Asia Commercial Bank	41	2,354,277	5,322,141	308,127,669,234
Others	29,750	160,214,963	-	-
TOTAL	**5,092,661**	**133,207,392,410**	**52,594,277**	**858,293,508,449**

10. INVESTMENTS (continued)

10.2 Investments in subsidiaries

Name of subsidiaries	*% Interest*	*Cost of investments* 31 December 2012 VND	*Cost of investments* 31 December 2011 VND	*Location*	*Business*
Trans Orient Pte Ltd.	100.00	5,841,857,500	5,841,857,500	Singapore	Trading and logistics
R.E.E Real Estate Co., Ltd.	100.00	6,000,000,000	1,000,000,000	Ho Chi Minh City – Vietnam	Building management
R.E.E Mechanical and Engineering Joint Stock Company	99.99	149,997,353,000	149,997,353,000	Ho Chi Minh City – Vietnam	Mechanical & Engineering
R.E.E Electric Appliances Joint Stock Company	99.99	149,992,500,000	149,992,500,000	Ho Chi Minh City – Vietnam	Electric Appliances
R.E.E Land Corporation	99.90	200,592,000,000	200,592,000,000	Ho Chi Minh City – Vietnam	Real estate
Vector Corporation	99.96	5,128,562,025	5,103,762,025	Ho Chi Minh City – Vietnam	Electric Appliances
TOTAL		**517,552,272,525**	**512,527,472,525**		

10. INVESTMENTS (continued)

10.3 Investments in associates and joint venture

Name	*31 December 2012*		*31 December 2011*		*Business*
	% Interest	*Amount (VND)*	*% Interest*	*Amount (VND)*	
Associates					
Vietnam Infrastructure and Real Estate Joint Stock Company	46.37	129,925,000,000	39.22	109,825,000,000	Real estate
Thu Duc Water B.O.O Corporation	42.10	385,501,820,000	42.10	385,501,820,000	Water supply
Thac Mo Hydropower Joint-Stock Company	35.48	274,057,456,308	35.48	274,057,456,308	Power
Saigon Water Investment and Trading Joint Stock Company	30.00	18,000,000,000	30.00	18,000,000,000	Water supply
Saigon Real Estate Joint Stock Company	27.96	39,756,602,000	22.78	27,229,230,000	Real estate
Ninh Binh Thermal Power Joint-Stock Company	24.61	55,515,588,342	19.47	46,007,407,412	Power
Thac Ba Hydropower Joint-Stock Company	23.97	223,379,420,325	23.97	223,379,420,325	Power
Joint venture					
Building at 41B Ly Thai To, Ha Noi	40.00	372,169,428	40.00	496,225,904	Real estate
TOTAL		**1,126,508,056,403**		**1,084,496,559,949**	

10.4 Other long-term equity investments

Securities	*31 December 2012*		*31 December 2011*	
	Quantity (shares)	*Amount (VND)*	*Quantity (shares)*	*Amount (VND)*
Quang Ninh Thermal Power Joint Stock Company	42,085,353	470,646,304,200	42,085,353	470,646,304,200
Sonadezi Chau Duc Shareholding Company	10,463,500	183,876,590,000	10,463,500	183,876,590,000
Others	65,672,036	810,977,552,207	18,742,370	147,495,362,485
TOTAL	**118,220,889**	**1,465,500,446,407**	**71,291,223**	**802,018,256,685**

11. SHORT-TERM LOANS

	31 December 2012	VND 31 December 2011
Short-term loan (*)	6,916,623,299	-
Current portion of long-term loans *(Note 18)*	28,588,184,700	9,218,380,000
TOTAL	**35,504,807,999**	**9,218,380,000**

(*) Details of the short-term loan are as follows:

Facility No.	*31 December 2012* *VND*	*Maturity date*	*Interest rate*	*Description of collateral*
Joint Stock Commercial Bank for Foreign Trade of Vietnam				
0033/TD1/06CD(VND)	5,891,724,822	11 November 2013	12.9%	Unsecured
0033/TD1/06CD(US$)	1,024,898,477	30 September 2013	2.4%	Unsecured
TOTAL	**6,916,623,299**			

On 28 August 2006, the Company signed an agreement with Vietcombank for a VND 100 billion credit facility to finance the construction of the E-Town 2 Building. The term of the borrowing is 84 months from the date of the first draw down which was made on 4 October 2006. The loan will be repaid on a quarterly basis in accordance with the repayment schedule approved by Vietcombank to be issued after the grace period of 24 months expires from the first drawdown. The loan is unsecured but Vietcombank reserves the right to receive any insurance proceeds from the assets financed by this loan. The loan bears an interest rate equal to the 12-month deposit rate announced by Vietcombank plus 0.2% per month for amounts drawn in Vietnamese Dong or at SIBOR-6 month plus 1.85% per annum for amounts drawn in United States Dollar.

12. TRADE PAYABLES

	31 December 2012	VND 31 December 2011
Trade payable	2,602,805,393	17,216,903,827
Amount due to a related party *(Note 26)*	5,093,865,894	16,569,367,265
TOTAL	**7,696,671,287**	**33,786,271,092**

13. ADVANCES FROM CUSTOMERS

Advances from customers represent mostly the advances for the supply and installation contracts.

14. STATUTORY OBLIGATIONS

		VND
	31 December 2012	*31 December 2011*
Corporate income tax *(Note 23.1)*	-	31,919,543,158
Value-added tax	749,267,440	-
Personal income tax	250,774,428	-
Other fees and obligations	824,540,293	139,614,307
TOTAL	**1,824,582,161**	**32,059,157,465**

15. ACCRUED EXPENSES

		VND
	31 December 2012	*31 December 2011*
Interest expenses	2,911,894,065	-
Performance bonus to employees	630,452,000	4,082,650,000
Others	877,355,099	587,260,000
TOTAL	**4,419,701,164**	**4,669,910,000**

16. OTHER PAYABLES

		VND
	31 December 2012	*31 December 2011*
Payable to purchase of securities	269,064,029,376	2,868,124,744
Dividends payable	7,871,294,256	-
Guarantee expenses	5,267,988,735	5,267,988,735
Deposit received from divestment	-	209,680,262,700
Interest payables	3,500,000,000	6,644,195,487
Social & Health insurance and Trade union	302,489,768	203,546,344
Others	1,039,659,962	3,234,313,491
Other payable to related parties *(Note 26)*	5,525,879,428	7,980,203,026
TOTAL	**292,571,341,525**	**235,878,634,527**

17. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent mainly deposits received from tenants.

18. LONG-TERM LOANS

		VND
	31 December 2012	*31 December 2011*
Convertible bonds (*)	557,846,000,000	-
Long-term loans (**)	161,000,000,000	108,233,985,150
TOTAL	**718,846,000,000**	**108,233,985,150**
In which: Current portion (Note 11)	*28,588,184,700*	*9,218,380,000*
Non-current portion	*690,257,815,300*	*99,015,605,150*

(*) Convertible bonds:

In accordance with the Board Resolution No.10/2012/HĐQT-NQ-REE dated 14 November 2012 and the approval by State Securities Commission of Vietnam through its official letter No. 4963/UBCK-QLPH dated 7 December 2012, on 20 December 2012, the Company issued 557,846 3-year convertible bonds totaling VND 557,846,000,000 to Platinum Victory Pte. Ltd with interest at 6% per annum paid in arrears. The bonds will be automatically converted into shares when there is a room for foreign ownership in REE shares at conversion date. The conversion price is VND22,000 per share which will be subject to conversion adjustments as set out in schedule of convertible bond subscription agreement.

(**) Details of the long-term loans are as follows:

Facility No.	*31 December 2012*	*Maturity date*	*Interest rate*	*Description of collateral* (VND)
Joint Stock Commercial Bank for Foreign Trade of Vietnam				
HĐTD0003/DTDA/10CD(VND)	88,000,000,000	1 June 2018	13.3%	Unsecured
Commonwealth Bank Vietnam				
HĐTD500112036/FL-CBAVN (VND)	73,000,000,000	7 March 17	8.75%	Assets at 180 Pasteur, Ben Nghe Ward, District 1, HCMC
TOTAL	**161,000,000,000**			

18. LONG-TERM LOANS (continued)

(**) Details of the long-term loans (continued)

On 31 March 2010, the Company signed an agreement with Vietcombank for a VND 200 billion credit facility to finance the construction of the Ree Tower at 9 Doan Van Bo Street, District 4, HCMC. The term of the borrowing is 96 months from the date of the first draw down which was made on 1 June 2010. The loan will be repaid on a quarterly basis in accordance with the repayment schedule approved by Vietcombank to be issued after the grace period of 24 months expires from the first drawdown. The loan is unsecured and bears an interest rate equal to the 12-month deposit rate announced by Vietcombank plus 2.8% per annum for amounts drawn in Vietnamese Dong or at Vietcombank 12-month deposit rate plus 2.5% per annum for amounts drawn in United States dollar.

On 3 March 2012, the Company signed an agreement with Commonwealth Bank of Australia ("CBA") - Ho Chi Minh City Branch - for a VND 73 billion to finance the construction of the Ree Tower at 9 Doan Van Bo Street, District 4, HCMC. The term of the borrowing is 60 months from the date of the first draw down which was made on 7 March 2012. The loan will be repaid on a quarterly basis in accordance with the repayment schedule approved by CBA to be issued after the grace period of 12 months expires from the first drawdown. The loan is secured by assets at 180 Pasteur, Ben Nghe Ward, District 1, Ho Chi Minh City amounting to VND 9,437,896,861 *(Note 9)*. The loan bears an interest rate equal to the 3-month deposit rate announced by CBA plus 2.5% per annum.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2012

19. OWNERS' EQUITY

19.1 Increase and decrease in owners' equity

VND

	Share capital	*Share premium*	*Treasury shares*	*Investment and development fund*	*Financial reserve fund*	*Retained earnings*	*Total*
Previous year:							
As at 1 January 2011	1,862,932,890,000	520,765,945,150	(43,034,370)	62,722,670,000	46,302,820,403	262,680,881,271	2,755,362,172,454
Conversion of convertible bonds	583,500,960,000	226,917,040,000	-	-	-	-	810,418,000,000
Buy back treasury shares	-	-	(57,037,196,654)	-	-	-	(57,037,196,654)
Profit for the year	-	-	-	-	-	523,589,410,918	523,589,410,918
Fund contribution	-	-	-	-	11,375,543,645	(11,375,543,645)	-
Dividend declared	-	-	-	-	-	(298,064,867,200)	(298,064,867,200)
Appropriation to bonus & welfare funds	-	-	-	-	-	(70,950,000)	(70,950,000)
As at 31 December 2011	2,446,433,850,000	747,682,985,150	(57,080,231,024)	62,722,670,000	57,678,364,048	476,758,931,344	3,734,196,569,518
Current year:							
As at 1 January 2012	2,446,433,850,000	747,682,985,150	(57,080,231,024)	62,722,670,000	57,678,364,048	476,758,931,344	3,734,196,569,518
Profit for the year	-	-	-	-	-	504,075,812,842	504,075,812,842
Re-issued treasury shares	-	26,451,111,636	57,048,888,364	-	-	-	83,500,000,000
Fund contribution	-	-	-	-	17,894,901,823	(17,894,901,823)	-
Dividend declared	-	-	-	-	-	(383,425,020,800)	(383,425,020,800)
Appropriation to bonus & welfare funds	-	-	-	-	-	(4,841,023,603)	(4,841,023,603)
As at 31 December 2012	2,446,433,850,000	774,134,096,786	(31,342,660)	62,722,670,000	75,573,265,871	574,673,797,960	3,933,506,337,957

19. OWNERS' EQUITY (continued)

19.1 *Increase and decrease in owners' equity* (continued)

The Company's shares are issued with par value of VND 10,000 per share. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

19.2 *Share capital*

	Number of shares	*Par value VND*
At 1 January 2011	186,293,289	1,862,932,890,000
New shares issued	58,350,096	583,500,960,000
At 1 January 2012 and 31 December 2012	**244,643,385**	**2,446,433,850,000**

20. REVENUES

20.1 *Revenues from sales of goods and rendering of services*

VND

	Current year	*Previous year*
Gross and net revenues	**459,283,329,414**	**516,711,480,127**
Of which:		
Revenue from services (office leasing and related services)	*435,759,920,554*	*366,609,168,471*
Revenue from supply and installation services	*23,523,408,860*	*149,768,556,994*
Others	*-*	*333,754,662*

20.2 *Finance income*

VND

	Current year	*Previous year*
Dividends income	129,466,628,754	302,007,492,195
Gains from divestments of equity securities	307,451,406,397	119,741,565,446
Interest income	77,030,750,909	67,765,260,608
Foreign exchange gains	1,860,041,534	1,982,289,283
TOTAL	**515,808,827,594**	**491,496,607,532**

21. FINANCE EXPENSES

		VND
	Current year	*Previous year*
Provision for diminution in value of investments	62,638,925,449	42,310,559,581
Loss from divestments of equity securities	51,003,159,241	27,297,826,294
Interest expenses	23,955,866,110	44,613,802,421
Foreign exchange losses	1,802,877,976	1,398,281,194
Others	305,056,476	198,799,667
TOTAL	**139,705,885,252**	**115,819,269,157**

22. OTHER INCOME AND EXPENSES

		VND
	Current year	*Previous year*
Other income	**5,438,697,553**	**3,961,426,278**
Proceeds on ERP expense allocation	3,525,179,067	-
Receipts from penalties	854,505,254	2,362,937,687
Commission	331,913,110	-
Sale of scraps	1,350,000	969,088,181
Others	725,750,122	629,400,410
Other expenses	**(3,525,180,353)**	-
Expenses on ERP expense allocation	(3,525,179,067)	-
Others	(1,286)	-
NET	**1,913,517,200**	**3,961,426,278**

23. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 25% of taxable profits earned from all operations.

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

23.1 Current CIT

The current tax payable is based on taxable profit for the year. The taxable profit of the Company for the year differs from the profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

23. CORPORATE INCOME TAX (continued)

23.1 Current CIT (continued)

A summary of CIT computation is presented below:

		VND
	Current year	*Previous year*
Profit before tax	**594,118,659,079**	**598,526,128,822**
Adjustments to increase (decrease) accounting profit		
Dividends income not subject to CIT	(129,466,628,754)	(302,007,492,195)
Cost of bonus shares and share dividends disposed in 2012(*)	(81,510,734,975)	-
Taxable dividend income from Trans Orient Pte. Ltd.	1,353,771,349	3,992,340,290
Other non-deductible expenses	3,320,877,055	569,014,697
Unrealized foreign exchange loss (gain)	1,119,521,967	(1,893,604,411)
Interest expenses on convertible bonds accrual last year and paid this year	-	(26,840,583,335)
Accrued interest expenses on convertible bonds	1,115,692,000	-
Privision for bad debt	23,260,305,254	-
Others	(189,952,245)	-
Estimated current taxable profit	**413,121,510,730**	**272,345,803,868**
Estimated current CIT expense	**103,280,377,682**	**68,086,450,967**
Dividend income from Trans Orient Pte. Ltd. had been taxed by Singapore Government	(111,222,503)	(333,280,000)
Cost of bonus shares and share dividends disposed during the period from 2008 to 2011(*)	(5,570,955,255)	-
Current CIT expense	**97,598,199,924**	**67,753,170,967**
CIT payable at beginning of the year	31,919,543,158	43,218,822,820
CIT paid during the year	(133,775,468,547)	(79,052,450,629)
CIT payable at end of the year	**(4,257,725,465)**	**31,919,543,158**

(*) In accordance with official letter No 1909/TCT-CS dated 5 June 2012 issued by General Tax Department, the Company was allowed to claim as deductible expenses the cost of disposed bonus shares and share dividends at par value VND 10,000 per share.

23. CORPORATE INCOME TAX (continued)

23.2 Deferred CIT

The following are the deferred tax assets and liabilities recognised by the Company, and the movements thereon, during the current and previous year.

VND

	Separate balance sheet		*(Expense) credit to separate income statement*	
	31 December 2012	*31 December 2011*	*Current year*	*Previous year*
Deferred tax assets (liabilities) on				
Depreciation	112,058,906	-	112,058,906	-
Accrued interest expenses	278,923,000	-	278,923,000	(6,710,145,834)
Unrealized foreign exchange difference	(21,771,460)	(301,651,951)	279,880,491	(473,401,103)
Provision for doubtful debt	6,048,556,040	-	6,048,556,040	-
Provision for investment	835,935,250	-	835,935,250	-
Unbilled contract revenue	(21,111,056,400)	(21,111,056,400)	-	-
Accrued cost of sales	20,178,282,452	20,178,282,452	-	-
Net deferred income tax assets (liabilities)	**6,320,927,788**	**(1,234,425,899)**		
Net deferred income tax benefit (expenses)			**7,555,353,687**	**(7,183,546,937)**

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise loans, borrowings, convertible bonds, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loan trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company also hold available-for-sale investment.

The Company is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2012 and 31 December 2011.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that the statement of the balance sheet relates to available-for-sale debt instrument; the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2012 and 31 December 2011.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits, loans, bonds.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favourable for its purposes within its risk management limits. The Company considers that the exposure to interest rate risks is insignificant.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of cash, short-term deposits, loans and borrowings with floating interest rates. With all other variables held constant, the Company's profit before tax is affected through the impact are as follows:

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity (continued)

		VND
	Increase/decrease in interest rate (%)	*Effect on profit before tax*
For the year ended 31 December 2012		
VND	+3%	18,616,476,198
US$	+1%	128,628,391
TOTAL		**18,745,104,589**
VND	-3%	(18,616,476,198)
US$	-1%	(128,628,391)
TOTAL		**(18,745,104,589)**
For the year ended 31 December 2011		
VND	+3%	5,379,420,071
US$	+1%	69,874,689
TOTAL		**5,449,294,760**
VND	-3%	(5,379,420,071)
US$	-1%	(69,874,689)
TOTAL		**(5,449,294,760)**

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (certain expenses, incomes, loans of the Company are denominated in currencies other than the VND). The Company considers that the exposure to foreign currency risk is insignificant.

The Company manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future transactions denominated in foreign currencies. The Company's exposure to foreign currency changes is not material.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Directors reviews and approves all equity investment decisions.

As at 31 December 2012, the exposure to listed equity securities at fair value was VND 739,063,099,900 (31 December 2011: VND 853,879,086,300). A decrease of 10% on the price of the securities index could have an impact of approximately VND 73,906,309,990 (31 December 2011: VND 85,387,908,630) on the Company's profit before tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Company's profit before tax by VND 73,906,309,990 (31 December 2011: VND 85,387,908,630).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

Trade receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Company seeks to maintain strict control over its outstanding receivables and has a credit control personnel to minimize credit risk. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposit is as low.

Other financial instruments

The Company's management evaluate all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties except for the receivables which were past due and made provision of VND 54,683,834,392 as at 31 December 2012 (31 December 2011: VND 32,083,715,607).

Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Less than 3 months	*From 3 to 12 months*	*From 1 to 5 years*	*More than 5 years*	*VND* *Total*
31 December 2012					
Loans and borrowings	6,916,623,299	28,588,184,700	44,411,815,300	88,000,000,000	167,916,623,299
Convertible bonds	-	-	557,846,000,000	-	557,846,000,000
Trade payables	7,696,671,287	-	-	-	7,696,671,287
Other payables and accrued expenses	296,991,042,689	-	96,152,462,388	-	393,143,505,077
	311,604,337,275	**28,588,184,700**	**698,410,277,688**	**88,000,000,000**	**1,126,602,799,663**
31 December 2011					
Loans and borrowings	-	9,218,380,000	4,612,036,490	94,403,568,660	108,233,985,150
Trade payables	33,786,271,092	-	-	-	33,786,271,092
Other payables and accrued expenses	240,548,544,527	-	83,053,987,032	-	323,602,531,559
	274,334,815,619	**9,218,380,000**	**87,666,023,522**	**94,403,568,660**	**465,622,787,801**

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements.

VND

	Carrying amount				*Fair value*	
	31 December 2012		*31 December 2011*		*31 December 2012*	*31 December 2011*
	Cost	*Provision*	*Cost*	*Provision*		
Financial assets						
- Listed shares	611,331,932,618	(11,123,909,009)	825,411,120,934	(192,637,209,534)	739,063,099,900	853,879,086,300
- Unlisted shares	3,004,855,353,274	(152,100,526,000)	910,147,093,264	(84,233,181,818)	2,852,754,827,274	825,913,911,446
- Short-term deposit	401,300,000,000	-	-	-	401,300,000,000	-
- Trade receivable	70,526,813,124	(54,683,834,392)	64,189,400,434	(32,083,715,607)	15,842,978,732	32,105,684,827
- Other receivables	51,845,676,845	-	39,546,100,928	-	51,845,676,845	39,546,100,928
- Cash and cash equivalents	400,384,783,064	-	294,968,364,009	-	400,384,783,064	294,968,364,009
TOTAL	**4,540,244,558,925**	**(217,908,269,401)**	**2,134,262,079,569**	**(308,954,106,959)**	**4,461,191,365,815**	**2,046,413,147,510**

VND

	Carrying amount		*Fair value*	
	31 December 2012	*31 December 2011*	*31 December 2012*	*31 December 2011*
Financial liabilities				
- Loans and borrowings	725,762,623,299	108,233,985,150	725,762,623,299	108,233,985,150
- Trade payable	7,696,671,287	33,786,271,092	7,696,671,287	33,786,271,092
- Other payable	393,143,505,077	323,602,531,559	393,143,505,077	323,602,531,559
TOTAL	**1,126,602,799,663**	**465,622,787,801**	**1,126,602,799,663**	**465,622,787,801**

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair value of listed shares/bonds have been determined base on their closing price in the Ho Chi Minh Stock Exchange ("HOSE") or their average trading price in Hanoi Stock Exchange ("HNX") as at the balance sheet date.

Fair value of un-listed shares, which have active market, are the average price quoted by three independent securities companies as at the balance sheet date.

Except for items noted in preceding paragraph the fair value of the financial assets and liabilities had not yet been formally assessed and determined as at 31 December 2012 and 31 December 2011. However, it is management's assessment that the fair values of these financial assets and liabilities are approximately the same as their carrying value as at balance sheet date.

26. TRANSACTIONS WITH RELATED PARTIES

Related company transactions include all transactions undertaken with other companies to which the Company is related, either through the investor, investee relationship or because they share a common investor and thus are considered to be a part of the same corporate company.

Significant transactions with related parties during the year were as follows:

Related parties	*Relationship*	*Transactions*	*VND Amounts*
R.E.E Mechanical and Engineering Joint Stock Company	Subsidiary	Supply and installation services	(23,523,408,860)
		Dividends income	25,448,453,958
R.E.E Real Estate Co., Ltd.	Subsidiary	Management fee charged	(44,909,937,194)
		Infrastructure usage income	18,107,168,031
		Dividend income	406,433,681
		Capital contribution	(5,000,000,000)
R.E.E Electric Appliances Joint Stock Company	Subsidiary	Dividends income	1,711,157,478
		Rental income	1,404,742,939
		ERP expense allocation	2,601,385,449
R.E.E Land Corporation	Subsidiary	Rental charge and utilities charge	1,688,276,214
		Dividends income	16,983,000,000
Trans Orient Pte. Ltd.	Subsidiary	Dividends income	1,242,548,846
Vector Corporation	Subsidiary	Lending and received	(28,500,000,000)
Saigon Real Estate Joint Stock Company	Associate	Dividends income	11,587,878,850
		Lending	(9,225,474,000)
		Capital contribution	(12,527,372,000)
Ninh Binh Thermal Power Joint-Stock Company	Associate	Dividends income	4,016,870,000
		Capital contribution	(9,508,180,930)

26. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related parties during the year were as follows: (continued)

Related parties	*Relationship*	*Transactions*	*Amounts*
Thac Ba Hydropower Joint-Stock Company	Associate	Dividends income	14,458,893,600
Thac Mo Hydropower Joint-Stock Company	Associate	Dividends income	19,865,784,000
Vietnam Infrastructure and Real Estate Joint Stock Company	Associate	Capital contribution	20,100,000,000

Amount due to and due from related party at the balance sheet date were as follows:

	Relationship	*Transactions*	*VND Receivable/ (Payable)*
Trade receivables			
R.E.E Electric Appliances Joint Stock Company	Subsidiary	ERP expense allocarion	3,217,097,265
R.E.E Mechanical and Engineering Joint Stock Company	Subsidiary	Sale of supply and installation services	4,241,753,581
TOTAL			**7,458,850,846**
Other receivables			
Saigon Real Estate Joint Stock Company	Associate	Lending	9,225,474,000
R.E.E Real Estate Co., Ltd.	Subsidiary	Utilities and infrastructure	1,572,960,758
R.E.E Electric Appliances Joint Stock Company	Subsidiar	Management charge	29,285,061
R.E.E Mechanical and Engineering Joint Stock Company	Subsidiar	Management charge	93,141,994
TOTAL			**10,920,861,813**
Trade payables			
R.E.E Real Estate Co., Ltd.	Subsidiary	Management charge	(5,093,865,894)
Other payables			
R.E.E Real Estate Co., Ltd.	Subsidiary	Management charge	(4,683,871,026)
R.E.E Electric Appliances Joint Stock Company	Subsidiary	Overpayment of dividends	(842,008,402)
TOTAL			**(5,525,879,428)**

27. CONTINGENT ASSET

On 28 September 2011, the Company entered into a Restructuring Deed to transfer all of its ownership in Vung Ang II Thermo Electricity Company ("VAPCO"). According to this deed, all risks and rewards of the Company in VAPCO were passed to the buyer on 14 November 2011. Proceeds from disposal amounting to VND 153,323,885,510 were fully collected and this amount is non-refundable in any circumstances.

Also in accordance with this agreement, the Company may receive US$ 3,779,832 in addition to said proceed upon the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. All parties will complete related administrative procedures at the completion date of the Deed. Accordingly, management accounted this amount as contingent asset and accordingly disclosed in the consolidated financial statements in accordance with Vietnamese Accounting Standard No. 18 - "Provision, Contingent assets and liabilities".

28. EVENTS AFTER THE BALANCE SHEET DATE

There has been no other significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Huynh Phuong Preparer	Ho Tran Dieu Lynh Chief Accountant	Nguyen Thi Mai Thanh General Director

8 March 2013