Refrigeration Electrical Engineering Corporation

Consolidated financial statements

31 December 2013

EY

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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 15 January 2014. Shares of the Company are 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 principal activities of the Company and its subsidiaries ("the Group") 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.

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	
Mr Dominic Scriven	Deputy Chairman	
Mr David Alexander Newbigging	Deputy Chairman	appointed on 29 March 2013
Mr Nguyen Ngoc Thai Binh	Member	
Mr Dang Hong Tan	Member	appointed on 29 March 2013
Mr Luc Chanh Truong	Member	resigned on 29 March 2013
Mr Quach Vinh Binh	Member	resigned on 29 March 2013

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	
Mr Le Anh Tuan	Member	
Mr Nguyen Van Khoa	Member	resigned on 29 March 2013
Ms Nguyen Thi Huong Giang	Member	appointed on 29 March 2013

MANAGEMENT

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

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.

Refrigeration Electrical Engineering Corporation

REPORT OF MANAGEMENT

Management of Refrigeration Electrical Engineering Corporation ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2013.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated state of affairs of the Group and of the Group's consolidated results and consolidated cash flows for the year. In preparing those consolidated 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 consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group 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 consolidated financial statements for the year ended 31 December 2013.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2013 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of the management:

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Mai Thanh
General Director

5 March 2014

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Reference: 60752771/16354018

INDEPENDENT AUDITORS' REPORT

To: The Shareholders and the Board of Directors of Refrigeration Electrical Engineering Corporation

We have audited the accompanying consolidated financial statements of Refrigeration Electrical Engineering Corporation ("the Company") and its subsidiaries (collectively referred to as the "Group") as prepared on 5 March 2014 and set out on pages 5 to 50, which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation 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 these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2013, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

Ernst & Young Vietnam Limited

S.G.C.N: 41104300183 - Đ.T.N.N.G
CÔNG TY
TRÁCH NHIỆM HỮU HẠN
ERNST & YOUNG
VIETNAM
QUẬN 1 - TP. HỒ CHÍ MINH

Narciso T. Torres Jr.	Le Vu Truong
Deputy General Director	Auditor
Audit Practicing Registration	Audit Practicing Registration
Certificate No. 0868-2013-004-01	Certificate No. 1588-2013-004-1

Ho Chi Minh City, Vietnam

5 March 2014

CONSOLIDATED BALANCE SHEET
as at 31 December 2013

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	**A. CURRENT ASSETS**		**2,561,941,483,792**	**3,122,711,167,618**
110	***I. Cash and cash equivalents***	***4***	***535,795,614,565***	***834,707,800,990***
111	1. Cash		67,561,903,838	238,167,711,642
112	2. Cash equivalents		468,233,710,727	596,540,089,348
120	***II. Short-term investments***	***13***	***416,693,781,070***	***883,513,299,591***
121	1. Short-term investments		507,361,493,412	971,263,072,851
129	2. Provision for diminution in value of investments		(90,667,712,342)	(87,749,773,260)
130	***III. Accounts receivable***		***1,002,628,925,985***	***858,974,723,435***
131	1. Trade receivables		685,334,062,970	496,528,157,576
132	2. Advances to suppliers	5	107,603,315,922	104,643,648,079
134	3. Construction contract receivables		271,275,647,307	289,792,833,799
135	4. Other receivables	6	17,821,338,112	40,828,092,673
139	5. Provision for doubtful debts		(79,405,438,326)	(72,818,008,692)
140	***IV. Inventories***	***7***	***544,225,294,953***	***500,693,422,843***
141	1. Inventories		587,081,594,462	515,254,545,301
149	2. Provision for obsolete inventories		(42,856,299,509)	(14,561,122,458)
150	***V. Other current assets***		***62,597,867,219***	***44,821,920,759***
151	1. Short-term prepaid expenses		2,299,243,483	2,353,548,270
152	2. Value-added tax deductible		11,218,307,369	1,553,161,043
154	3. Tax receivables from the State		2,667,098,231	4,686,525,263
158	4. Other current assets	8	46,413,218,136	36,228,686,183
200	**B. NON-CURRENT ASSETS**		**4,392,508,231,553**	**3,451,729,430,564**
220	***I. Fixed assets***		***41,715,151,193***	***42,190,125,110***
221	1. Tangible fixed assets	9	20,694,232,156	22,411,779,633
222	Cost		50,258,821,108	54,897,844,177
223	Accumulated depreciation		(29,564,588,952)	(32,486,064,544)
227	2. Intangible fixed assets	10	13,868,087,324	16,634,747,541
228	Cost		22,682,697,804	22,689,345,521
229	Accumulated amortisation		(8,814,610,480)	(6,054,597,980)
230	3. Construction in progress	11	7,152,831,713	3,143,597,936
240	***II. Investment properties***	***12***	***688,047,083,066***	***741,232,430,884***
241	1. Cost		1,012,711,006,936	1,012,898,213,379
242	2. Accumulated depreciation		(324,663,923,870)	(271,665,782,495)
250	***III. Long-term investments***	***13***	***3,628,846,104,921***	***2,646,248,037,490***
252	1. Investments in joint ventures and associates		2,848,097,188,076	1,248,240,496,932
258	2. Other long-term investments		854,925,101,755	1,473,482,202,307
259	3. Provision for long-term investments		(74,176,184,910)	(75,474,661,749)
260	***IV. Other long-term assets***		***33,899,892,373***	***22,058,837,080***
261	1. Long-term prepaid expenses		467,827,702	123,255,223
262	2. Deferred tax assets	23.3	28,609,191,061	18,339,066,092
268	3. Other long-term assets		4,822,873,610	3,596,515,765
270	**TOTAL ASSETS**		**6,954,449,715,345**	**6,574,440,598,182**

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2013

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	**A. LIABILITIES**		**1,753,250,803,816**	**2,358,487,950,759**
310	***I. Current liabilities***		***1,420,506,538,305***	***1,571,902,412,361***
311	1. Short-term loans	14	285,115,492,833	83,196,052,715
312	2. Trade payables		168,707,988,402	170,675,957,212
313	3. Advances from customers		562,524,966,309	727,130,917,665
314	4. Statutory obligations	15	31,148,901,117	27,565,557,458
315	5. Payables to employees		4,497,156,182	2,971,463,128
316	6. Accrued expenses	16	236,429,736,434	239,257,739,658
318	7. Construction contract payables based on agreed progress billings		30,044,289,809	9,326,395,189
319	8. Other payables	17	81,266,863,259	289,920,695,454
320	9. Short-term provision		19,439,676,451	20,476,553,173
323	10. Bonus and welfare fund		1,331,467,509	1,381,080,709
330	***II. Non-current liabilities***		***332,744,265,511***	***786,585,538,398***
333	1. Other long-term liabilities	18	94,975,996,441	96,185,831,348
334	2. Long-term loans	19	237,768,269,070	690,257,815,300
338	3. Unearned revenues		-	141,891,750
400	**B. OWNERS' EQUITY**	**20**	**5,196,623,129,512**	**4,215,710,458,833**
410	***I. Capital***		***5,196,623,129,512***	***4,215,710,458,833***
411	1. Share capital		2,636,863,850,000	2,446,433,850,000
412	2. Share premium		1,002,906,058,786	774,390,058,786
414	3. Treasury shares		(31,342,660)	(788,258,632)
416	4. Foreign exchange difference reserves		526,675,337	436,153,470
417	5. Investment and development fund		70,417,784,211	70,417,784,211
418	6. Financial reserve fund		132,211,138,788	98,766,347,977
420	7. Retained earnings		1,353,728,965,050	826,054,523,021
439	**C. MINORITY INTEREST**		**4,575,782,017**	**242,188,590**
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**6,954,449,715,345**	**6,574,440,598,182**

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2013

OFF BALANCE SHEET ITEM

ITEM	*Ending balance*	*Beginning balance*
Foreign currencies:		
- USD	5,693,295	8,401,235
- EUR	988,750	30,686
- SGD	987	8,442
- JPY	17,280,800	27,806,695

Pham Thi Uyen Phuong
Preparer

Ho Tran Dieu Lynh
Chief Accountant

Nguyen Thi Mai Thanh
General Director

5 March 2014

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2013

VND

Code	ITEMS	Notes	Current year	Previous year
01	**1. Revenues from sale of goods and rendering of services**	21.1	**2,414,569,501,626**	**2,397,215,548,830**
02	**2. Deductions**	21.1	**(1,162,516,333)**	**(1,595,990,370)**
10	**3. Net revenues from sale of goods and rendering of services**	21.1, 28	**2,413,406,985,293**	**2,395,619,558,460**
11	**4. Costs of goods sold and services rendered**		**(1,810,301,703,227)**	**(1,810,410,115,283)**
20	**5. Gross profit from sale of goods and rendering of services**		**603,105,282,066**	**585,209,443,177**
21	**6. Finance income**	21.2	**352,660,891,530**	**513,712,166,189**
22	**7. Finance expenses**	22	**(86,225,910,092)**	**(163,147,694,098)**
23	*In which: Interest expense*		*(57,146,113,236)*	*(37,795,041,953)*
24	**8. Selling expenses**		**(49,602,600,291)**	**(51,777,004,665)**
25	**9. General and administrative expenses**		**(166,177,547,374)**	**(135,275,795,302)**
30	**10. Operating profit**		**653,760,115,839**	**748,721,115,301**
31	**11. Other income**		**7,675,485,635**	**4,675,853,069**
32	**12. Other expenses**		**(2,554,580,816)**	**(1,272,530,890)**
40	**13. Other profit**		**5,120,904,819**	**3,403,322,179**
45	**14. Share of profit of associates**	13.2	**428,675,939,326**	**44,600,329,131**
50	**15. Profit before tax**		**1,087,556,959,984**	**796,724,766,611**
51	**16. Current corporate income tax expense**	23.1	**(122,072,887,315)**	**(150,417,278,938)**
52	**17. Deferred income tax benefit**	23.1	**10,270,124,969**	**10,534,362,616**

CONSOLIDATED INCOME STATEMENT (continued)
for the year ended 31 December 2013

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
60	**18. Net profit after tax**		**975,754,197,638**	**656,841,850,289**
	Attributable to:			
	18.1 Non-controlling interest		*(65,085,311)*	*21,137,379*
	18.2 The Company's shareholders		*975,819,282,949*	*656,820,712,910*
70	**19. Earnings per share**			
	Basic	*29*	*3,980*	*2,704*
	Diluted	*29*	*3,905*	*2,698*

Pham Thi Uyen Phuong
Preparer

Ho Tran Dieu Lynh
Chief Accountant

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Mai Thanh
General Director

5 March 2014

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2013

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**1,087,556,959,984**	**796,724,766,611**
	Adjustments for:			
02	Depreciation and amortisation	9, 10, 12	61,183,861,575	61,124,429,039
03	Provisions		36,502,068,928	95,357,384,547
04	Unrealised exchange loss (gain)		4,239,193,028	(355,814,185)
05	Gains from investing activities		(746,415,509,982)	(494,977,097,325)
06	Interest expense	22	57,146,113,236	37,795,041,953
08	**Operating income before changes in working capital**		**500,212,686,769**	**495,668,710,640**
09	Increase in receivables		(196,564,955,208)	(338,994,330,921)
10	(Increase) decrease in inventories		(71,827,049,161)	164,158,745,423
11	(Decrease) increase in payables		(89,544,387,364)	399,048,434,865
12	Decrease (increase) in prepaid expenses		2,449,482,485	(656,666,484)
13	Interest paid		(59,387,709,813)	(37,988,110,508)
14	Corporate income tax paid	23.2	(105,590,344,890)	(186,577,026,532)
15	Other cash inflows from operating activities		12,027,638,284	25,282,618,842
16	Other cash outflows from operating activities		(32,467,839,483)	(14,094,087,288)
20	**Net cash flows from operating activities**		**(40,692,478,381)**	**505,848,288,037**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(10,269,416,267)	(28,808,803,319)
22	Proceeds from disposals of fixed assets		614,909,090	81,211,844
25	Payments for purchase of shares in subsidiaries, other entities and investments in term deposits		(1,633,509,317,419)	(1,558,417,474,613)
26	Proceeds from divestments in other entities and investments in term deposits		1,278,147,947,278	1,072,729,946,823
27	Interest and dividends received		320,868,857,243	185,878,607,944
30	**Net cash flows used in investing activities**		**(44,147,020,075)**	**(328,536,511,321)**

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2013

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Re-issuance of treasury shares		756,915,972	83,500,000,000
31	Capital contribution from non-controlling interest		4,416,660,619	-
33	Drawdown of borrowings		821,227,119,988	1,067,097,869,042
34	Repayment of borrowings		(652,851,999,145)	(544,279,114,662)
36	Dividends paid		(386,733,996,880)	(375,769,139,274)
40	**Net cash flows (used in) from financing activities**		**(213,185,299,446)**	**230,549,615,106**
50	**Net (decrease) increase in cash and cash equivalents**		**(298,024,797,902)**	**407,861,391,822**
60	**Cash and cash equivalents at beginning of the year**		**834,707,800,990**	**427,326,473,974**
61	**Impact of exchange rate fluctuation**		**(887,388,523)**	**(480,064,806)**
70	**Cash and cash equivalents at end of the year**	**4**	**535,795,614,565**	**834,707,800,990**

S.Đ.K.K.D: 0300741143 - C.T.C.P. CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Pham Thi Uyen Phuong
Preparer

Ho Tran Dieu Lynh
Chief Accountant

Nguyen Thi Mai Thanh
General Director

5 March 2014

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 15 January 2014. Shares of the Company are 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 principal activities of the Group 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 related 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 Group's employees as at 31 December 2013 was 1,239 (31 December 2012: 1,287).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The consolidated financial statements of the Company and its subsidiaries ("the Group"), expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standards 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 consolidated balance sheet, consolidated income statement, consolidated 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 consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2. BASIS OF PREPARATION (continued)

2.3 Fiscal year

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

2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Group's accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries for the year ended 31 December 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and in the consolidated balance sheet, separately from parent shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 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.

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 Group, 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 consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Receivables*

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

The provision for doubtful debts represents amount of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.4 *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 consolidated income statement as incurred.

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

3.5 *Leased assets*

Where the Group is the lessor

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

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

Where the Group is the lessee

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

3.6 *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 consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

Land use rights

The land use rights 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *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
Plant & machinery	7 years
Motor vehicles	6 years
Office equipment	3 - 5 years
Land use rights	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.

3.8 *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 Group.

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 consolidated income statement in the year of retirement or disposal.

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. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

3.9 *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 year of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the consolidated income statement when incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Business combination and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. Goodwill is amortised within ten year period from acquisition date.

3.11 Investment in associates

Investments in associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associates. Goodwill relating to the associates is included in the carrying amount of the investments and is amortized within ten year period. The consolidated income statement reflects the Group's share of the results of operations of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

The financial statements of the associates are prepared for the same accounting year as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.12 Investment in joint ventures

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint control. Investments in joint ventures are accounted for using the equity method of accounting.

3.13 Investment in securities and other investments

Investments in securities 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. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.14 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 Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Foreign currency transactions*

The Group follows the guidance under Vietnamese Accounting Standard No. 10 - Effects of Changes in Foreign Exchange Rates (the "VAS 10") and Circular No. 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 relation to foreign currency transactions as applied consistently in prior year.

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

3.16 *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 Group's own equity instruments.

3.17 *Appropriation of net profit*

Net profit after tax is available for appropriation to investors/shareholders after getting approval by the shareholders 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 Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by the shareholders at the annual general meeting.

- Financial reserve fund

  This fund is set aside to protect the Group'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 Group'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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Revenue recognition

Revenue is recognised in the consolidated income statement when it is probable that the economic benefits will flow to the Group 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 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 consolidated 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.

Investment gains

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

Interest income

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

Dividends

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

Bonus shares or stock dividends

Income is not recognised when the Group 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 consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Earnings per share

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary equity holders of the Company before any appropriation of bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible bonds) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.20 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior year 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 consolidated 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 Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred tax is provided using the balance sheet 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 purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- and in respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits 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 and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Taxation* (continued)

Deferred income 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 is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

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

3.21 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No.210 /2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the consolidated 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 Group determines the classification of its financial assets at initial recognition.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *Financial instruments* (continued)

Financial liabilities

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

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

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

Financial instruments – subsequent measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

4. CASH AND CASH EQUIVALENTS

VND

	Ending balance	*Beginning balance*
Cash on hand	426,403,439	538,745,990
Cash at banks	67,135,500,399	213,805,507,024
Cash equivalents	468,233,710,727	596,540,089,348
Cash in transit	-	23,823,458,628
TOTAL	**535,795,614,565**	**834,707,800,990**

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 7% p.a.

5. ADVANCES TO SUPPLIERS

VND

	Ending balance	*Beginning balance*
Advances to third parties	89,378,202,905	92,348,071,294
Advances to related parties *(Note 26)*	18,225,113,017	12,295,576,785
TOTAL	**107,603,315,922**	**104,643,648,079**

6. OTHER RECEIVABLES

	Ending balance	VND Beginning balance
Advances to BCC 414 No Trang Long *(i)*	7,589,054,747	7,589,054,747
Advances to BCC 11 Doan Van Bo *(ii)*	4,400,000,000	4,400,000,000
Interest income	3,614,348,150	8,410,434,043
Other amount due from a related party (*Note 26*)	-	9,225,474,000
Others	2,217,935,215	11,203,129,883
TOTAL	**17,821,338,112**	**40,828,092,673**

(i) On 25 March 2008, R.E.E Land Corporation, a subsidiary of the Company, entered into a business cooperation contract ("BCC") with Bach Tuyet Paint Joint Stock Company to build and operate a building at 414 No Trang Long street, Ward 13, Binh Thanh District, Ho Chi Minh City. In accordance with this BCC, R.E.E Land Corporation paid consultant fee, land compensation and other costs aggregating to VND 7,589,054,747. However, as at the balance sheet date, this BCC is still waiting for the approval from People's Committee of Ho Chi Minh City.

(ii) On 11 October 2012, R.E.E Land Corporation, a subsidiary of the Company, entered into a business cooperation contract ("BCC") with FRIENDCO Company to develop, operate and manage a building at 11 Doan Van Bo street, Ward 12, District 4, Ho Chi Minh City. In accordance with this BCC, R.E.E Land Corporation paid consultant fee, land compensation and other costs aggregating to VND 4,400,000,000. However, as at the balance sheet date, this BCC is still waiting for the approval from People's Committee of Ho Chi Minh City.

7. INVENTORIES

	Ending balance	VND Beginning balance
Work in process	330,516,654,070	240,604,146,820
Raw materials	116,764,558,124	147,477,242,941
Finished goods	103,739,146,403	112,704,480,805
Goods in transit	35,725,950,936	14,341,942,987
Tools and supplies	335,284,929	126,731,748
TOTAL	**587,081,594,462**	**515,254,545,301**
Provision for inventory obsolescence	(42,856,299,509)	(14,561,122,458)
NET	**544,225,294,953**	**500,693,422,843**

8. OTHER CURRENT ASSETS

	Ending balance	VND Beginning balance
Advances for land compensation	29,403,340,900	29,403,340,900
Advances to employees	15,721,393,434	5,622,745,283
Deposits *(*)*	1,288,483,802	1,202,600,000
TOTAL	**46,413,218,136**	**36,228,686,183**

(*) Deposits mainly represent deposits for letters of credits.

9. TANGIBLE FIXED ASSETS

VND

	Buildings & structures	*Plant & machinery*	*Motor vehicles*	*Office equipment*	*Others*	*Total*
Cost:						
Beginning balance	16,450,174,010	10,187,635,935	15,242,156,989	12,441,407,243	576,470,000	54,897,844,177
Additions	-	5,349,663,679	13,400,000	863,118,811	-	6,226,182,490
Disposals	(887,513,561)	(768,663,948)	(834,815,050)	(384,259,770)	-	(2,875,252,329)
Reclassification	(26,818,182)	(154,195,391)	(103,945,410)	(7,704,994,247)	-	(7,989,953,230)
Ending balance	15,535,842,267	14,614,440,275	14,316,796,529	5,215,272,037	576,470,000	50,258,821,108
In which:						
Fully depreciated	*3,605,254,100*	*2,439,284,181*	*1,967,094,335*	*1,031,473,162*	*576,470,000*	*9,619,575,778*
Accumulated depreciation:						
Beginning balance	10,312,355,358	6,748,523,659	7,050,147,299	7,798,568,228	576,470,000	32,486,064,544
Charges for the year	612,585,400	1,414,066,471	1,766,441,157	1,410,057,518	-	5,203,150,546
Disposals	(887,513,561)	(15,343,033)	(778,104,440)	(378,133,520)	-	(2,059,094,554)
Reclassification	(11,174,250)	(752,983,627)	(96,764,918)	(5,204,608,789)	-	(6,065,531,584)
Ending balance	10,026,252,947	7,394,263,470	7,941,719,098	3,625,883,437	576,470,000	29,564,588,952
Net carrying amount:						
Beginning balance	6,137,818,652	3,439,112,276	8,192,009,690	4,642,839,015	-	22,411,779,633
Ending balance	5,509,589,320	7,220,176,805	6,375,077,431	1,589,388,600	-	20,694,232,156

During the year, the Group has reclassified assets that no longer satisfy recognition criteria of fixed assets as required by Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 to prepaid expenses.

10. INTANGIBLE FIXED ASSETS

VND

	Land use rights	*Softwares*	*Total*
Cost:			
Beginning balance	11,592,038,449	11,097,307,072	22,689,345,521
Addition	-	34,000,000	34,000,000
Reclassification	-	(40,647,717)	(40,647,717)
Ending balance	11,592,038,449	11,090,659,355	22,682,697,804
Accumulated amortisation:			
Beginning balance	1,562,295,827	4,492,302,153	6,054,597,980
Charges for the year	322,001,069	2,473,362,144	2,795,363,213
Reclassification	-	(35,350,713)	(35,350,713)
Ending balance	1,884,296,896	6,930,313,584	8,814,610,480
Net carrying amount:			
Beginning balance	10,029,742,622	6,605,004,919	16,634,747,541
Ending balance	9,707,741,553	4,160,345,771	13,868,087,324

During the year, the Group has reclassified assets that no longer satisfy recognition criteria of intangible fixed assets as required by Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 to prepaid expenses.

11. CONSTRUCTION IN PROGRESS

VND

	Ending balance	*Beginning balance*
Enterprise Resource Planning Project	427,889,208	182,989,208
Others	6,724,942,505	2,960,608,728
TOTAL	**7,152,831,713**	**3,143,597,936**

12. INVESTMENT PROPERTIES

VND

	Buildings & structures	*Machinery & equipment*	*Office equipment*	*Others*	*Total*
Cost:					
Beginning balance	774,201,284,293	237,915,983,788	215,692,297	565,253,001	1,012,898,213,379
Reclassification	-	(42,964,600)	(125,441,843)	(18,800,000)	(187,206,443)
Ending balance	774,201,284,293	237,873,019,188	90,250,454	546,453,001	1,012,711,006,936
In which:					
Fully depreciated	*15,083,156,719*	*22,801,892,676*	*90,250,454*	*546,453,001*	*38,521,752,850*
Collateral (Note 19)	*9,437,896,861*	-	-	-	*9,437,896,861*
Accumulated depreciation:					
Beginning balance	180,061,167,794	90,823,669,403	215,692,297	565,253,001	271,665,782,495
Charges for the year	31,547,107,806	21,638,240,012	-	-	53,185,347,818
Reclassification	-	(42,964,600)	(125,441,843)	(18,800,000)	(187,206,443)
Ending balance	211,608,275,600	112,418,944,815	90,250,454	546,453,001	324,663,923,870
Net carrying amount:					
Beginning balance	594,140,116,499	147,092,314,385	-	-	741,232,430,884
Ending balance	562,593,008,693	125,454,074,373	-	-	688,047,083,066

During the year, the Group has reclassified assets that no longer satisfy recognition criteria of the investment properties as required by Circular 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 to prepaid expenses.

The fair value of the investment properties was not formally assessed and determined as at 31 December 2013. 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.

13. INVESTMENTS

	Ending balance	*Beginning balance*
		VND
Short-term investments		
Marketable equity securities *(Note 13.1)*	293,296,279,587	209,207,565,590
Term deposits	156,206,000,000	463,382,000,000
Trust investments	57,859,213,825	57,647,777,261
Other short-term investments	-	241,025,730,000
Provision for diminution in value of equity securities	(90,667,712,342)	(87,749,773,260)
Net value of short-term investments	**416,693,781,070**	**883,513,299,591**
Long-term investments		
Investments in associates and a joint venture *(Note 13.2)*	2,848,097,188,076	1,248,240,496,932
Other long-term equity investments *(Note 13.4)*	854,925,101,755	1,473,482,202,307
Provision for diminution in value of long-term investments	(74,176,184,910)	(75,474,661,749)
Net value of long-term investments	**3,628,846,104,921**	**2,646,248,037,490**
TOTAL	**4,045,539,885,991**	**3,529,761,337,081**

13.1 Marketable equity securities

Securities	*Ending balance*		*Beginning balance*	
	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
Khanh Hoa Water Supply Joint Stock Company	4,060,600	53,193,860,000	-	-
Saigon Postel Corp	1,078,845	48,000,000,000	1,078,845	48,000,000,000
Vang Danh Coal Joint Stock Company	1,329,000	14,039,257,345	-	-
Cuu Long PetroGas Transportation Joint Stock Company	1,151,260	11,231,804,877	1,211,250	11,817,073,170
Ree Power Joint Stock Company	781,599	7,815,990,000	781,599	7,815,990,000
Mang Canh Joint Stock Company	500,000	5,000,000,000	500,000	5,000,000,000
Others	6,853,586	93,603,607,365	5,576,714	76,162,742,420
TOTAL	**17,246,066**	**293,296,279,587**	**10,639,584**	**209,207,565,590**

13. INVESTMENTS (continued)

13.2 Investments in associates and joint venture

Name	Ending balance % Interest	Ending balance Carrying value of investments VND	Beginning balance % Interest	Beginning balance Carrying value of investments VND	Business
Associates					
Pha Lai Thre-mo Electricity Joint Stock Company *(i)*	22.37	1,206,817,318,391	-	-	Power
Thu Duc Water B.O.O Corporation	42.10	349,597,976,134	42.10	399,092,098,331	Water supply
Thac Mo Hydropower Joint-Stock Company	35.48	333,897,933,962	35.48	331,156,851,503	Power
Thac Ba Hydropower Joint-Stock Company	23.97	217,736,579,551	23.97	230,762,992,238	Power
Vietnam Infrastructure and Real Estate Joint Stock Company	46.37	164,458,336,855	46.37	126,420,735,337	Real estate
Srok Phu Mieng Hydropower Joint-Stock Company *(i)*	33.85	153,057,104,039	-	-	Power
Nui Beo Coal Joint Stock Company *(i)*	23.62	85,974,944,278	-	-	Coal Minning
Deo Nai Coal Joint Stock Company *(i)*	24.01	74,276,928,023	-	-	Coal Minning
Ninh Binh Thermal Electricity Joint Stock Company	29.44	66,849,671,976	29.44	67,747,029,719	Power
Saigon Real Estate Joint Stock Company	28.87	62,674,195,177	27.96	46,857,175,643	Real estate
Thu Duc Water Supply Joint Stock Company *(i)*	43.11	56,800,812,652	-	-	Water supply
Saigon Water Investment and Trading Joint Stock Company	30.00	46,012,592,781	30.00	19,042,624,413	Water supply
Doan Nhat Mechanical Electrical Joint Stock Company	35.00	24,566,214,974	35.00	22,386,592,012	Mechanical and Engineering
Quality Mechanical Electrical Joint Stock Company	35.62	2,885,966,064	35.62	2,408,139,991	Mechanical and Engineering
Hop Phat Mechanical Electrical Joint Stock Company	35.00	2,242,500,267	35.00	1,994,088,317	Mechanical and Engineering
TOTAL ASSOCIATES		**2,847,849,075,124**		**1,247,868,327,504**	
Joint venture					
Building at 41B Ly Thai To, Ha Noi	40.00	248,112,952	40.00	372,169,428	Real estate
TOTAL		**2,848,097,188,076**		**1,248,240,496,932**	

(i) The investments in these entities were reclassified from other long-term investments following additional acquisitions to obtain significant influence over these entities during the year.

13. INVESTMENT (continued)

13.2 *Investments in associates and joint venture* (continued)

Details of these investments in associates which were consolidated by applying equity method are presented as follows:

VND

	Thac Ba Hydropower Joint-Stock Company	*Thu Duc Water B.O.O Corporation*	*Saigon Real Estate Joint Stock Company*	*Vietnam Infrastructure and Real Estate Joint Stock Company*	*Thac Mo Hydropower Joint-Stock Company*	*Ninh Binh Thermal Power Joint-Stock Company*	*Srok Phu Mieng Hydropower Joint-Stock Company*	*Pha Lai Thermal Power Joint Stock Company*	*Deo Nai Coal Joint Stock Company*	*Nui Beo Coal Joint Stock Company*	*Others*	*Total*
Cost of investment												
Beginning balance	223,379,420,325	385,501,820,000	39,756,602,000	129,925,000,000	274,057,456,308	66,358,149,275	-	-	-	-	32,368,612,000	1,151,347,059,908
Additions	-	24,399,600,000	14,700,600,000	40,270,680,000	2,673,027,456	-	171,263,421,175	719,898,599,438	46,029,841,350	58,880,268,170	93,188,770,705	1,171,304,808,294
Ending balace	**223,379,420,325**	**409,901,420,000**	**54,457,202,000**	**170,195,680,000**	**276,730,483,764**	**66,358,149,275**	**171,263,421,175**	**719,898,599,438**	**46,029,841,350**	**58,880,268,170**	**125,557,382,705**	**2,322,651,868,202**
Accumulated share of post-acquisition profit (loss) of the associates												
Beginning balance	7,383,571,913	13,590,278,331	7,100,573,643	(3,504,264,663)	57,099,395,195	1,388,880,444	-	-	-	-	13,462,832,733	96,521,267,596
Share of profit (loss) of associates for the year	12,847,396,913	(36,873,662,197)	1,116,419,534	(2,233,078,482)	37,316,400,003	4,028,862,257	(18,206,317,136)	486,918,718,953	28,247,086,673	27,094,676,108	902,586,300	541,159,088,926
Dividend received during the year	(25,873,809,600)	(37,020,060,000)	-	-	(37,248,345,000)	(4,926,220,000)	-	-	-	-	(7,414,715,000)	(112,483,149,600)
Ending balace	**(5,642,840,774)**	**(60,303,443,866)**	**8,216,993,177**	**(5,737,343,145)**	**57,167,450,198**	**491,522,701**	**(18,206,317,136)**	**486,918,718,953**	**28,247,086,673**	**27,094,676,108**	**6,950,704,033**	**525,197,206,922**
Carrying amount												
Beginning balance	230,762,992,238	399,092,098,331	46,857,175,643	126,420,735,337	331,156,851,503	67,747,029,719	-	-	-	-	45,831,444,733	1,247,888,327,504
Ending balace	217,736,579,551	349,597,976,134	62,674,195,177	164,458,336,855	333,897,933,962	66,849,671,976	153,057,104,039	1,206,817,318,391	74,276,928,023	85,974,944,278	132,508,086,738	2,847,849,075,124

13. INVESTMENTS (continued)

13.3 Investments in subsidiaries

Name of subsidiaries	*% Interest*	*Location*	*Business*
R.E.E Real Estate Co., Ltd.	100.00	Ho Chi Minh City – Vietnam	Building management
Trans Orient Pte Ltd.	100.00	Singapore	Trading and logistics
R.E.E Mechanical and Engineering Joint Stock Company	99.99	Ho Chi Minh City – Vietnam	Mechanical and Engineering
R.E.E Electric Appliances Joint Stock Company	99.99	Ho Chi Minh City – Vietnam	Electric Appliances
Eastrade International Ltd.	99.99	British Virgin Islands	Trading and logistics
R.E.E Land Corporation	99.90	Ho Chi Minh City – Vietnam	Real estate
Vinh Thinh Corporation	99.96	Ho Chi Minh City – Vietnam	Electric Appliances
Song Thanh Real Estate Joint Stock company	73.83	Ho Chi Minh City – Vietnam	Real estate
Song Mai Real Estate Joint Stock company	73.91	Ho Chi Minh City – Vietnam	Real estate
Vietnam Water Investment Corporation	99.97	Ho Chi Minh City – Vietnam	Water Supply
RMC Trading & Service Company Limited	50.99	Ho Chi Minh City – Vietnam	Trading

13.4 Other long-term equity investments

Securities	*Ending balance*		*Beginning balance*	
	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	17,423,423	200,402,207,555	66,470,212	818,959,308,107
TOTAL	**69,972,276**	**854,925,101,755**	**119,019,065**	**1,473,482,202,307**

14. SHORT-TERM LOANS

		VND
	Ending balance	*Beginning balance*
Short-term loans from banks *(i)*	251,571,946,603	54,607,868,015
Current portion of long-term loans *(Note 19)*	33,543,546,230	28,588,184,700
TOTAL	**285,115,492,833**	**83,196,052,715**

(i) Details of the short-term loans to finance current working capital of the Group are as follows:

Lenders	*Amounts (VND)*	*Maturity date*	*Interest rate (p.a)*	*Description of collateral*
Joint Stock Commercial Bank For Foreign Trade Of Vietnam				
Loan 1 (VND)	91,422,207,872	13 June 14	6.7%	Unsecured
Loan 2 (VND)	40,026,741,257	27 May 14	7.0%	Unsecured
Loan 3 (USD)	35,726,302,697	9 June 14	4.0%	Unsecured
Vietnam Joint Stock Commercial Bank For Industry And Trade				
Loan 1 (VND)	27,768,042,746	11 June 14	6.0%	Unsecured
HSBC Bank (Vietnam) Limited				
Loan 1 (VND)	16,010,000,000	5 May 14	6.0%	Unsecured
Loan 2 (VND)	27,241,624,191	22 April 14	5.7%	Unsecured
Loan 3 (USD)	13,377,027,840	25 April 14	3.5%	Unsecured
TOTAL	**251,571,946,603**			

15. STATUTORY OBLIGATIONS

		VND
	Ending balance	*Beginning balance*
Corporate income tax *(Note 23.2)*	28,918,761,947	16,627,682,632
Value-added tax	1,442,227,021	7,749,854,210
Personal income tax	709,374,182	1,414,581,110
Import duties	-	851,038,932
Other fees and obligations	78,537,967	922,400,574
TOTAL	**31,148,901,117**	**27,565,557,458**

16. ACCRUED EXPENSES

VND

	Ending balance	Beginning balance
Costs of supply and installation services	224,481,947,605	222,427,964,745
Promotions	7,284,522,690	10,632,542,890
Interest	1,259,270,909	3,000,867,486
Others	3,403,995,230	3,196,364,537
TOTAL	**236,429,736,434**	**239,257,739,658**

17. OTHER PAYABLES

VND

	Ending balance	Beginning balance
Performance bonus	52,351,701,802	-
Dividend payables	12,562,318,176	7,871,294,256
Guarantee expenses	5,267,988,735	5,267,988,735
Interest expenses payables	3,000,000,000	3,500,000,000
Payables to purchase securities	1,384,577,000	269,064,029,376
Social & Health insurance and Trade Union	946,281,948	1,280,559,650
Deposits received from tenants	676,616,850	1,143,578,500
Others	5,077,378,748	1,793,244,937
TOTAL	**81,266,863,259**	**289,920,695,454**

18. OTHER LONG-TERM LIABILITIES

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

19. LONG-TERM LOANS

VND

	Ending balance	Beginning balance
Convertible bonds *(*)*	138,900,000,000	557,846,000,000
Long-term loans from banks *(**)*	132,411,815,300	161,000,000,000
TOTAL	**271,311,815,300**	**718,846,000,000**
In which:		
Current portion (Note 14)	*33,543,546,230*	*28,588,184,700*
Non-current portion	*237,768,269,070*	*690,257,815,300*

19. LONG-TERM LOANS (continued)

(*) Convertible bonds:

In accordance with the Board Resolution No.10/2012/HĐQT-NQ-REE dated 14 November 2012 and the approval by the 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 VND 22,000 per share which will be subject to conversion adjustments as set out in schedule of convertible bond subscription agreement.

The Company issued 19,043,000 new shares at the price of VND 22,000 per share to convert 418,946 out of 557,846 convertible bonds on 19 December 2013 *(Note 20.1)*.

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

VND

Facility No.	*Ending balance*	*Maturity date*	*Interest rate*	*Description of collateral*
Joint Stock Commercial Bank for Foreign Trade of Vietnam				
HĐTD0003/DTDA/ 10CD	72,000,000,000	1 Jun 2018	10.30% pa	Unsecured
Commonwealth Bank of Australia				
HĐTD500112036/ FL-CBAVN	60,411,815,300	7 March 2017	8.1% pa	Assets at 180 Pasteur, Ben Nghe Ward, District 1, HCMC
TOTAL	**132,411,815,300**			
In which				
Current portion	33,543,546,230			

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 drawdown 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013

20. OWNERS' EQUITY

20.1 *Increase and decrease in owners' equity*

VND

	Issued share capital	*Share premium*	*Treasury shares*	*Investment and development fund*	*Financial reserve fund*	*Retained earnings*	*Foreign exchange difference reserves*	*Total*
For the year ended 31 December 2012								
Beginning balance	2,446,433,850,000	747,938,947,150	(57,837,146,996)	70,417,784,211	75,185,241,393	583,314,164,384	978,090,431	3,866,430,930,573
Re-issuance of treasury shares	-	26,451,111,636	57,048,888,364	-	-	-	-	83,500,000,000
Profit for the year	-	-	-	-	-	656,820,712,910	-	656,820,712,910
Foreign currency differences	-	-	-	-	-	-	(541,936,961)	(541,936,961)
Declared dividends	-	-	-	-	-	(383,425,020,800)	-	(383,425,020,800)
Transfers to funds	-	-	-	-	23,581,106,584	(23,581,106,584)	-	-
Appropriation to bonus & welfare funds	-	-	-	-	-	(7,074,226,889)	-	(7,074,226,889)
Ending balance	2,446,433,850,000	774,390,058,786	(788,258,632)	70,417,784,211	98,766,347,977	826,054,523,021	436,153,470	4,215,710,458,833
For the year ended 31 December 2013								
Beginning balance	2,446,433,850,000	774,390,058,786	(788,258,632)	70,417,784,211	98,766,347,977	826,054,523,021	436,153,470	4,215,710,458,833
New shares issued through convertible bonds	190,430,000,000	228,516,000,000	-	-	-	-	-	418,946,000,000
Dividend paid	-	-	-	-	-	(391,425,020,800)	-	(391,425,020,800)
Re-issuance of treasury shares	-	-	756,915,972	-	-	-	-	756,915,972
Transfers to funds	-	-	-	-	33,444,790,811	(33,444,790,811)	-	-
Profit for the year	-	-	-	-	-	975,819,282,949	-	975,819,282,949
Foreign currency differences	-	-	-	-	-	-	90,521,867	90,521,867
Appropriation to bonus & welfare funds	-	-	-	-	-	(23,275,029,309)	-	(23,275,029,309)
Ending balance	2,636,863,850,000	1,002,906,058,786	(31,342,660)	70,417,784,211	132,211,138,788	1,353,728,965,050	526,675,337	5,196,623,129,512

Based on announcement of Vietnam Securities Depository No. 9444/VSD-DK dated 29 November 2013 to confirm available room for foreign ownership in REE shares as at 29 November 2013 and convertible bond subscription agreement, the Company issued 19,043,000 new shares at the price of VND 22,000 per share to convert 418,946 out of 557,846 convertible bonds on 19 December 2013. Accordingly, the Company's share capital has been increased from VND 2,446,433,850,000 to VND 2,636,863,850,000, which was subsequently approved by Department of Planning and Investment of Ho Chi Minh City in the 21st amended Business Registration Certificate on 15 January 2014. On 26 December 2013, the Company submitted the report on result of this share issuance which was acknowledged by the State Securities Commission on 31 December 2013.

20. OWNERS' EQUITY (continued)

20.2 Shares

	Number of shares	
	Ending balance	*Beginning balance*
Issued shares		
Issued and paid-up shares	263,686,385	244,643,385
Ordinary shares	*263,686,385*	*244,643,385*
Treasury shares		
Ordinary shares	*(2,747)*	*(62,747)*
Shares in circulation		
Ordinary shares	*263,683,638*	*244,580,638*

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.

21. REVENUES

21.1 Revenues from sale of goods and rendering of services

		VND
	Current year	*Previous year*
Gross revenues	**2,414,569,501,626**	**2,397,215,548,830**
Of which:		
Supply & installation services	*1,417,627,060,146*	*1,243,941,321,129*
Revenue from services (office leasing and related services)	*469,528,657,412*	*441,049,553,709*
Sale of goods	*527,413,784,068*	*712,224,673,992*
Less:	**(1,162,516,333)**	**(1,595,990,370)**
Sales returns	*(1,102,431,427)*	*(1,534,174,152)*
Special sales tax	*(60,084,906)*	*(61,816,218)*
NET REVENUES	**2,413,406,985,293**	**2,395,619,558,460**

21. REVENUES (continued)

21.2 Finance income

		VND
	Current year	*Previous year*
Dividends income	234,380,485,993	91,955,628,925
Interest income	81,710,147,761	99,825,206,242
Foreign exchange gains	33,972,408,779	11,360,989,835
Gains from securities trading divestments	2,556,973,804	310,562,801,868
Others	40,875,193	7,539,319
TOTAL	**352,660,891,530**	**513,712,166,189**

22. FINANCE EXPENSES

		VND
	Current year	*Previous year*
Interest expense	57,146,113,236	37,795,041,953
Foreign exchange losses	22,271,861,302	10,621,586,894
Provision for the diminution in value of investments	1,619,462,243	62,560,568,449
Loss on securities trading	1,392,763,266	51,703,159,241
Others	3,795,710,045	467,337,561
TOTAL	**86,225,910,092**	**163,147,694,098**

23. CORPORATE INCOME TAX

The Company and its subsidiaries ("the Group"), except for Trans Orient Pte. Ltd and Eastrade International Ltd., has the obligation to pay corporate income tax ("CIT") at the rate of 25% of taxable profits earned from all operations.

Trans Orient Pte. Ltd, established in Singapore, has the obligation to pay CIT at the rate of 17% of taxable income. Trans Orient Pte. Ltd is entitled to 75% reduction on CIT for taxable income up to SGD 10,000 and 50% reduction on CIT for taxable income up to SGD 290,000.

Eastrade International Ltd was established in British Virgin Islands and is exempt from CIT in accordance with the BVI Business Companies Act.

The tax returns of the Group 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 consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

23.1 CIT expense

The current tax payable is based on taxable profit for the year. The taxable profit of the Group for the year differs from the profit as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

	Current year	*Previous year*
Current CIT expenses	122,072,887,315	150,417,278,938
Deferred CIT benefit	(10,270,124,969)	(10,534,362,616)
TOTAL	**111,802,762,346**	**139,882,916,322**

23. CORPORATE INCOME TAX (continued)

23.2 Current CIT

A summary of CIT computation is presented below:

		VND
	Current year	*Previous year*
Profit before tax	**1,087,556,959,984**	**796,724,766,611**
Adjustments to increase (decrease) accounting profit		
Permanent differences	***(654,598,171,022)***	***(208,809,212,966)***
Shared profit from associates	(428,675,939,326)	(44,600,329,131)
Dividends income not subject to CIT	(235,803,721,201)	(91,767,086,548)
Cost of bonus shares and share dividends disposed (*)	-	(81,510,734,975)
Taxable dividend income from Trans Orient Pte. Ltd.	1,519,090,028	1,242,548,846
Other non-deductible expenses	8,362,399,477	7,826,388,842
Temporary differences	***57,194,298,976***	***37,221,602,578***
Accrued interest expenses on convertible bonds	(837,892,000)	1,115,692,000
Unrealised profit	7,198,848,730	(1,110,573,487)
Provision for inventory obsolescence	28,322,663,756	2,328,087,353
Accrued for operating expenses	13,325,405,956	8,471,259,980
Unbilled contract revenue	(76,034,572,514)	(67,411,252,880)
Cost of unbilled contract revenue	74,381,011,222	63,513,900,893
Provision for doubtful debts	6,502,139,197	30,506,426,994
Others	4,336,694,628	(191,938,275)
Adjusted net profit	**490,153,087,938**	**625,137,156,223**
Add back tax losses of subsidiaries	181,838,633	33,146,096
Estimated current taxable profit	**490,334,926,571**	**625,170,302,319**
Estimated current CIT	**121,847,312,649**	**156,215,138,571**
CIT incentive according to Decree No 60/2012/ND-CP	-	(115,681,875)
Dividend income from Trans Orient Pte. Ltd. had been taxed by Singapore Government	(126,432,279)	(111,222,503)
Cost of bonus shares and share dividends disposed during the period from 2008 to 2012 (*)	-	(5,570,955,255)
Under accrual of CIT from previous year	352,006,945	-
Estimated current CIT expense	**122,072,887,315**	**150,417,278,938**
CIT payable at beginning of the year	12,369,957,195	48,529,704,789
CIT paid during the year	(105,590,344,890)	(186,577,026,532)
CIT payable at end of year	**28,852,499,620**	**12,369,957,195**
In which:		
CIT receivable at the end of the year	*66,262,327*	*4,257,725,437*
CIT payable at the end of the year	*28,918,761,947*	*16,627,682,632*

(*) 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 of VND 10,000 per share.

23. CORPORATE INCOME TAX (continued)

23.3 Deferred CIT

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

VND

	Consolidated balance sheet		*(Expense) credit to consolidated income statement*	
	Ending balance	*Beginning balance*	*Current year*	*Previous year*
Cost of unbilled contract revenue	33,175,931,742	52,556,099,363	(19,380,167,621)	14,477,592,995
Unbilled contract revenue	(36,938,389,460)	(57,691,914,956)	20,753,525,496	(16,852,813,220)
Provision for doubtful debts	8,863,583,336	8,446,718,993	416,864,343	7,860,086,476
Accrued operating expenses	8,601,884,921	7,905,329,061	696,555,860	3,518,697,222
Provision for inventories	9,361,039,664	3,556,879,133	5,804,160,531	582,021,838
Unrealised profit	3,071,760,719	1,690,924,999	1,380,835,720	(610,606,970)
Provision for investments	1,448,575,561	835,935,250	612,640,311	835,935,250
Unrealised exchange gain (loss)	481,177,494	648,112,343	(166,934,849)	332,963,598
Accrued interest expenses from convertible bonds	61,116,000	278,923,000	(217,807,000)	278,923,000
Others	482,511,084	112,058,906	370,452,178	111,562,427
Net deferred income tax assets	**28,609,191,061**	**18,339,066,092**		
Net deferred income tax benefit			**10,270,124,969**	**10,534,362,616**

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risk management is integral to the whole business of the Group. The Group 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 Group'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.

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 three types of risk: interest rate risk, currency risk, and other price risk, such as 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 2013 and 31 December 2012.

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 2013 and 31 December 2012.

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 Group's exposure to market risk for changes in interest rate relates primarily to the Group's cash and short-term deposits and long-term debt obligations with floating interest rates.

The Group 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 Group 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, and long-term debt obligations with floating interest rates. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity (continued)

	Increase/decrease in interest rate (%)	*VND* *Effect on profit before tax*
For the year ended 31 December 2013		
VND	+2%	21,361,869,114
US$	+1%	1,026,515,628
TOTAL		**22,388,384,742**
VND	-2%	(21,361,869,114)
US$	-1%	(1,026,515,628)
TOTAL		**(22,388,384,742)**
For the year ended 31 December 2012		
VND	+3%	15,022,048,921
US$	+1%	1,725,644,259
TOTAL		**16,747,693,180**
VND	-3%	(15,022,048,921)
US$	-1%	(1,725,644,259)
TOTAL		**(16,747,693,180)**

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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (certain expenses, incomes, loans of the Group are denominated in currencies other than the VND). The Group considers that the exposure to foreign currency risk is insignificant.

The Group manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future transactions denominated in foreign currencies.

Equity price risk

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

As at 31 December 2013, the exposure to listed and unlisted equity securities at fair value was VND 1,096,166,686,714 (31 December 2012: VND 2,619,743,896,800). A decrease of 10% on the price of the securities could have an impact of approximately VND 109,616,668,671 (31 December 2012: VND 261,974,389,680) on the Group'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 amd unlisted securities would increase Group's profit before tax by VND 109,616,668,671 (31 December 2012: VND 261,974,389,680).

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 Group 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 Group based on its established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Group 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 Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Group's bank balances are mainly maintained with well-known banks in Vietnam. The Group's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Notes 4 and 13. The Group evaluates the concentration of credit risk in respect to bank deposit is low.

Other financial instruments

The Group'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 79,405,438,326 as at 31 December 2013 (31 December 2012: VND 72,818,008,692).

Liquidity risk

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

The Group monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Group'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 Group's financial liabilities based on contractual undiscounted payments:

	Less than 1 year	*From 1 to 5 years*	*More than 5 years*	*VND* *Total*
31 December 2013				
Loans and borrowings	251,571,946,603	60,411,815,300	72,000,000,000	383,983,761,903
Convertible bond	-	138,900,000,000	-	138,900,000,000
Trade payables	168,707,988,402	-	-	168,707,988,402
Other payables and accrued expenses	264,398,615,943	-	-	264,398,615,943
	684,678,550,948	**199,311,815,300**	**72,000,000,000**	**955,990,366,248**
31 December 2012				
Loans and borrowings	83,196,052,715	44,411,815,300	88,000,000,000	215,607,868,015
Convertible bond	-	557,846,000,000	-	557,846,000,000
Trade payables	170,675,957,212	-	-	170,675,957,212
Other payables and accrued expenses	509,366,321,172	96,185,831,348	-	605,552,152,520
	763,238,331,099	**698,443,646,648**	**88,000,000,000**	**1,549,681,977,747**

The Group 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 Group's financial instruments that are carried in the consolidated financial statements.

VND

	Carrying amount				*Fair value*	
	Ending balance		*Beginning balance*		*Ending balance*	*Beginning balance*
	Cost	*Provision*	*Cost*	*Provision*		
Financial assets						
Listed shares	290,393,271,144	(7,890,177,885)	1,241,670,478,435	(9,511,409,009)	337,421,621,200	1,294,061,368,700
Unlisted shares	915,694,075,176	(156,953,719,367)	1,479,395,554,100	(153,713,026,000)	758,745,065,514	1,325,682,528,100
Short-term deposits	156,206,000,000	-	704,407,730,000	-	156,206,000,000	704,407,730,000
Trade receivables	685,334,062,970	(79,405,438,326)	496,528,157,576	(72,818,008,692)	605,928,624,644	423,710,148,884
Other receivables	17,821,338,112	-	40,828,092,673	-	17,821,338,112	40,828,092,673
Cash and cash equivalents	535,795,614,565	-	834,707,800,990	-	535,795,614,565	834,707,800,990
TOTAL	**2,601,244,361,967**	**(244,249,335,578)**	**4,797,537,813,774**	**(236,042,443,701)**	**2,411,918,264,035**	**4,623,397,669,347**

VND

	Carrying amount		*Fair value*	
	Ending balance	*Beginning balance*	*Ending balance*	*Beginning balance*
Financial liabilities				
Loans and borrowings	383,983,761,903	215,607,868,015	383,983,761,903	215,607,868,015
Convertible bond	138,900,000,000	557,846,000,000	138,900,000,000	557,846,000,000
Trade payables	168,707,988,402	170,675,957,212	168,707,988,402	170,675,957,212
Other payables and accrued expenses	264,398,615,943	605,552,152,520	264,398,615,943	605,552,152,520
TOTAL	**955,990,366,248**	**1,549,681,977,747**	**955,990,366,248**	**1,549,681,977,747**

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair value of listed shares have been determined based 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 paragraphs the fair value of the financial assets and liabilities had not yet been formally assessed and determined as at 31 December 2013 and 31 December 2012. However, it is management's assessment that the fair values of these financial assets and liabilities are not materially different from 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 Group 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 group.

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

Related parties	*Relationship*	*Transactions*	*VND Amounts*
Thu Duc Water B.O.O Corporation	Associate	Dividend income	37,020,060,000
		Capital contribution	(24,399,600,000)
Doan Nhat Mechanical Electrical Joint Stock Company	Associate	Sub-contractor service	(16,588,010,466)
		Dividend income	7,222,215,000
Quality Mechanical Electrical Joint Stock Company	Associate	Sub-contractor service	(11,352,407,179)
Hop Phat Mechanical Electrical Joint Stock Company	Associate	Sub-contractor service	(5,358,064,100)
		Dividend income	192,500,000
Sai Gon Real Estate JSC	Associate	Capital contribution	(14,700,600,000)
Thac Ba Hydropower Joint-Stock Company	Associate	Dividend income	25,873,809,600
Thac Mo Hydropower Joint-Stock Company	Associate	Dividend income	37,248,345,000
Vietnam Infrastructure and Real Estate Joint Stock Company	Associate	Capital contribution	(40,270,680,000)
Ninh Binh Thermal Electricity Joint Stock Company	Associate	Dividend income	4,926,220,000
Saigon Water Investment and Trading Joint Stock Company	Associate	Capital contribution	(27,000,000,000)

26. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related parties	*Relationship*	*Transactions*	*VND* *Amount*
Advances to suppliers			
Doan Nhat Mechanical Electrical Joint Stock Company	Associate	Advance for sub-contractor service	13,199,456,372
Quality Mechanical Electrical Joint Stock Company	Associate	Advance for sub-contractor service	5,025,656,645
TOTAL			**18,225,113,017**

Transactions with other related parties

Remuneration paid to members of Board of Management and Board of Directors during the year is as follows:

	Current year	*VND* *Previous year*
Remuneration to members of Board of Directors		
Salaries and bonus	3,598,918,750	2,909,124,999
Remuneration to Management		
Salary and bonus	11,038,203,368	2,590,000,000
TOTAL	**14,637,122,118**	**5,499,124,999**

27. COMMITMENTS

27.1 Obligations under operating leases

The Group leases land for its plant in Tan Binh Industrial Zone and offices under operating lease agreements. As at 31 December 2013, future rental amounts due under these leases were as follows:

		VND
	Ending balance	*Beginning balance*
Less than one year	9,551,527,773	11,767,874,113
From one to five years	21,945,130,130	27,362,005,852
TOTAL MINIMUM LEASE PAYMENTS	**31,496,657,903**	**39,129,879,965**

27.2 Investment commitments

		VND
	Ending balance	*Beginning balance*
Saigon Water Investment and Trading Joint Stock Company	-	27,000,000,000
Song Thanh Real Estate Joint Stock Company	73,900,000,000	73,900,000,000
Song Mai Real Estate Joint Stock Company	74,000,000,000	74,000,000,000
TOTAL	**147,900,000,000**	**174,900,000,000**

28. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- Supply & installation services;
- Sale of goods;
- Property leasing; and
- Investments

Management monitors the operating results of its business units separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing, including finance costs and finance revenue, and income taxes are managed on a Group basis and are not allocated to operating segments.

28. SEGMENT INFORMATION (continued)

The segment results for the year ended 31 December 2013 are as follows:

VND

	Supply & installation services	*Sale of goods*	*Property leasing*	*Investments*	*Consolidated*
Sales					
Total segment sales	1,989,536,525,371	623,049,091,280	539,577,760,585	-	3,152,163,377,236
Inter-segment sales	(571,909,465,225)	(96,797,823,545)	(70,049,103,173)	-	(738,756,391,943)
TOTAL	**1,417,627,060,146**	**526,251,267,735**	**469,528,657,412**	**-**	**2,413,406,985,293**
Results					
Segment results	131,272,306,893	44,621,522,148	281,795,632,481	162,300,762,091	619,990,223,613
Finance income					116,988,103,333
Finance expenses					(83,218,211,107)
Other income					7,675,485,635
Other expenses					(2,554,580,816)
Profit from associates and joint venture					428,675,939,326
CIT and DIT					(111,802,762,346)
Non-controlling interest					65,085,311
Net profit after tax					**975,819,282,949**

The segment assets and liabilities for as at 31 December 2013 are as follows:

VND

	Supply & installation services	*Sale of goods*	*Property leasing*	*Investments*	*Consolidated*
Segment assets	1,196,020,123,052	501,150,604,689	911,274,382,217	3,849,278,866,622	6,457,723,976,580
Unallocated assets					496,725,738,765
TOTAL ASSETS					**6,954,449,715,345**
Segment liabilities	1,040,446,577,825	255,389,909,014	177,579,341,960	200,558,479,653	1,673,974,308,452
Unallocated liabilities					79,276,495,364
TOTAL LIABILITIES					**1,753,250,803,816**

28. SEGMENT INFORMATION (continued)

The segment results for the year ended 31 December 2012 are as follows:

VND

	Supply & installation services	*Sale of goods*	*Property leasing*	*Investments*	*Consolidated*
Sales					
Total segment sales	1,527,179,634,535	831,738,285,357	500,205,676,633	-	2,859,123,596,525
Inter-segment sales	(283,238,313,406)	(121,109,601,735)	(59,156,122,924)	-	(463,504,038,065)
TOTAL	**1,243,941,321,129**	**710,628,683,622**	**441,049,553,709**	**-**	**2,395,619,558,460**
Results					
Segment results	116,433,366,068	48,513,912,929	249,072,055,153	272,392,012,163	686,411,346,313
Finance income					111,193,735,396
Finance expenses					(48,883,966,408)
Other income					4,675,853,069
Other expenses					(1,272,530,890)
Profit from associates and joint venture					44,600,329,131
CIT and DIT					(139,882,916,322)
Non-controlling interest					(21,137,379)
Net profit after tax					**656,820,712,910**

The segment assets and liabilities as at 31 December 2012 are as follows:

VND

	Supply & installation services	*Sale of goods*	*Property leasing*	*Investments*	*Consolidated*
Segment assets	1,293,422,198,568	423,311,711,306	970,160,511,993	3,448,455,733,830	6,135,350,155,697
Unallocated assets					439,090,442,485
TOTAL ASSETS					**6,574,440,598,182**
Segment liabilities	1,013,371,552,738	225,048,501,993	273,513,694,885	826,915,009,012	2,338,848,758,628
Unallocated liabilities					19,639,192,131
TOTAL LIABILITIES					**2,358,487,950,759**

29. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Basic earnings per share are calculated as follows:

	Current year	*Previous year*
Net profit after tax attributable to ordinary equity holders *(VND)*	975,819,282,949	656,820,712,910
Weighted average number of ordinary shares	245,206,709	242,895,705
Basic earnings per share *(VND)*	**3,980**	**2,704**

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible bonds) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. A diluted earnings per share is calculated as follows:

	Current year	*Previous year*
Net profit attributable to ordinary equity holders of the parent for basic earnings *(VND)*	975,819,282,949	656,820,712,910
Impact after tax of interest on convertible bonds *(VND)*	6,250,500,000	836,769,000
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution *(VND)*	**982,069,782,949**	**657,657,481,910**
Weighted average number of ordinary shares for basic earnings per share	245,206,709	242,895,705
Weighted average number of ordinary shares from convertible bonds	6,313,636	833,643
Weighted average number of ordinary shares adjusted for the effect of dilution	**251,520,345**	**243,729,348**
Diluted earnings per share *(VND)*	**3,905**	**2,698**

30. CONTINGENT ASSET

On 28 September 2011, the Company entered into a Restructuring Deed to transfer all of its ownership in Vung Ang II Thermal 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 proceeds 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".

31. EVENTS AFTER THE BALANCE SHEET DATE

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

32. CORRESPONDING FIGURES

Certain accounts in the prior year's consolidated financial statements have been reclassified to conform to the presentation of current year.

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

5 March 2014