Refrigeration Electrical Engineering Corporation

Interim consolidated financial statements

30 June 2013

Building a better working world

Refrigeration Electrical Engineering Corporation

CONTENTS

THE COMPANY

Refrigeration Electrical Engineering Corporation ("the Company") is a joint stock company established in Vietnam in accordance with Business Registration Certificate No. 1506/GP-UB issued on 25 December 1993 by the People's Committee of Ho Chi Minh City and the Business Registration No.0300741143 issued by Department of Planning and Investment of Ho Chi Minh City with the latest amendment on 25 June 2011. 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 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 BOARD OF DIRECTORS

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

Madam Nguyen Thi Mai Thanh	Chairwoman
Mr Dominic Scriven	Vice chairman
Mr David Alexander Newbigging	Vice chairman
Mr Nguyen Ngoc Thai Binh	Member
Mr Dang Hong Tan	Member

BOARD OF SUPERVISION

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

Madam Do Thi Trang	Head of Board of Supervision
Mr Le Anh Tuan	Member
Ms Nguyen Thi Huong Giang	Member

MANAGEMENT

Members of the Management during the period 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 period 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 THE MANAGEMENT

Management of Refrigeration Electrical Engineering Corporation ('the Company") is pleased to present its report and the interim consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") as at and for the six-month period ended 30 June 2013.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the interim consolidated financial statements of the Group which give a true and fair view of the consolidated state of affairs of the Group and of the consolidated results of its operations and its consolidated cash flows for the period. In preparing those interim 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 interim consolidated financial statements; and
- prepare the interim 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 registered 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 interim consolidated financial statements as at and for the six-month period ended 30 June 2013.

STATEMENTS BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2013 and of the consolidated results of its operations and its consolidated cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

On behalf of the Management:

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Mai Thanh
General Director

12 August 2013

Building a better working world

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of Refrigeration Electrical Engineering Corporation

We have reviewed the interim consolidated financial statements of Refrigeration Electrical Engineering Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group") as set out on pages 4 to 48 which comprise the interim consolidated balance sheet as at 30 June 2013, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free from material misstatement. A review is limited primarily to inquiries of the Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2013, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

Ernst & Young Vietnam Limited

CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM

Maria Cristina M. Calimbas
Deputy General Director
Audit Practicing Registration
Certificate No. 1073-2013-004-1

Le Vu Truong
Auditor
Audit Practicing Registration
Certificate No. 1588-2013-004-1

Ho Chi Minh City, Vietnam

12 August 2013

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2013

VND

Code	ASSETS	Notes	30 June 2013	31 December 2012
100	**A. CURRENT ASSETS**		**2,682,543,039,284**	**3,122,711,167,618**
110	***I. Cash and cash equivalents***	***4***	***760,025,725,790***	***834,707,800,990***
111	1. Cash		80,281,164,997	238,167,711,642
112	2. Cash equivalents		679,744,560,793	596,540,089,348
120	***II. Short-term investments***	***13***	***474,461,209,951***	***883,513,299,591***
121	1. Short-term investments		562,276,979,776	971,263,072,851
129	2. Provision for diminution in value of investments		(87,815,769,825)	(87,749,773,260)
130	***III. Accounts receivable***		***897,870,104,668***	***858,974,723,435***
131	1. Trade receivables		449,447,003,545	496,528,157,576
132	2. Advances to suppliers	5	142,927,974,726	104,643,648,079
134	3. Construction contract receivables		341,762,117,213	289,792,833,799
135	4. Other receivables	6	34,402,572,980	40,828,092,673
139	5. Provision for doubtful debts		(70,669,563,796)	(72,818,008,692)
140	***IV. Inventories***	***7***	***496,324,240,825***	***500,693,422,843***
141	1. Inventories		513,531,402,897	515,254,545,301
149	2. Provision for inventory obsolescence		(17,207,162,072)	(14,561,122,458)
150	***V. Other current assets***		***53,861,758,050***	***44,821,920,759***
151	1. Short-term prepaid expenses		4,509,929,175	2,353,548,270
152	2. Value-added tax deductible		1,234,104,278	1,553,161,043
154	3. Tax receivables from the State		64,327,742	4,686,525,263
158	4. Other current assets	8	48,053,396,855	36,228,686,183
200	**B. NON-CURRENT ASSETS**		**3,922,617,173,967**	**3,451,729,430,564**
220	***I. Fixed assets***		***38,906,162,256***	***42,190,125,110***
221	1. Tangible fixed assets	9	17,927,823,477	22,411,779,633
222	Cost		47,437,166,454	54,897,844,177
223	Accumulated depreciation		(29,509,342,977)	(32,486,064,544)
227	2. Intangible fixed assets	10	15,223,960,724	16,634,747,541
228	Cost		22,648,697,804	22,689,345,521
229	Accumulated amortisation		(7,424,737,080)	(6,054,597,980)
230	3. Construction in progress	11	5,754,378,055	3,143,597,936
240	***II. Investment properties***	***12***	***714,612,735,908***	***741,232,430,884***
241	1. Cost		1,012,898,213,379	1,012,898,213,379
242	2. Accumulated depreciation		(298,285,477,471)	(271,665,782,495)
250	***III. Long-term investments***	***13***	***3,140,630,793,628***	***2,646,248,037,490***
252	1. Investments in joint ventures and associates		2,478,925,859,528	1,248,240,496,932
258	2. Other long-term investments		735,487,804,995	1,473,482,202,307
259	3. Provision for long-term investments		(73,782,870,895)	(75,474,661,749)
260	***IV. Other long-term assets***		***28,467,482,175***	***22,058,837,080***
261	1. Long-term prepaid expenses		530,447,231	123,255,223
262	2. Deferred tax assets		24,123,661,334	18,339,066,092
268	3. Other long-term assets		3,813,373,610	3,596,515,765
270	**TOTAL ASSETS**		**6,605,160,213,251**	**6,574,440,598,182**

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2013

VND

Code	RESOURCES	Notes	30 June 2013	31 December 2012
300	**A. LIABILITIES**		**2,163,223,650,232**	**2,358,487,950,759**
310	***I. Current liabilities***		***1,392,028,727,505***	***1,571,902,412,361***
311	1. Short-term loans	14	94,792,443,570	83,196,052,715
312	2. Trade payables		275,377,381,440	170,675,957,212
313	3. Advances from customers		590,961,254,561	727,130,917,665
314	4. Statutory obligations	15	43,438,566,953	27,565,557,458
315	5. Payables to employees		152,465,908	2,971,463,128
316	6. Accrued expenses	16	268,016,027,553	239,257,739,658
318	7. Construction contract payables based on agreed progress billings		27,426,188,700	9,326,395,189
319	8. Other payables	17	65,310,694,029	289,920,695,454
320	9. Short-term provision		25,150,497,282	20,476,553,173
323	10. Bonus and welfare fund		1,403,207,509	1,381,080,709
330	***II. Non-current liabilities***		***771,194,922,727***	***786,585,538,398***
333	1. Other long-term liabilities	18	97,319,390,406	96,185,831,348
334	2. Long-term loans	19	673,596,808,530	690,257,815,300
338	3. Unearned revenues		278,723,791	141,891,750
400	**B. OWNERS' EQUITY**	**20**	**4,441,703,666,673**	**4,215,710,458,833**
410	***I. Capital***		***4,441,703,666,673***	***4,215,710,458,833***
411	1. Issued share capital		2,446,433,850,000	2,446,433,850,000
412	2. Share premium		774,390,058,786	774,390,058,786
414	3. Treasury shares		(788,258,632)	(788,258,632)
416	4. Foreign exchange difference reserves		525,542,165	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		1,018,513,551,355	826,054,523,021
439	**C. MINORITY INTEREST**		**232,896,346**	**242,188,590**
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**6,605,160,213,251**	**6,574,440,598,182**

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INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2013

OFF INTERIM CONSOLIDATED BALANCE SHEET ITEM

ITEM	*30 June 2013*	*31 December 2012*
Foreign currencies:		
- USD	1,228,420	8,401,235
- EUR	91,759	30,686
- SGD	4,152	8,442
- JPY	37,953,039	27,806,695

Pham Thi Uyen Phuong
Preparer

Ho Tran Dieu Lynh
Chief Accountant

Nguyen Thi Mai Thanh
General Director

12 August 2013

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2013

VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2013*	*For the six-month period ended 30 June 2012*
01	**1. Revenues from sale of goods and rendering of services**	**21.1**	**1,123,664,064,771**	**1,183,854,912,926**
02	**2. Deductions**	**21.1**	**(901,162,794)**	**(180,251,008)**
10	**3. Net revenues from sale of goods and rendering of services**	**21.1**	**1,122,762,901,977**	**1,183,674,661,918**
11	**4. Costs of goods sold and services rendered**		**(824,513,192,728)**	**(908,224,053,858)**
20	**5. Gross profit from sale of goods and rendering of services**		**298,249,709,249**	**275,450,608,060**
21	**6. Finance income**	**21.2**	**141,458,150,863**	**411,261,716,744**
22	**7. Finance expenses**	**22**	**(33,128,934,105)**	**(85,963,376,764)**
23	*In which: Interest expense*		*(27,347,726,877)*	*(18,813,813,741)*
24	**8. Selling expenses**		**(23,698,076,035)**	**(20,266,232,229)**
25	**9. General and administrative expenses**		**(69,889,121,422)**	**(43,808,764,558)**
30	**10. Operating profit**		**312,991,728,550**	**536,673,951,253**
31	**11. Other income**		**3,353,112,284**	**1,252,496,385**
32	**12. Other expenses**		**(818,557,523)**	**(306,200,416)**
40	**13. Other profit**		**2,534,554,761**	**946,295,969**
45	**14. Shares in net profit (loss) of associates**	**13.2**	**382,041,661,970**	**(6,284,386,047)**
50	**15. Profit before tax**		**697,567,945,281**	**531,335,861,175**
51	**16. Current corporate income tax expense**	**23.1**	**(64,270,430,389)**	**(118,757,037,373)**
52	**17. Deferred income tax benefit (expense)**		**5,784,595,242**	**(1,088,131,053)**

INTERIM CONSOLIDATED INCOME STATEMENT (continued)
for the six-month period ended 30 June 2013

VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2013*	*For the six-month period ended 30 June 2012*
60	**18. Net profit after tax**		**639,082,110,134**	**411,490,692,749**
	Attributable to:			
	18.1 Non-controlling interest		*6,207,934*	*10,465,268*
	18.2 The Company's shareholders		*639,075,902,200*	*411,480,227,481*
70	**19. Earnings per share**	**29**		
	Basic		*2,613*	*1,706*
	Diluted		*2,414*	*1,706*

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

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

12 August 2013

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2013

VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2013*	*For the six-month period ended 30 June 2012*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**697,567,945,281**	**531,335,861,175**
	Adjustments for:			
02	Depreciation and amortisation	9, 10, 12	30,928,755,664	29,560,889,098
03	(Reversal of provisions) provisions		(1,128,199,571)	54,189,321,478
04	Unrealised exchange losses (gain)		393,412,776	(1,762,061,850)
05	Gains from investing activities		(520,064,409,634)	(391,207,957,768)
06	Interest expense	22	27,347,726,877	18,813,813,741
08	**Operating income before changes in working capital**		**235,045,231,393**	**240,929,865,874**
09	Increase in receivables		(42,793,166,552)	(171,507,538,733)
10	Decrease in inventories		1,723,142,404	88,558,098,670
11	Increase in payables		37,245,877,419	83,304,723,852
12	Increase in prepaid expenses		(2,563,572,913)	(95,204,506)
13	Interest paid		(12,112,233,474)	(20,523,425,319)
14	Corporate income tax paid	23.1	(42,882,936,433)	(122,957,498,910)
15	Other cash inflows from operating activities		4,773,514,921	1,134,264,713
16	Other cash outflows from operating activities		(26,971,115,484)	(20,888,356,517)
20	**Net cash flows from operating activities**		**151,464,741,281**	**77,954,929,124**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(3,550,574,897)	(1,537,213,822)
25	Payments for purchase of shares in subsidiaries, other entities and investment in term deposits		(801,074,726,220)	(456,553,158,158)
26	Proceeds from term deposits and divestment in other entities		829,892,648,720	530,094,717,200
27	Interest and dividends received		139,947,033,711	77,209,306,629
30	**Net cash flows from investing activities**		**165,214,381,314**	**149,213,651,849**

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2013

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2013	For the six-month period ended 30 June 2012
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Re-issuance treasury shares		-	83,500,000,000
33	Drawdown of borrowings		283,007,451,083	308,819,723,417
34	Repayment of borrowings		(288,071,293,953)	(246,980,718,540)
36	Dividends paid		(386,361,276,898)	(375,212,437,786)
40	**Net cash flows used in financing activities**		**(391,425,119,768)**	**(229,873,432,909)**
50	**Net decrease in cash and cash equivalents**		**(74,745,997,173)**	**(2,704,851,936)**
60	**Cash and cash equivalents at beginning of the period**	**4**	**834,707,800,990**	**427,326,473,974**
61	**Impact of exchange rate fluctuation**		**63,921,973**	**(62,077,058)**
70	**Cash and cash equivalents at end of the period**	**4**	**760,025,725,790**	**424,559,544,980**

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Pham Thi Uyen Phuong
Preparer

Ho Tran Dieu Lynh
Chief Accountant

Nguyen Thi Mai Thanh
General Director

12 August 2013

1. CORPORATE INFORMATION

Refrigeration Electrical Engineering Corporation ("the Company") is a joint stock company established in Vietnam in accordance with Business Registration No. 1506/GP-UB issued on 25 December 1993 by the People's Committee of Ho Chi Minh City and the Business Registration No.0300741143 issued by Department of Planning and Investment of Ho Chi Minh City with the latest amendment on 25 June 2011. 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 Group comprises the Company ("the Parent Company"), nine subsidiaries, thirteen associates and a joint venture as disclosed in Note 13 to the interim consolidated financial statements ("the Group").

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 30 June 2013 was 1,258 (31 December 2012: 1,287).

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The interim 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 Standard No. 27 - Interim Financial Reporting and other 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 interim consolidated balance sheet, interim consolidated income statement, interim 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. BASIS OF PREPARATION (continued)

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

The Group's fiscal year 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 interim consolidated financial statements comprise the interim financial statements of the parent company and its subsidiaries as at 30 June 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 interim consolidated income statement and in the interim consolidated balance sheet, separately from parent shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policies and disclosures*

The accounting policies adopted by the Group in preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2012 and the interim consolidated financial statements for the six-month period ended 30 June 2012, except for the change in the accounting policy in relation to foreign currency transactions.

For the preparation of the balance sheet as at 30 June 2013 and 31 December 2012, the Group adopts 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 addition to Vietnamese Accounting Standard No. 10 - Effects of Changes in Foreign Exchange Rates ("VAS 10") adopted in prior years.

Following Circular 179, at the balance sheet dates, monetary assets and liabilities denominated in foreign currencies are translated into VND using buying exchange rate announced by the commercial bank where the Group maintains bank accounts. For the six-month period ended 30 June 2012, inter-bank exchange rates ruling at the balance sheet date was used for the translation as the Circular 179 was issued subsequent to 30 June 2012 and is applied on a prospective basis.

Impacts of the change from using inter-bank exchange rate to buying exchange rate announced by the commercial bank for the year-end translation to the interim consolidated financial statements as at and for the six-month period ended 30 June 2013 were not material as a whole.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Cash and cash equivalents

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

3.3 Inventories

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

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

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

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 interim consolidated income statement.

3.4 Receivables

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

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

3.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leased assets

Where the Group is the lessor

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

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

3.7 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

3.8 Depreciation and amortisation

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

Buildings & structures	5 - 50 years
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 year of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

3.9 Investment properties

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 *Investment properties* (continued)

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 interim consolidated income statement in the period 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.

3.10 *Borrowing costs*

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

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

3.11 *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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 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 interim 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 interim 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 interim 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.

3.13 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.

3.14 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 representing the excess of the acquisition cost over the market value at that date in accordance with the guidance under Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and prudence concept of accounting. Increases and decreases to the provision balance are recorded as finance expense in the interim consolidated income statement.

3.15 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.

3.16 Foreign currency transactions

The Group follows the guidance under VAS 10 in relation to foreign currency transactions as applied consistently in prior periods. In addition to VAS 10, starting from 31 December 2012, the Group adopts Circular 179 in relation to the translation of monetary assets and liabilities denominated in foreign currencies into VND at the balance sheet date. For the six-month period ended 30 June 2012, inter-bank exchange rates ruling at 30 June 2012 was still used as the Circular 179 was issued subsequent to 30 June 2012 and is applied on a prospective basis.

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 interim consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 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.

3.18 Appropriation of net profit

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

The 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 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. In accordance with the Circular No. 244/2009/TT-BTC on 26 November 2009, the fund was reclassified to liability account in the interim consolidated balance sheet.

3.19 Revenue recognition

Revenue is recognised in the interim 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Revenued* (continued)

Revenue from supply and installation contracts (continued)

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 interim 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 interim consolidated financial statements.

3.20 *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the period 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 period.

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.

3.21 *Taxation*

Current corporate income tax ("CIT")

Current CIT assets and liabilities for the current and prior periods 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 CIT is charged or credited to the interim consolidated income statement, except when it relates to items recognised directly to equity, in which case the current CIT is also dealt with in equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *Taxation* (continued)

Deferred CIT

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

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

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

The carrying amount of deferred CIT 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 CIT asset to be utilised. Previously unrecognised deferred CIT 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 CIT assets to be recovered. Deferred CIT assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

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

3.22 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of 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 interim 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 Company determines the classification of its financial assets at initial recognition.

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

The 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)

3.22 *Financial instruments* (continued)

Financial instruments – initial recognition and presentation (continued)

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the interim 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 and borrowings.

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

	30 June 2013	*31 December 2012*
Cash on hand	400,121,192	538,745,990
Cash in banks	78,269,805,286	213,805,507,024
Cash equivalents	679,744,560,793	596,540,089,348
Cash in transit	1,611,238,519	23,823,458,628
TOTAL	**760,025,725,790**	**834,707,800,990**

Cash equivalents mainly represent short-term bank deposits with maturity of less than 3 months which are readily convertible into known amounts of cash without any significant risk of changes in value, and earn an interest rate at 7% p.a.

5. ADVANCES TO SUPPLIERS

VND

	30 June 2013	*31 December 2012*
Advances to third parties	121,853,512,292	92,348,071,294
Advances to related parties *(Note 26)*	21,074,462,434	12,295,576,785
TOTAL	**142,927,974,726**	**104,643,648,079**

6. OTHER RECEIVABLES

		VND
	30 June 2013	*31 December 2012*
Interest income	7,840,985,881	8,410,434,043
Advances to BCC 414 No Trang Long *(i)*	6,889,054,747	7,589,054,747
Advances to BCC 11 Doan Van Bo *(ii)*	4,200,000,000	4,400,000,000
Other amount due from a related parties (*Note 26*)	4,192,500,000	9,225,474,000
Others	11,280,032,352	11,203,129,883
TOTAL	**34,402,572,980**	**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 6,889,054,747. 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 Friendship Trading-Industrial Joint Stock 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 4,200,000,000. 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

		VND
	30 June 2013	*31 December 2012*
Finished goods	114,108,205,892	112,704,480,805
Work in process	207,786,406,248	240,604,146,820
Raw materials	161,255,378,369	147,477,242,941
Goods in transit	30,301,743,252	14,341,942,987
Tools and supplies	79,669,136	126,731,748
TOTAL	**513,531,402,897**	**515,254,545,301**
Provision for inventory obsolescence	(17,207,162,072)	(14,561,122,458)
NET	**496,324,240,825**	**500,693,422,843**

8. OTHER CURRENT ASSETS

		VND
	30 June 2013	*31 December 2012*
Advances for land compensation	29,403,340,900	29,403,340,900
Advances to employees	17,641,455,955	5,622,745,283
Deposits *(*)*	1,008,600,000	1,202,600,000
TOTAL	**48,053,396,855**	**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:						
As at 1 January 2013	16,450,174,010	10,187,635,935	15,242,156,989	12,441,407,243	576,470,000	54,897,844,177
Additions	-	245,904,180	13,400,000	680,490,598	-	939,794,778
Reclassification *(Circular No.45/2013/TT-BTC)*	-	(774,620,915)	(160,656,020)	(6,344,798,856)	-	(7,280,075,791)
Disposals	(26,818,182)	(15,343,033)	(589,186,801)	(489,048,694)	-	(1,120,396,710)
As at 30 June 2013	16,423,355,828	9,643,576,167	14,505,714,168	6,288,050,291	576,470,000	47,437,166,454
In which:						
Fully depreciated	*3,605,254,100*	*1,800,646,987*	*2,156,011,975*	*1,253,491,825*	*576,470,000*	*9,391,874,887*
Accumulated depreciation:						
As at 1 January 2013	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 period	318,423,722	682,732,244	910,370,830	992,044,079	-	2,903,570,875
Reclassification *(Circular No.45/2013/TT-BTC)*	-	(686,794,050)	(96,764,918)	(4,059,263,542)	-	(4,842,822,510)
Disposals	-	(15,343,033)	(589,186,801)	(432,940,098)	-	(1,037,469,932)
As at 30 June 2013	10,630,779,080	6,729,118,820	7,274,566,410	4,298,408,667	576,470,000	29,509,342,977
Net carrying amount:						
As at 1 January 2013	6,137,818,652	3,439,112,276	8,192,009,690	4,642,839,015	-	22,411,779,633
As at 30 June 2013	5,792,576,748	2,914,457,347	7,231,147,758	1,989,641,624	-	17,927,823,477

10. INTANGIBLE FIXED ASSETS

VND

	Land use rights	*Software*	*Total*
Cost:			
As at 1 January 2013	11,592,038,449	11,097,307,072	22,689,345,521
Reclassification *(Circular No.45/2013/TT-BTC)*	-	(40,647,717)	(40,647,717)
As at 30 June 2013	11,592,038,449	11,056,659,355	22,648,697,804
In which:			
Fully amortised	-	*215,770,773*	*215,770,773*
Accumulated amortisation:			
As at 1 January 2013	1,562,295,827	4,492,302,153	6,054,597,980
Reclassification *(Circular No.45/2013/TT-BTC)*	-	(35,350,713)	(35,350,713)
Charges for the period	161,000,533	1,244,489,280	1,405,489,813
As at 30 June 2013	1,723,296,360	5,701,440,720	7,424,737,080
Net carrying amount:			
As at 1 January 2013	10,029,742,622	6,605,004,919	16,634,747,541
As at 30 June 2013	9,868,742,089	5,355,218,635	15,223,960,724

11. CONSTRUCTION IN PROGRESS

VND

	30 June 2013	*31 December 2012*
Enterprise Resource Planning Project	182,989,208	182,989,208
Others	5,571,388,847	2,960,608,728
TOTAL	**5,754,378,055**	**3,143,597,936**

12. INVESTMENT PROPERTIES

VND

	Buildings & structures	*Machinery & equipment*	*Office equipment*	*Others*	*Total*
Cost:					
As at 1 January 2013 and 30 June 2013	774,201,284,293	237,915,983,788	215,692,297	565,253,001	1,012,898,213,379
In which:					
Fully depreciated	*15,083,156,719*	*21,596,025,276*	*215,692,297*	*565,253,001*	*37,460,127,293*
Collateral (Note 19)	*9,437,896,861*	-	-	-	*9,437,896,861*
Accumulated depreciation:					
As at 1 January 2013	180,061,167,794	90,823,669,403	215,692,297	565,253,001	271,665,782,495
Depreciation charged for the period	15,788,086,651	10,831,608,325	-	-	26,619,694,976
As at 30 June 2013	195,849,254,445	101,655,277,728	215,692,297	565,253,001	298,285,477,471
Net carrying amount:					
As at 1 January 2013	594,140,116,499	147,092,314,385	-	-	741,232,430,884
As at 30 June 2013	578,352,029,848	136,260,706,060	-	-	714,612,735,908

The fair value of the investment properties was not formally assessed and determined as at 30 June 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

	30 June 2013	VND 31 December 2012
Short-term investments		
Marketable equity securities *(Note 13.1)*	269,160,202,515	209,207,565,590
Term deposit	235,469,000,000	463,382,000,000
Trust investments	57,647,777,261	57,647,777,261
Other short-term investment	-	241,025,730,000
Provision for diminution in value of equity securities	(87,815,769,825)	(87,749,773,260)
Net value of short-term investments	**474,461,209,951**	**883,513,299,591**
Long-term investments		
Investments in associates and joint venture *(Note 13.2)*	2,478,925,859,528	1,248,240,496,932
Other long-term equity investments *(Note 13.4)*	735,487,804,995	1,473,482,202,307
Provision for diminution in value of long-term investments	(73,782,870,895)	(75,474,661,749)
Net value of long-term investments	**3,140,630,793,628**	**2,646,248,037,490**
TOTAL	**3,615,092,003,579**	**3,529,761,337,081**

13.1 Marketable equity securities

Securities	*30 June 2013*		*31 December 2012*	
	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
Cuu Long PetroGas Transportation Joint Stock Company	1,151,260	11,231,804,878	1,211,250	11,817,073,170
Saigon Postel Corp	1,078,845	48,000,000,000	1,078,845	48,000,000,000
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	11,253,698	136,700,647,637	5,576,714	76,162,742,420
TOTAL	**16,256,578**	**269,160,202,515**	**10,639,584**	**209,207,565,590**

13. INVESTMENTS (continued)

13.2 Investments in associates and joint venture

Name	30 June 2013		31 December 2012		Business
	% Interest	*Carrying value of investments VND*	*% Interest*	*Carrying value of investment VND*	
Associates					
Pha Lai Thre-mo Electricity Joint Stock Company (i)	22.26	1,138,387,411,822	-	-	Power
Thu Duc Water B.O.O Corporation	42.10	337,926,298,821	42.10	399,092,098,331	Water supply
Thac Mo Hydropower Joint-Stock Company	35.48	335,112,224,348	35.48	331,156,851,503	Power
Thac Ba Hydropower Joint-Stock Company	23.97	224,109,751,377	23.97	230,762,992,238	Power
Vietnam Infrastructure and Real Estate Joint Stock Company	46.37	126,737,525,676	46.37	126,420,735,337	Real estate
Ninh Binh Thremal Electricity Joint Stock Company	29.44	67,675,734,127	29.44	67,747,029,719	Power
Nui Beo Coal Joint Stock Company (i)	22.60	61,600,044,453	-	-	Coal Minning
Saigon Real Estate Joint Stock Company	28.87	57,779,530,582	27.96	46,857,175,643	Real estate
Deo Nai Coal Joint Stock Company (i)	23.24	56,177,252,578	-	-	Coal Minning
Saigon Water Investment and Trading Joint Stock Company	30.00	45,869,669,393	30.00	19,042,624,413	Water supply
Doan Nhat Mechanical Electrical Joint Stock Company	35.00	22,516,632,251	35.00	22,386,592,012	Mechanical and Engineering
Hop Phat Mechanical Electrical Joint Stock Company	35.00	2,042,430,318	35.00	1,994,088,317	Mechanical and Engineering
Quality Mechanical Electrical Joint Stock Company	35.62	2,743,240,830	35.62	2,408,139,991	Mechanical and Engineering
TOTAL ASSOCIATES		**2,478,677,746,576**		**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		**2,478,925,859,528**		**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 period.

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*	*Saigon Water Investment and Trading 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												
As at 1 January 2013	223,379,420,325	385,501,820,000	39,756,602,000	129,925,000,000	274,057,456,308	66,358,149,275	18,000,000,000	-	-	-	14,368,612,000	1,151,347,059,908
Additions	-	-	14,700,600,000	-	-	-	27,000,000,000	712,642,731,938	44,986,278,350	49,260,046,814	178,100,000	848,767,757,102
As at 30 June 2013	223,379,420,325	385,501,820,000	54,457,202,000	129,925,000,000	274,057,456,308	66,358,149,275	45,000,000,000	712,642,731,938	44,986,278,350	49,260,046,814	14,546,712,000	2,000,114,817,010
Accumulated share in post-acquisition profit (loss) of the associates												
As at 1 January 2013	7,383,571,913	13,590,278,331	7,100,573,643	(3,504,264,663)	57,099,395,195	1,388,880,444	1,042,624,413	-	-	-	12,420,208,320	96,521,267,596
Share in profit (loss) of associates for the period	(6,653,240,861)	(61,165,799,510)	(3,778,245,061)	316,790,339	3,955,372,845	(71,295,592)	(172,955,020)	425,744,679,884	11,190,974,228	12,339,997,639	335,383,079	382,041,661,970
Inwhich: Goodwill allocation (*)	*(21,853,570,957)*	*(85,227,383,346)*	*(5,576,341,268)*	*(37,375,000)*	*(11,436,159,141)*	*(5,215,921,915)*	-	*344,481,417,678*	*22,940,975,821*	*12,048,053,485*	-	*250,123,695,357*
Changes in net asset of associate	*15,200,330,096*	*24,061,583,836*	*1,798,096,207*	*354,165,339*	*15,391,531,986*	*5,144,626,323*	*(172,955,020)*	*81,263,262,206*	*(11,750,001,593)*	*291,944,154*	*335,383,079*	*131,917,966,613*
As at 30 June 2013	730,331,052	(47,575,521,179)	3,322,328,582	(3,187,474,324)	61,054,768,040	1,317,584,852	869,669,393	425,744,679,884	11,190,974,228	12,339,997,639	12,755,591,399	478,562,929,566
Carrying amount												
As at 1 January 2013	230,762,992,238	399,092,098,331	46,857,175,643	126,420,735,337	331,156,851,503	67,747,029,719	19,042,624,413	-	-	-	26,788,820,320	1,247,868,327,504
As at 30 June 2013	224,109,751,377	337,926,298,821	57,779,530,582	126,737,525,676	335,112,224,348	67,675,734,127	45,869,669,393	1,138,387,411,822	56,177,252,578	61,600,044,453	27,302,303,399	2,478,677,746,576

13. INVESTMENTS (continued)

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

(*) On 24 June 2013, based on its asessment, the Group's Board of Directors has decided to shorten the amortisation period of goodwill which effectively amortized fully the remaining balance of goodwill to current period in its resolution No. 07/2013/HĐQT-NQ-REE. This change is considered as a change in accounting estimation and has been applied prospectively in accordance with VAS No. 29 - Changes in Accounting Policies, Accounting Estimates and Errors, with the effects on the interim consolidated financial statements as follows:

VND

	Applying revised amortization period	Applying old amortization period	Difference
Interim consolidated balance sheet			
Investments in joint ventures and associates	2,478,925,859,528	2,578,529,082,224	(99,603,222,696)
Retained earnings	1,018,513,551,355	1,118,116,774,051	(99,603,222,696)
Interim consolidated in income statement			
Share in net profit of associates	382,041,661,970	481,644,884,666	(99,603,222,696)
Profit before tax	697,567,945,281	797,171,167,977	(99,603,222,696)
Profit after tax	639,082,110,134	738,685,332,830	(99,603,222,696)
Earning per shares			
- *Basic*	*2,613*	*3,020*	*(407)*
- *Diluted*	*2,414*	*2,782*	*(368)*

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

13. INVESTMENTS (continued)

13.4 *Other long-term equity investmentss*

Securities	*30 June 2013*		*31 December 2012*	
	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	7,034,800	80,964,910,795	66,470,212	818,959,308,107
TOTAL	**59,583,653**	**735,487,804,995**	**119,019,065**	**1,473,482,202,307**

14. SHORT-TERM LOANS

	30 June 2013	*VND* *31 December 2012*
Short-term loans from banks *(i)*	61,686,437,640	54,607,868,015
Current portion of long-term loans *(Note 19)*	33,106,005,930	28,588,184,700
TOTAL	**94,792,443,570**	**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)	1,668,386,900	22 October 2013	7.0%	Unsecured
Loan 2 (VND)	12,693,585,600	14 November 2013	7.0%	Unsecured
Loan 3 (VND)	15,695,340,930	3 December 2013	7.0%	Unsecured
Loan 4 (VND)	646,319,981	28 October 2013	7.0%	Unsecured
Loan 5 (US$)	22,412,045,324	11 December 2013	4.2%	Unsecured
HSBC Bank (Vietnam) Limited				
Loan 1 (VND)	3,478,646,959	5 September 2013	8.4%	Unsecured
Loan 2 (US$)	5,092,111,946	11 October 2013	4.0%	Unsecured
TOTAL	**61,686,437,640**			

15. STATUTORY OBLIGATIONS

		VND
	30 June 2013	*31 December 2012*
Corporate income tax *(Note 23.1)*	33,757,451,151	16,627,682,632
Value-added tax	3,128,914,524	7,749,854,210
Personal income tax	705,270,580	1,414,581,110
Import duties	3,271,043,861	851,038,932
Other fees and obligations	2,575,886,837	922,400,574
TOTAL	**43,438,566,953**	**27,565,557,458**

16. ACCRUED EXPENSES

		VND
	30 June 2013	*31 December 2012*
Costs of supply and installation services	240,369,267,901	222,427,964,745
Interests	18,736,360,889	3,000,867,486
Promotions	5,262,053,077	10,632,542,890
Warranty	2,474,497,831	1,428,913,271
Salary	-	630,452,000
Others	1,173,847,855	1,136,999,266
TOTAL	**268,016,027,553**	**239,257,739,658**

17. OTHER PAYABLES

		VND
	30 June 2013	*31 December 2012*
Dividend payables	12,950,538,336	7,871,294,256
Deposit from customers	8,044,842,638	1,143,578,500
Guarantee expenses	5,267,988,735	5,267,988,735
Interest expenses payables	3,000,000,000	3,500,000,000
Social & Health insurance and Trade Union	718,927,134	1,280,559,650
Payables for supply and installation contracts	283,501,210	-
Payables to purchase securities	-	269,064,029,376
Others	35,044,895,976	1,793,244,937
TOTAL	**65,310,694,029**	**289,920,695,454**

18. OTHER LONG-TERM LIABILITIES

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

19. LONG-TERM LOANS

The Group has obtained the following loans from the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch (Vietcombank) to finance the construction of its office buildings for lease.

	30 June 2013	VND 31 December 2012
Convertible bonds *(*)*	557,846,000,000	557,846,000,000
Long-term loans *(**)*	148,856,814,460	161,000,000,000
TOTAL	**706,702,814,460**	**718,846,000,000**
In which:		
Current portion (Note 14)	*33,106,005,930*	*28,588,184,700*
Non-current portion	*673,596,808,530*	*690,257,815,300*

(*) Convertible bonds:

In accordance with the Board Resolution No.10/2012/HĐQT-NQ-REE dated 14 November 2012 and the approval by State Securities Commission of Vietnam through its official letter No. 4963/UBCK-QLPH dated 7 December 2012, on 20 December 2012, the Company issued 557,846 3-year convertible bonds totaling VND 557,846,000,000 to Platinum Victory Pte. Ltd with interest at 6% per annum paid in arrears. The bonds will be automatically converted into shares when there is a room for foreign ownership in REE shares at conversion date. The conversion price is VND 22,000 per share which will be subject to conversion adjustments as set out in schedule of convertible bond subscription agreement

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

Facility No.	*30 June 2013* *VND*	*Term and maturity date*	*Interest rate*	*Description of collateral*
Joint Stock Commercial Bank for Foreign Trade of Vietnam				
HĐTD0003/DTDA/10CD *(i)*	80,000,000,000	1 June 2018	10.80%	Unsecured
Commonwealth Bank of Australia – Ho Chi Minh City Branch				
HĐTD500112036/FL-CBAVN *(ii)*	68,856,814,460	7 March 2017	7.75%	Assets at 180 Pasteur, Ben Nghe Ward, District 1, HCMC
TOTAL	**148,856,814,460**			
In which:				
Current portion (Note 14)	*33,106,005,930*			
Non-current portion	*115,750,808,530*			

19. LONG-TERM LOANS (continued)

(i) On 31 March 2010, the Company signed an agreement with Vietcombank for a VND 200 billion credit facility to finance the construction of the Ree Tower at 9 Doan Van Bo Street, District 4, HCMC. The term of the borrowing is 96 months from the date of the first draw down which was made on 1 June 2010. The loan will be repaid on a quarterly basis in accordance with the repayment schedule approved by Vietcombank to be issued after the grace period of 24 months expires from the first drawdown. The loan is unsecured but Vietcombank reserves the right to receive any insurance proceeds from the assets financed by this loan. The loan bears an interest rate equal to the 12-month deposit rate announced by Vietcombank plus 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.

(ii) 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 12)*. The loan bears an interest rate equal to the 3-month deposit rate announced by CBA plus 2.5% per annum.

20. OWNERS' EQUITY

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 six-month period ended 30 June 2012:								
As at 1 January 2012	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 period	-	-	-	-	-	411,480,227,481	-	411,480,227,481
Foreign currency differences	-	-	-	-	-	-	(533,325)	(533,325)
Declared dividends	-	-	-	-	-	(383,425,020,800)	-	(383,425,020,800)
Transfers to funds	-	-	-	-	21,980,512,210	(21,980,512,210)	-	-
Transfers to bonus & welfare funds	-	-	-	-	-	(6,375,095,391)	-	(6,375,095,391)
As at 30 June 2012	2,446,433,850,000	774,390,058,786	(788,258,632)	70,417,784,211	97,165,753,603	583,013,763,464	977,557,106	3,971,610,508,538
For the six-month period ended 30 June 2013:								
As at 1 January 2013	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
Profit for the period	-	-	-	-	-	639,075,902,200	-	639,075,902,200
Foreign currency differences	-	-	-	-	-	-	89,388,695	89,388,695
Declared dividends	-	-	-	-	-	(391,425,020,800)	-	(391,425,020,800)
Transfers to funds	-	-	-	-	33,444,790,811	(33,444,790,811)	-	-
Transfers to bonus & welfare funds	-	-	-	-	-	(21,747,062,255)	-	(21,747,062,255)
As at 30 June 2013	2,446,433,850,000	774,390,058,786	(788,258,632)	70,417,784,211	132,211,138,788	1,018,513,551,355	525,542,165	4,441,703,666,673

Par value of the Company's shares is 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 sales of goods and rendering of services

	For the six-month period ended 30 June 2013	*For the six-month period ended 30 June 2012*
		VND
Gross revenues	**1,123,664,064,771**	**1,183,854,912,926**
Of which:		
Supply & installation services	*644,438,744,114*	*607,444,488,583*
Revenue from services (office leasing and related services)	*233,787,642,030*	*208,226,896,047*
Sale of goods	*245,437,678,627*	*368,183,528,296*
Deductions	**(901,162,794)**	**(180,251,008)**
Sales returns	(853,625,610)	-
Special sales tax	(47,537,184)	(180,251,008)
NET REVENUES	**1,122,762,901,977**	**1,183,674,661,918**

21.2 Finance income

	For the six-month period ended 30 June 2013	*For the six-month period ended 30 June 2012*
		VND
Dividends income	86,230,647,673	61,245,843,852
Interest income	53,146,937,876	52,360,576,472
Foreign exchange gains	2,010,002,079	2,897,580,367
Gains from divestment of equity securities	21,492,787	294,756,406,388
Others	49,070,448	1,309,665
TOTAL	**141,458,150,863**	**411,261,716,744**

22. FINANCE EXPENSES

VND

	For the six-month period ended 30 June 2013	*For the six-month period ended 30 June 2012*
Interest expense	27,347,726,877	18,813,813,741
Foreign exchange losses	4,564,858,407	2,135,194,570
(Reversal of provision) provision for the diminution in value of investments	(1,625,794,289)	53,963,024,599
Loss on securities trading	1,252,274,196	10,746,426,421
Others	1,589,868,914	304,917,433
TOTAL	**33,128,934,105**	**85,963,376,764**

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 interim consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

23.1 Current corporate income tax

The current tax payable is based on taxable profit for the period. The taxable profit of the Group for the period differs from the profit as reported in the interim 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.

23. CORPORATE INCOME TAX (continued)

23.1 *Current corporate income tax* (continued)

Summary of CIT computation is presented below:

		VND
	For the six-month period ended 30 June 2013	*For the six-month period ended 30 June 2012*
Profit before tax	**697,567,945,281**	**531,335,861,175**
Adjustments to increase (decrease) accounting profit		
Permanent differences	***(466,783,981,665)***	***(52,157,231,441)***
Dividends income not subject to CIT	(86,133,872,273)	(59,907,396,229)
Shared profit from associates	(382,041,661,970)	6,284,386,047
Other non-deductible expenses	1,391,552,578	1,465,778,741
Temporary differences	***23,346,882,324***	***(4,352,524,211)***
Unrealised foreign exchange differences	683,211,997	(221,485,112)
Accrued interest expenses on convertible bonds	16,735,380,000	-
Provision for inventory obsolescence	2,656,232,661	-
Accrued for operating expenses	(6,094,920,560)	-
Unbilled contract revenue	24,129,498,633	-
Cost of unbilled contract revenue	(16,823,115,922)	-
Provision for doubtful debts	(3,242,452,225)	-
Movement of unrealised profit	5,303,047,740	(4,131,039,099)
Adjusted net profit before tax	**254,130,845,940**	**474,826,105,523**
Add back tax losses of subsidiaries	2,679,305,130	202,043,889
Estimated current taxable profit	**256,810,151,070**	**475,028,149,412**
Estimated current CIT	**63,918,423,444**	**118,757,037,373**
Under accrual CIT from previous year	352,006,945	-
Estimated current CIT expense	**64,270,430,389**	**118,757,037,373**
CIT payable at beginning of the period	12,369,957,195	48,529,704,789
CIT paid during the period	(42,882,936,433)	(122,957,498,910)
CIT payable at end of period	**33,757,451,151**	**44,329,243,252**
In which:		
CIT receivable at the end of the period	-	*(75,043,804)*
CIT payable at the end of the period	*33,757,451,151*	*44,404,287,056*

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 30 June 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 30 June 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 six-month period ended 30 June 2013		
VND	+2%	14,696,663,729
US$	+1%	(185,542,549)
TOTAL		**14,511,121,180**
VND	-2%	(14,696,663,729)
US$	-1%	185,542,549
TOTAL		**(14,511,121,180)**
For the six-month period ended 30 June 2012		
VND	+3%	9,118,050,588
US$	+1%	719,381,000
TOTAL		**9,837,431,588**
VND	-3%	(9,118,050,588)
US$	-1%	(719,381,000)
TOTAL		**(9,837,431,588)**

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

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

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 30 June 2013, the exposure to listed equity securities at fair value was VND 104,967,117,000 (31 December 2012: VND 779,248,676,500). A decrease of 10% on the price of the securities index could have an impact of approximately VND 10,496,711,700 (31 December 2012: VND 77,924,867,650) 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 securities would increase Group's profit before tax by VND 10,496,711,700 (31 December 2012: VND 77,924,867,650).

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.

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 Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Notes 5 and 13. The Group evaluates the concentration of credit risk in respect to bank deposit is low.

Other financial instruments

The 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 70,669,563,796 as at 30 June 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*
30 June 2013				
Loans and borrowings	94,792,443,570	115,750,808,530	-	210,543,252,100
Convertible bond		557,846,000,000	-	557,846,000,000
Trade payables	275,377,381,440	-	-	275,377,381,440
Other payables and accrued expenses	652,225,698,912	97,319,390,406	-	749,545,089,318
	1,022,395,523,922	**770,916,198,936**	**-**	**1,793,311,722,858**
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 interim consolidated financial statements.

VND

	Carrying amount				*Fair value*	
	30 June 2013		*31 December 2012*		*30 June 2013*	*31 December 2012*
	Cost	*Provision*	*Cost*	*Provision*		
Financial assets						
Listed shares	97,653,860,270	(7,885,614,720)	677,875,452,530	(9,511,409,009)	104,967,117,000	779,248,676,500
Unlisted shares	897,511,764,200	(153,713,026,000)	906,212,132,100	(153,713,026,000)	743,798,738,200	752,499,106,100
Short-term deposits	235,469,000,000	-	704,407,730,000	-	235,469,000,000	704,407,730,000
Trade receivables	449,447,003,545	(70,669,563,796)	496,528,157,576	(72,818,008,692)	378,777,439,749	423,710,148,884
Other receivables	34,402,572,980	-	40,828,092,673	-	34,402,572,980	40,828,092,673
Cash and cash equivalents	760,025,725,790	-	834,707,800,990	-	760,025,725,790	834,707,800,990
TOTAL	**2,474,509,926,785**	**(232,268,204,516)**	**3,660,559,365,869**	**(236,042,443,701)**	**2,257,440,593,719**	**3,535,401,555,147**

	Carrying amount		*Fair value*	
	30 June 2013	*31 December 2012*	*30 June 2013*	*31 December 2012*
Financial liabilities				
Loans and borrowings	210,543,252,100	215,607,868,015	210,543,252,100	215,607,868,015
Convertible bond	557,846,000,000	557,846,000,000	557,846,000,000	557,846,000,000
Trade payables	275,377,381,440	170,675,957,212	275,377,381,440	170,675,957,212
Other payables	749,545,089,318	633,184,738,599	749,545,089,318	633,184,738,599
TOTAL	**1,793,311,722,858**	**1,577,314,563,826**	**1,793,311,722,858**	**1,577,314,563,826**

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair values 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 values 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 values of the financial assets and liabilities had not yet been formally assessed and determined as at 30 June 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 values 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 period were as follows:

			VND
Related parties	*Relationship*	*Transactions*	*Amounts*
Doan Nhat Mechanical Electrical Joint Stock Company	Associate	Sub-contractor service	(10,011,256,776)
		Dividend income	7,222,215,000
Quality Mechanical Electrical Joint Stock Company	Associate	Sub-contractor service	(5,049,560,497)
		Capital contribution	(178,100,000)
Hop Phat Mechanical Electrical Joint Stock Company	Associate	Sub-contractor service	(642,487,309)
		Dividend income	192,500,000

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 Receivable (payable)*
Other receivablies			
Doan Nhat Mechanical Electrical Joint Stock Company	Associate	Dividend income	4,000,000,000
Hop Phat Mechanical Electrical Joint Stock Company	Associate	Dividend income	192,500,000
TOTAL			**4,192,500,000**
Advance to suppliers			
Doan Nhat Mechanical Electrical Joint Stock Company	Associate	Advance for sub-contractor service	13,574,862,995
Quality Mechanical Electrical Joint Stock Company	Associate	Advance for sub-contractor service	5,382,644,519
Hop Phat Mechanical Electrical Joint Stock Company	Associate	Advance for sub-contractor service	2,116,954,920
TOTAL			**21,074,462,434**

Transactions with other related parties

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

	For the six-month period ended 30 June 2013	*VND For the six-month period ended 30 June 2012*
Remuneration to members of Board of Director		
Salaries and bonus	1,974,218,750	1,295,000,000
Remuneration to Management		
Salaries and bonus	7,919,970,000	1,332,000,000
TOTAL	**9,894,188,750**	**2,627,000,000**

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 30 June 2013, future rental amounts due under these leases were as follows:

		VND
	30 June 2013	*31 December 2012*
Less than one year	11,595,026,833	11,767,874,113
From one to five years	23,311,527,709	27,362,005,852
TOTAL MINIMUM LEASE PAYMENTS	**34,906,554,542**	**39,129,879,965**

27.2 *Investment commitments*

Investment commitments of the Group as at 30 June 2013 are as follows:

		VND
	30 June 2013	*31 December 2012*
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 interim 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 six-month period ended 30 June 2013 are as follows:

VND

	Supply & installation services	*Sale of goods*	*Property leasing*	*Investments*	*Consolidated*
Sales					
Total segment sales	758,380,385,926	285,658,856,234	266,842,085,960	-	1,310,881,328,120
Inter-segment sales	(113,941,641,812)	(41,122,340,401)	(33,054,443,930)	-	(188,118,426,143)
TOTAL	**644,438,744,114**	**244,536,515,833**	**233,787,642,030**	**-**	**1,122,762,901,977**
Results					
Segment results	65,832,613,767	31,015,508,640	144,616,549,058	50,019,586,371	291,484,257,836
Finance income					54,997,509,044
Finance expenses					(33,502,454,198)
Other income					3,353,112,284
Other expenses					(818,557,523)
Income from associate					382,041,661,970
CIT and DIT					(58,485,835,147)
Non-controlling interest					6,207,934
Net profit after tax					**639,075,902,200**

The segment assets and liabilities for as at 30 June 2013 are as follows:

VND

	Supply & installation services	*Sale of goods*	*Property leasing*	*Investments*	*Consolidated*
Segment assets	1,194,961,602,748	493,825,667,716	943,223,501,091	3,370,100,509,604	6,002,111,281,159
Unallocated assets					603,048,932,092
TOTAL ASSETS					**6,605,160,213,251**
Segment liabilities	957,185,203,111	305,852,822,008	217,248,130,630	619,552,792,541	2,099,838,948,290
Unallocated liabilities					63,384,701,942
TOTAL LIABILITIES					**2,163,223,650,232**

28. SEGMENT INFORMATION (continued)

The segment results for the six-month period ended 30 June 2012 are as follows:

VND

	Supply & installation services	*Sale of goods*	*Property leasing*	*Investments*	*Consolidated*
Sales					
Total segment sales	639,636,252,179	455,308,009,690	236,506,338,621	-	1,331,450,600,490
Inter-segment sales	(32,191,763,596)	(87,304,732,402)	(28,279,442,574)	-	(147,775,938,572)
TOTAL	**607,444,488,583**	**368,003,277,288**	**208,226,896,047**	**-**	**1,183,674,661,918**
Results					
Segment results	59,533,659,778	38,211,785,326	128,379,214,656	276,543,750,733	502,668,410,493
Finance income					55,259,466,504
Finance expenses					(21,253,925,744)
Other income					1,252,496,385
Other expenses					(306,200,416)
Income from associates					(6,284,386,047)
CIT and DIT					(119,845,168,426)
Non-controlling interest					(10,465,268)
Net profit after tax					**411,480,227,481**

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 period attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Basic earnings per share are calculated as follows:

	For the six-month period ended 30 June 2013	*For the six-month period ended 30 June 2012*
Net profit after tax attributable to ordinary equity holders for basic earnings *(VND)*	639,075,902,200	411,480,227,481
Weighted average number of ordinary shares for basic earnings per share	244,580,638	241,182,847
Basic earnings per share *(VND)*	**2,613**	**1,706**

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 period 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:

	For the six-month period ended 30 June 2013	*For the six-month period ended 30 June 2012*
Net profit attributable to ordinary equity holders of the parent for basic earnings *(VND)*	639,075,902,200	411,480,227,481
Interest on convertible bonds *(VND)*	12,551,535,000	-
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution *(VND)*	**651,627,437,200**	**411,480,227,481**
Weighted average number of ordinary shares for basic earnings per share	244,580,638	241,182,847
Number of ordinary shares from convertible bonds	25,356,636	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**269,937,274**	**241,182,847**
Diluted earnings per share *(VND)*	**2,414**	**1,706**

30. CONTINGENT ASSET

On 28 September 2011, the Company entered into a Restructuring Deed to transfer all of its ownership in Vung Ang II Thermo Electricity Company ("VAPCO"). According to this deed, all risks and rewards of the Company in VAPCO were passed to the buyer on 14 November 2011. Proceeds from disposal amounting to VND 153,323,885,510 was 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 transaction 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 interim 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 interim consolidated financial statements.

32. CORRESPONDING FIGURES

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

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

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

12 August 2013

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