Refrigeration Electrical Engineering Corporation

Interim separate financial statements

30 June 2013

Building a better
working world

CONTENTS

Refrigeration Electrical Engineering Corporation

GENERAL INFORMATION

THE COMPANY

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

The Company has six subsidiaries, ten associates and a joint venture ("the Group") as disclosed in Note 10 to the separate financial statements.

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

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

THE BOARD OF DIRECTORS

Members of the Board of Directors during the 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

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.

REPORT OF MANAGEMENT

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

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

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

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

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

Management confirmed that it has complied with the above requirements in preparing the accompanying interim separate financial statements as at and for the six-month period ended 30 June 2013.

STATEMENT BY MANAGEMENT

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

The Company is the parent company of the subsidiaries, associates and a joint venture ("the Group") as listed in Note 10 and it is in the process of completing the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2013 to meet the prevailing regulatory reporting requirements.

Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2013 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

For and on behalf of the management:

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Mai Thanh
General Director

12 August 2013

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Reference: 60752771/16354018

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The Shareholders of Refrigeration Electrical Engineering Corporation

We have reviewed the interim separate financial statements of Refrigeration Electrical Engineering Corporation ("the Company") as set out on pages 4 to 37 which comprise the interim separate balance sheet as at 30 June 2013, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim separate financial statements are the responsibility of management. Our responsibility is to issue a report on these interim separate 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 separate financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company's management 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 separate financial statements do not give a true and fair view of the interim separate financial position of the Company as at 30 June 2013, and of the interim separate results of its operations and its interim separate 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.

Without qualifying our report, we draw attention to Note 2.1 to the interim separate financial statements, which states that the Company is a parent company with subsidiaries, associates and a joint venture ("the Group"), and it is in the process of completing the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2013 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2013 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

Ernst & Young Vietnam Limited

CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM

Maria Cristina M. Calimbas	Le Vu Truong
Deputy General Director	Auditor
Audit Practicing Registration Certificate	Audit Practicing Registration Certificate
No. 1073-2013-004-1	No. 1588-2013-004-1

Ho Chi Minh City, Vietnam

12 August 2013

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2013

VND

Code	ASSETS	Notes	30 June 2013	31 December 2012
100	**A. CURRENT ASSETS**		**903,675,976,123**	**1,308,457,203,379**
110	***I. Cash and cash equivalents***	***4***	***565,151,136,343***	***400,384,783,064***
111	1. Cash		15,759,914,469	20,716,329,064
112	2. Cash equivalents		549,391,221,874	379,668,454,000
120	***II. Short-term investments***	***10***	***257,466,024,935***	***826,390,764,225***
121	1. Short-term investments		345,281,794,760	914,140,537,485
129	2. Provision for diminution in value of investments		(87,815,769,825)	(87,749,773,260)
130	***III. Accounts receivable***		***59,807,865,156***	***63,375,841,073***
131	1. Trade receivables	5	76,220,082,200	70,526,813,124
134	2. Construction contract receivables		27,694,068,191	27,694,068,191
135	3. Other receivables	6	10,577,549,157	19,838,794,150
139	4. Provision for doubtful debts		(54,683,834,392)	(54,683,834,392)
140	***IV. Inventories***		***13,993,000,513***	***13,993,000,513***
141	1. Inventories		13,993,000,513	13,993,000,513
150	***V. Other current assets***		***7,257,949,176***	***4,312,814,504***
154	1. Tax receivables from the State		49,659,111	4,307,384,576
158	2. Other current assets		7,208,290,065	5,429,928
200	**B. NON-CURRENT ASSETS**		**3,888,379,531,920**	**3,800,611,017,173**
220	***I. Fixed assets***		***17,874,087,568***	***18,971,544,915***
221	1. Tangible fixed assets	7	6,114,961,003	6,563,590,597
222	Cost		19,784,532,292	19,917,973,216
223	Accumulated depreciation		(13,669,571,289)	(13,354,382,619)
227	2. Intangible fixed assets	8	11,576,137,357	12,224,965,110
228	Cost		14,734,772,540	14,734,772,540
229	Accumulated amortisation		(3,158,635,183)	(2,509,807,430)
230	3. Construction in progress		182,989,208	182,989,208
240	***II. Investment properties***	***9***	***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***	***10***	***3,145,349,107,754***	***3,034,086,113,586***
251	1. Investments in subsidiaries		517,552,272,525	517,552,272,525
252	2. Investments in associates		1,974,973,657,029	1,126,508,056,403
258	3. Other long-term investments		726,606,049,095	1,465,500,446,407
259	4. Provision for long-term investments		(73,782,870,895)	(75,474,661,749)
260	***IV. Other long term asset***		***10,543,600,690***	***6,320,927,788***
262	1. Deferred tax assets		10,543,600,690	6,320,927,788
270	**TOTAL ASSETS**		**4,792,055,508,043**	**5,109,068,220,552**

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

VND

Code	RESOURCES	Notes	30 June 2013	31 December 2012
300	**A. LIABILITIES**		**951,943,711,307**	**1,175,561,882,595**
310	***I. Current liabilities***		***180,782,157,540***	***389,009,713,157***
311	1. Short-term loans	11	33,106,005,930	35,504,807,999
312	2. Trade payables	12	5,934,094,379	7,696,671,287
313	3. Advances from customers	13	46,844,196,099	45,595,528,312
314	4. Statutory obligations	14	15,135,995,040	1,824,582,161
316	5. Accrued expenses	15	19,612,521,827	4,419,701,164
319	6. Other payables	16	58,746,136,756	292,571,341,525
323	7. Bonus and welfare fund		1,403,207,509	1,397,080,709
330	***II. Non-current liabilities***		***771,161,553,767***	***786,552,169,438***
333	1. Other long-term liabilities	17	97,286,021,446	96,152,462,388
334	2. Long-term loans	18	673,596,808,530	690,257,815,300
338	3. Unearned revenue		278,723,791	141,891,750
400	**B. OWNERS' EQUITY**	**19**	**3,840,111,796,736**	**3,933,506,337,957**
410	***I. Capital***		***3,840,111,796,736***	***3,933,506,337,957***
411	1. Issued share capital		2,446,433,850,000	2,446,433,850,000
412	2. Share premium		774,134,096,786	774,134,096,786
414	3. Treasury shares		(31,342,660)	(31,342,660)
417	4. Investment and development fund		62,722,670,000	62,722,670,000
418	5. Financial reserve fund		106,682,216,755	75,573,265,871
420	6. Retained earnings		450,170,305,855	574,673,797,960
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**4,792,055,508,043**	**5,109,068,220,552**

OFF BALANCE SHEET ITEM

ITEM	30 June 2013	31 December 2012
Foreign currencies		
- EUR	12,847	12,847
- USD	423,705	668,207

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

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

12 August 2013

INTERIM SEPARATE 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**	**20.1**	**235,434,578,432**	**226,543,112,162**
11	**2. Cost of goods sold and services rendered**		**(78,625,461,653)**	**(94,270,557,885)**
20	**3. Gross profit**		**156,809,116,779**	**132,272,554,277**
21	**4. Finance income**	**20.2**	**264,714,861,990**	**434,136,578,013**
22	**5. Finance expenses**	**21**	**(26,218,583,533)**	**(75,949,901,497)**
23	*In which: Interest expense*		*(24,767,956,033)*	*(11,468,750,114)*
25	**6. General and administrative expenses**		**(46,699,300,673)**	**(16,999,021,819)**
30	**7. Operating profit**		**348,606,094,563**	**473,460,208,974**
31	**8. Other income**		**1,195,373,774**	**1,058,413,187**
32	**9. Other expense**		**-**	**(1,287)**
40	**10. Other profit**		**1,195,373,774**	**1,058,411,900**
50	**11. Profit before tax**		**349,801,468,337**	**474,518,620,874**
51	**12. Current corporate income tax expense**	**22**	**(36,452,809,987)**	**(94,447,959,246)**
52	**13. Deferred income tax**		**4,222,672,902**	**-**
60	**14. Net profit after tax**		**317,571,331,252**	**380,070,661,628**

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

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

12 August 2013

INTERIM SEPARATE 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**		**349,801,468,337**	**474,518,620,874**
	Adjustments for:			
02	Depreciation and amortisation	7, 8, 9	27,667,169,977	27,836,127,662
03	(Reversal of provisions) provisions	21	(1,625,794,289)	54,030,821,592
04	Unrealised exchange (gain) loss		(68,225,768)	1,471,971,474
05	Gain from investing activities		(261,496,184,212)	(422,416,956,246)
06	Interest expense	21	24,767,956,033	11,468,750,114
08	**Operating income before changes in working capital**		**139,046,390,078**	**146,909,335,470**
09	Increase in receivables		(3,270,937,341)	(4,585,975,482)
11	Increase (decrease) in payables		27,789,666,556	(5,824,699,968)
13	Interest paid		(9,443,489,209)	(11,652,344,796)
14	Corporate income tax paid	22	(17,654,475,677)	(102,515,299,877)
15	Other cash inflows from operating activities		5,335,568,724	14,658,902,127
16	Other cash outflows from operating activities		(24,640,493,174)	(5,814,619,612)
20	**Net cash flows from operating activities**		**117,162,229,957**	**31,175,297,862**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
25	Payments for purchase of shares in other entities and investment in term deposits		(530,725,077,820)	(443,207,532,795)
26	Proceeds from term deposits and divestment in other entities		719,593,749,970	520,842,323,614
27	Interest and dividends received		264,002,870,002	105,818,636,330
30	**Net cash flows from investing activities**		**452,871,542,152**	**183,453,427,149**

INTERIM SEPARATE 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 of treasury shares		-	83,500,000,000
33	Drawdown of borrowings		-	73,000,000,000
34	Repayment of borrowings		(19,059,035,794)	(4,604,733,000)
36	Dividends paid to equity holders		(386,345,776,720)	(375,194,756,944)
40	**Net cash flows used in financing activities**		**(405,404,812,514)**	**(223,299,489,944)**
50	**Net increase (decrease) in cash and cash equivalents**		**164,628,959,595**	**(8,670,764,934)**
60	**Cash and cash equivalents at beginning of period**		**400,384,783,064**	**294,968,364,009**
61	**Impact of exchange rate fluctuation**		**137,393,684**	**-**
70	**Cash and cash equivalents at end of period**	**4**	**565,151,136,343**	**286,297,599,075**

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

Nguyen Thi Huynh Phuong	Ho Tran Dieu Lynh	Nguyen Thi Mai Thanh
Preparer	Chief Accountant	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 Certificate No. 1506/GP-UB issued on 25 December 1993 by the People's Committee of Ho Chi Minh City and the Business Registration No.0300741143 issued by Department of Planning and Investment of Ho Chi Minh City with the latest amendment on 25 June 2011. The Company is listed on the Ho Chi Minh City Stock Exchange in accordance with License No.01/GPPH issued by the State Securities Commission on 2 June 2000.

The Company has six subsidiaries, ten associates and a joint venture ("the Group") as disclosed in Note 10 to the interim separate financial statements.

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

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

The number of the Company's employees as at 30 June 2013 was 34 (1 January 2013:35).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The Company is the parent company of the subsidiaries, associates and a joint venture ("the Group") as listed in Note 10 and it is in the process of completing the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2013 to meet the prevailing regulatory reporting requirements.

Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2013 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

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

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

2. BASIS OF PREPARATION (continued)

2.2 *Registered accounting documentation system*

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

2.3 *Fiscal year*

The Company's fiscal year starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The Company maintains its accounting records in VND.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policies and disclosures*

The accounting policies adopted by the Company in preparation of the interim separate financial statements are consistent with those followed in the preparation of the Company's separate financial statements for the year ended 31 December 2012 and the interim separate 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 Company 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 Company 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 separate financial statements as at and for the six-month period ended 30 June 2013 were not material as a whole.

3.2 *Cash and cash equivalents*

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

3.3 *Inventories*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Inventories* (continued)

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 Company, based on appropriate evidence of impairment available at the balance sheet date.

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

3.4 *Receivables*

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

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

3.5 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.6 *Leased assets*

Where the Company is the lessor

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

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

Where the Company is the lessee

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

Land use right

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

3.8 *Depreciation and amortisation*

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

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

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

3.9 *Investment properties*

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Investment properties (continued)

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

3.10 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 separate income statement when incurred.

3.11 Investments in securities and other investments

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

3.12 Payables and accruals

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

3.13 Foreign currency transactions

The Company follows the guidance under VAS 10 in relation to foreign currency transactions as applied consistently in prior periods. In addition to VAS 10, starting from 31 December 2012, the Company 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 Company'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 Company maintains bank accounts ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the interim separate income statement.

3.14 Treasury shares

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Appropriation of net profit

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

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

Financial reserve fund

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

Investment and development fund

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

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.

3.16 Revenue recognition

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

Sale of goods

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

Rendering of services

Revenue is recognised when services have been rendered.

Revenue from supply and installation contracts

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Revenue recognition* (continued)

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.

Interest income

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

Investment gains

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

Dividends

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

Bonus shares or stock dividends

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

3.17 *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 separate 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.

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:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 ***Taxation*** (continued)

Deferred CIT (continued)

- 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 separate 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.

3.18 ***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 separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

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

Financial liabilities

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Financial instruments* (continued)

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

4. CASH AND CASH EQUIVALENTS

		VND
	30 June 2013	*31 December 2012*
Cash on hand	130,053,213	170,996,902
Cash in banks	15,629,861,256	20,545,332,162
Cash equivalents	549,391,221,874	379,668,454,000
TOTAL	**565,151,136,343**	**400,384,783,064**

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

5. TRADE RECEIVABLES

		VND
	30 June 2013	*31 December 2012*
Amount due to a third parties	67,185,138,697	63,067,962,278
Amount due to a related parties *(Note 25)*	9,034,943,503	7,458,850,846
TOTAL	**76,220,082,200**	**70,526,813,124**

6. OTHER RECEIVABLES

		VND
	30 June 2013	*31 December 2012*
Interest income receivables	6,174,719,881	7,532,212,043
Amount due from related parties *(Note 25)*	3,578,577,023	10,920,861,813
Others	824,252,253	1,385,720,294
TOTAL	**10,577,549,157**	**19,838,794,150**

7. TANGIBLE FIXED ASSETS

	Buildings & structures	Motor vehicles	Office equipment	Others	VND Total
Cost:					
As at 1 January 2013	15,535,842,267	2,829,963,829	975,697,120	576,470,000	19,917,973,216
Disposal	-	-	(133,440,924)	-	(133,440,924)
As at 30 June 2013	15,535,842,267	2,829,963,829	842,256,196	576,470,000	19,784,532,292
In which:					
Fully depreciated	*3,605,254,100*	*999,015,784*	*800,265,287*	*576,470,000*	*5,981,005,171*
Accumulated depreciation:					
As at 1 January 2013	9,549,029,420	2,347,897,861	880,985,338	576,470,000	13,354,382,619
Charges for the period	238,611,764	152,579,004	7,456,480	-	398,647,248
Disposal	-	-	(83,458,578)	-	(83,458,578)
As at 30 June 2013	9,787,641,184	2,500,476,865	804,983,240	576,470,000	13,669,571,289
Net carrying amount:					
As at 1 January 2013	5,986,812,847	482,065,968	94,711,782	-	6,563,590,597
As at 30 June 2013	5,748,201,083	329,486,964	37,272,956	-	6,114,961,003

8. INTANGIBLE FIXED ASSETS

	Land use rights	*Software*	*VND* *Total*
Cost:			
As at 1 January 2013 and 30 June 2013	11,592,038,449	3,142,734,091	14,734,772,540
In which: *Fully amortised*	-	*215,770,773*	*215,770,773*
Accumulated amortisation:			
As at 1 January 2013	1,562,295,827	947,511,603	2,509,807,430
Charges for the period	161,000,533	487,827,220	648,827,753
As at 30 June 2013	1,723,296,360	1,435,338,823	3,158,635,183
Net carrying amount:			
As at 1 January 2013	10,029,742,622	2,195,222,488	12,224,965,110
As at 30 June 2013	9,868,742,089	1,707,395,268	11,576,137,357

9. 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	*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
Charges 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 values as at balance sheet date.

10. INVESTMENTS

	30 June 2013	VND 31 December 2012
Short-term investments		
Marketable equity securities *(Note 10.1)*	149,712,015,559	133,207,392,410
Term deposit	26,200,000,000	401,300,000,000
Trust investments	129,669,779,201	138,607,415,075
Other short-term investment (*)	39,700,000,000	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	**257,466,024,935**	**826,390,764,225**
Long-term investments		
Investments in subsidiaries *(Note 10.2)*	517,552,272,525	517,552,272,525
Investments in associates and joint venture *(Note 10.3)*	1,974,973,657,029	1,126,508,056,403
Other long-term equity investments *(Note 10.4)*	726,606,049,095	1,465,500,446,407
Provision for diminution in value of long-term investments	(73,782,870,895)	(75,474,661,749)
Net value of long-term investments	**3,145,349,107,754**	**3,034,086,113,586**
TOTAL	**3,402,815,132,689**	**3,860,476,877,811**

(*) Other short-term investment represents the 6-month term loan to Vector Corporation, a subsidiary at the interest rate of 6% p.a.

10.1 Investments in marketable securities

Securities	*30 June 2013* *Quantity (shares)*	*Amount (VND)*	*31 Dec 2012* *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
Vang Danh Coal Joint Stock Company	1,218,300	13,040,020,734	-	-
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	338,841	4,212,439,947	29,791	162,569,240
TOTAL	**6,560,021**	**149,712,015,559**	**5,092,661**	**133,207,392,410**

10. INVESTMENTS (continued)

10.2 *Investments in subsidiaries*

Name of subsidiaries	*% Interest*	*Cost of investments* *30 June 2013 VND*	*31 December 2012 VND*	*Location*	*Business*
Trans Orient Pte Ltd.	100.00	5,841,857,500	5,841,857,500	Singapore	Trading and logistics
R.E.E Real Estate Co., Ltd.	100.00	6,000,000,000	6,000,000,000	Ho Chi Minh City – Vietnam	Building management
R.E.E Mechanical and Engineering Joint Stock Company	99.99	149,997,353,000	149,997,353,000	Ho Chi Minh City – Vietnam	Mechanical & Engineering
R.E.E Electric Appliances Joint Stock Company	99.99	149,992,500,000	149,992,500,000	Ho Chi Minh City – Vietnam	Electric Appliances
R.E.E Land Corporation	99.90	200,592,000,000	200,592,000,000	Ho Chi Minh City – Vietnam	Real estate
Vector Corporation	99.96	5,128,562,025	5,128,562,025	Ho Chi Minh City – Vietnam	Electric Appliances
TOTAL		**517,552,272,525**	**517,552,272,525**		

10. INVESTMENTS (continued)

10.3 Investments in associates and joint venture

	31 June 2013		*31 December 2012*		
Name	*% Interest*	*Amount (VND)*	*% Interest*	*Amount (VND)*	*Business*
Associates					
Vietnam Infrastructure and Real Estate Joint Stock Company	46.37	129,925,000,000	46.37	129,925,000,000	Real estate
Thu Duc Water B.O.O Corporation	42.10	385,501,820,000	42.10	385,501,820,000	Water supply
Thac Mo Hydropower Joint-Stock Company	35.48	274,057,456,308	35.48	274,057,456,308	Power
Saigon Water Investment and Trading Joint Stock Company	30.00	45,000,000,000	30.00	18,000,000,000	Water supply
Saigon Real Estate Joint Stock Company	28.87	54,457,202,000	27.96	39,756,602,000	Real estate
Ninh Binh Thermal Power Joint-Stock Company	24.61	55,515,588,342	24.61	55,515,588,342	Power
Thac Ba Hydropower Joint-Stock Company	23.97	223,379,420,325	23.97	223,379,420,325	Power
Pha Lai Thre-mo Electricity Joint Stock Company (*)	22.26	712,642,731,938	-	-	Power
Nui Beo Coal Joint Stock Company (*)	22.60	49,260,046,814	-	-	Coal Minning
Deo Nai Coal Joint Stock Company (*)	23.24	44,986,278,350	-	-	Coal Minning
Joint venture					
Building at 41B Ly Thai To, Ha Noi	40.00	248,112,952	40.00	372,169,428	Real estate
TOTAL		**1,974,973,657,029**		**1,126,508,056,403**	

(*) 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.

10. INVESTMENTS (continued)

10.4 *Other long-term equity investments*

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	72,083,154,895	65,672,036	810,977,552,207
TOTAL	**59,583,653**	**726,606,049,095**	**118,220,889**	**1,465,500,446,407**

11. SHORT-TERM LOANS

		VND
	30 June 2013	*31 December 2012*
Short-term loan	-	6,916,623,299
Current portion of long-term loans *(Note 18)*	33,106,005,930	28,588,184,700
TOTAL	**33,106,005,930**	**35,504,807,999**

12. TRADE PAYABLES

		VND
	30 June 2013	*31 December 2012*
Trade payables	2,112,155,481	2,602,805,393
Amount due to a related party *(Note 25)*	3,821,938,898	5,093,865,894
TOTAL	**5,934,094,379**	**7,696,671,287**

13. ADVANCES FROM CUSTOMERS

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

14. STATUTORY OBLIGATIONS

		VND
	30 June 2013	*31 December 2012*
Corporate income tax *(Note 22)*	14,540,608,845	-
Value-added tax	397,691,056	749,267,440
Personal income tax	197,695,139	250,774,428
Other fees and obligations	-	824,540,293
TOTAL	**15,135,995,040**	**1,824,582,161**

15. ACCRUED EXPENSES

	30 June 2013	VND 31 December 2012
Interest expenses	18,736,360,889	2,911,894,065
Salary	-	630,452,000
Others	876,160,938	877,355,099
TOTAL	**19,612,521,827**	**4,419,701,164**

16. OTHER PAYABLES

	30 June 2013	VND 31 December 2012
Dividends payable	12,950,538,336	7,871,294,256
Guarantee expenses	5,267,988,735	5,267,988,735
Interest payables	3,000,000,000	3,500,000,000
Social & Health insurance and Trade union	299,178,955	302,489,768
Payable to purchase of securities	-	269,064,029,376
Others	34,084,242,724	1,039,659,962
Other payable to related parties *(Note 25)*	3,144,188,006	5,525,879,428
TOTAL	**58,746,136,756**	**292,571,341,525**

17. OTHER LONG-TERM LIABILITIES

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

18. LONG-TERM LOANS

	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 11)	*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.

18. LONG-TERM LOANS (continued)

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

Facility No.	*30 June 2013* *VND*	*Maturity date*	*Interest rate*	*Description of collateral*
Joint Stock Commercial Bank for Foreign Trade of Vietnam				
HĐTD0003/DTDA/10CD	80,000,000,000	1 June 2018	10.8%	Unsecured
Commonwealth Bank of Australia – Ho Chi Minh City Branch				
HĐTD500112036/FL-CBAVN	68,856,814,460	7 March 2017	7.75%	Assets at 180 Pasteur, Ben Nghe Ward, District 1, HCMC
TOTAL	**148,856,814,460**			

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

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

19. OWNERS' EQUITY

Increase and decrease in owners' equity

VND

	Share capital	*Share premium*	*Treasury shares*	*Investment and development fund*	*Financial reserve fund*	*Undistributed aftertax profits*	*Total*
For the six-month period ended 30 June 2012							
As at 1 January 2012	2,446,433,850,000	747,682,985,150	(57,080,231,024)	62,722,670,000	57,678,364,048	476,758,931,344	3,734,196,569,518
Repurchase issued shares	-	26,451,111,636	57,048,888,364	-	-	-	83,500,000,000
Profit for the period	-	-	-	-	-	380,070,661,628	380,070,661,628
Fund appropriation	-	-	-	-	17,894,901,823	(17,894,901,823)	-
Declared dividend	-	-	-	-	-	(383,425,020,800)	(383,425,020,800)
Appropriation to bonus and welfare funds	-	-	-	-	-	(4,841,023,602)	(4,841,023,602)
As at 30 June 2012	2,446,433,850,000	774,134,096,786	(31,342,660)	62,722,670,000	75,573,265,871	450,668,646,747	3,809,501,186,744
For the six-month period ended 30 June 2013							
As at 1 January 2013	2,446,433,850,000	774,134,096,786	(31,342,660)	62,722,670,000	75,573,265,871	574,673,797,960	3,933,506,337,957
Profit for the period	-	-	-	-	-	317,571,331,252	317,571,331,252
Fund appropriation	-	-	-	-	31,108,950,884	(31,108,950,884)	-
Declared dividend	-	-	-	-	-	(391,425,020,800)	(391,425,020,800)
Appropriation to bonus and welfare funds	-	-	-	-	-	(19,540,851,673)	(19,540,851,673)
As at 30 June 2013	2,446,433,850,000	774,134,096,786	(31,342,660)	62,722,670,000	106,682,216,755	450,170,305,855	3,840,111,796,736

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.

20. REVENUES

20.1 Revenues from sale 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 and net revenues from sale of goods and rendering of services	**235,434,578,432**	**226,543,112,162**
Of which:		
Revenue from services (office leasing and related services)	*235,434,578,432*	*207,295,207,333*
Revenue from supply and installation services	-	*19,247,904,829*

20.2 Finance income

	For the six-month period ended 30 June 2013	For the six-month period ended 30 June 2012
		VND
Dividends income	222,328,399,700	98,195,776,426
Interest income	41,988,434,835	39,646,472,378
Foreign exchange gains	376,534,668	1,551,530,359
Gains from divestments of equity securities	21,492,787	294,742,798,850
TOTAL	**264,714,861,990**	**434,136,578,013**

21. FINANCE EXPENSES

	For the six-month period ended 30 June 2013	*VND* *For the six-month period ended 30 June 2012*
Interest expenses	24,767,956,033	11,468,750,114
Loss from divestments of equity securities	1,252,274,196	10,044,034,932
Foreign exchange losses	234,278,679	103,568,553
(Reversal of provision) provision for diminution in value of investments	(1,625,794,289)	54,030,821,592
Others	1,589,868,914	302,726,306
TOTAL	**26,218,583,533**	**75,949,901,497**

22. CORPORATE INCOME TAX

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

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

Current CIT

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

A summary of CIT computation is presented below:

	For the six-month period ended 30 June 2013	*VND* *For the six-month period ended 30 June 2012*
Profit before tax	**349,801,468,337**	**474,518,620,874**
Adjustments to increase (decrease) accounting profit		
Dividends income not subject to CIT	(222,328,399,700)	(96,953,227,580)
Other non-deductible expenses	180,420,254	226,443,688
Accrued interest expenses on convertible bonds	16,735,380,000	-
Unrealized foreign exchange loss	155,311,607	-
Estimated current taxable profit	**144,544,180,498**	**377,791,836,982**
Estimated current CIT expense	**36,136,045,125**	**94,447,959,246**
Under accrual	316,764,862	-
Estimated current CIT expense	**36,452,809,987**	**94,447,959,246**
CIT (receivable) payable at beginning of period	(4,257,725,465)	31,919,543,158
CIT paid during the period	(17,654,475,677)	(102,515,299,877)
CIT payable at end of period	**14,540,608,845**	**23,852,202,527**

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bond, 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 Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits and loans.

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

Interest rate sensitivity

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

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity (continued)

	Change in interest rate (%)	*VND* *Impact to profit before tax*
For the six-month period ended 30 June 2013		
VND	+2%	8,832,488,396
US$	+1%	5,163,662
TOTAL		**8,837,652,058**
VND	-2%	(8,832,488,396)
US$	-1%	(5,163,662)
TOTAL		**(8,837,652,058)**
For the six-month period ended 30 June 2012		
VND	+3%	9,819,703,551
US$	+1%	95,164,078
TOTAL		**9,914,867,629**
VND	-3%	(9,819,703,551)
US$	-1%	(95,164,078)
TOTAL		**(9,914,867,629)**

Foreign currency risk

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

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

Equity price risk

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

As at 30 June 2013, the exposure to listed equity securities at fair value was VND 104,967,117,000 (31 December 2012: VND 739,063,099,900). A decrease of 10% on the stock market index could have an impact of approximately VND 10,496,711,700 (31 December 2012: VND 73,906,309,990) on the Company's profit before tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Company's profit before tax by VND 10,496,711,700 (31 December 2012: VND 73,906,309,990).

Credit risk

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

Trade receivables

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

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

Bank deposits

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

Other financial instruments

The Company's management evaluate all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties except for the receivables which were past due and made provision of VND 54,683,834,392 as at 30 June 2013 (31 December 2012: VND 54,683,834,392).

Liquidity risk

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

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

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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

	Less than 3 months	*From 3 to 12 months*	*From 1 to 5 years*	*More than 5 years*	*VND* *Total*
30 June 2013					
Loans and borrowings	-	33,106,005,930	115,750,808,530	-	148,856,814,460
Convertible bonds	-	-	557,846,000,000	-	557,846,000,000
Trade payables	5,934,094,379	-	-	-	5,934,094,379
Other payables and accrued expenses	78,358,658,583	-	97,286,021,446	-	175,644,680,029
	84,292,752,962	**33,106,005,930**	**770,882,829,976**	**-**	**888,281,588,868**
31 December 2012					
Loans and borrowings	6,916,623,299	28,588,184,700	44,411,815,300	88,000,000,000	167,916,623,299
Convertible bonds	-	-	557,846,000,000	-	557,846,000,000
Trade payables	7,696,671,287	-	-	-	7,696,671,287
Other payables and accrued expenses	296,991,042,689	-	96,152,462,388	-	393,143,505,077
	311,604,337,275	**28,588,184,700**	**698,410,277,688**	**88,000,000,000**	**1,126,602,799,663**

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Carrying amount				Fair value	
	30 June 2013		31 December 2012		30 June 2013	31 December
	Cost	Provision	Cost	Provision		
Financial assets						
Listed shares	97,653,860,270	(7,885,614,720)	611,331,932,618	(11,123,909,009)	104,967,117,000	739,063,09
Unlisted shares	1,506,730,838,426	(153,713,026,000)	1,867,877,162,800	(152,100,526,000)	1,353,017,812,426	1,715,776,63
Bank term-deposits	26,200,000,000	-	401,300,000,000	-	26,200,000,000	401,300,00
Trade receivables	76,220,082,200	(54,683,834,392)	70,526,813,124	(54,683,834,392)	21,536,247,808	15,842,97
Other receivables	45,529,566,524	-	51,845,676,845	-	45,529,566,524	51,845,67
Cash and cash equivalents	565,151,136,343	-	400,384,783,064	-	565,151,136,343	400,384,78
Total	**2,317,485,483,763**	**(216,282,475,112)**	**3,403,266,368,451**	**(217,908,269,401)**	**2,116,401,880,101**	**3,324,213,17**

	Carrying amount		Fair value	
	30 June 2013	31 December 2012	30 June 2013	31 December
Financial liabilities				
Loans and borrowings	706,702,814,460	725,762,623,299	706,702,814,460	725,762,62
Trade payables	5,934,094,379	7,696,671,287	5,934,094,379	7,696,67
Other payables	175,644,680,029	393,143,505,077	175,644,680,029	393,143,50
Total	**888,281,588,868**	**1,126,602,799,663**	**888,281,588,868**	**1,126,602,79**

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair values of listed shares/bonds 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 paragraph 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 approximately the same as their carrying values as at balance sheet date.

25. TRANSACTIONS WITH RELATED PARTIES

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

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

Related parties	*Relationship*	*Transactions*	*VND* *Amounts*
R.E.E Mechanical and Engineering Joint Stock Company	Subsidiary	Dividends income Rental income	104,197,232,867 914,756,462
R.E.E Electric Appliances Joint Stock Company	Subsidiary	Rental income Dividends income	676,193,275 26,853,541,179
R.E.E Real Estate Co., Ltd.	Subsidiary	Rental income Dividends income Management fees Utilities expense	9,645,568,836 481,284,684 (21,605,696,000) (693,651,908)
Transorient	Subsidiary	Dividends income	1,519,090,028
R.E.E Land Corporation	Subsidiary	Dividends income Rental income	11,288,700,000 846,854,751
Vector Corporation	Subsidiary	Lending Interest income	39,700,000,000 152,366,667

25. TRANSACTIONS WITH RELATED PARTIES (continued)

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

	Relationship	*Transactions*	*VND Receivable/ (Payable)*
Trade receivables			
R.E.E Electric Appliances Joint Stock Company	Subsidiary	Rental income	3,029,046,196
R.E.E Land Co., Ltd	Subsidiary	Rental income	302,055,988
R.E.E Mechanical and Engineering Joint Stock Company	Subsidiary	Sale of supply and installation services	5,703,841,319
TOTAL			**9,034,943,503**
Other receivables			
R.E.E Real Estate Co., Ltd.	Subsidiary	Services income	1,779,667,339
Vector Corporation	Subsidiary	Interest income	152,366,667
R.E.E Electric Appliances Joint Stock Company	Subsidiary	Management income	35,398,311
R.E.E Mechanical and Engineering Joint Stock Company	Subsidiary	Management income	92,054,678
Transorient	Subsidiary	Dividends income	1,519,090,028
TOTAL			**3,578,577,023**
Short-term Investment			
Vector Corporation	Subsidiary	Lending	39,700,000,000
Payable			
R.E.E Real Estate Co., Ltd.	Subsidiary	Management charge	(3,821,938,898)
Other payable			
R.E.E Real Estate Co., Ltd.	Subsidiary	Management charge	(3,144,188,006)

26. COMMITMENTS

Guarantees as at 30 June 2013

The Company has guaranteed for the Contract Guarantee and Payment Guarantee of Trans Orient Limited Company-its subsidiary at Hongkong and Shanghai Banking Corporation Limited to a maximum amount of VND 202,106,240,223.

The Company also has guaranteed for the Payment Guaratee for the limited credit of R.E.E Mechanical and Engineering Joint Stock Company – its subsidiary at Joint Stock Commercial Bank For Foreign Trade Of Vietnam to an amount of VND 75,000,000,000.

27. CONTINGENT ASSET

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

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

28. 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 separate financial statements.

CÔNG TY CỔ PHẦN CƠ ĐIỆN LẠNH

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

12 August 2013

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