

# **Cotec Construction Joint Stock Company**

Consolidated financial statements

31 December 2013

# Cotec Construction Joint Stock Company

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# Cotec Construction Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Cotec Construction Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103002611 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 August 2004 and the following Amended Business Registration Certificates:

<u>Amended Business Registration Certificate No.</u>	<u>Date</u>
4103002611 – 1 <sup>st</sup>	10 January 2005
4103002611 – 2 <sup>nd</sup>	24 August 2006
4103002611 – 3 <sup>rd</sup>	24 October 2006
4103002611 – 4 <sup>th</sup>	5 June 2007
4103002611 – 5 <sup>th</sup>	20 August 2007
4103002611 – 6 <sup>th</sup>	5 January 2008
4103002611 – 7 <sup>th</sup>	22 May 2009
0303443233 – 8 <sup>th</sup>	7 September 2009
0303443233 – 9 <sup>th</sup>	23 August 2010
0303443233 – 10 <sup>th</sup>	10 September 2010
0303443233 – 11 <sup>th</sup>	7 May 2012
0303443233 – 12 <sup>th</sup>	25 June 2013

The current principal activities of the Company are to provide construction services, equipment installation, interior decoration and office leasing.

The Company's head office is located at 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

### SIGNIFICANT EVENT

On 2 May 2013, the Company acquired an additional shares of 2,640,000 from Uy Nam Investment & Construction Joint Stock Company ("Uy Nam"), increasing its total ownership in Uy Nam from 31% to 51.24%. Accordingly, the Company is parent company of Uy Nam. Uy Nam is a shareholding company established in accordance with Business Registration Certificate No. 4103005020 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 14 July 2006 and as amended. Uy Nam's principal activities are to providing construction services, equipment installation services and trading of construction materials.

### BOARD OF DIRECTORS

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

Mr. Nguyen Ba Duong	Chairman	
Mr. Tran Quang Tuan	Member	
Mr. Tran Quang Quan	Member	
Mr. Huynh Ba Thang Long	Member	
Mr. Talgat Turumbayev	Member	
Mr. Huynh Le Duc	Member	
Mr. Brian Quan Pham	Member	appointed on 6 August 2013
Mr. Nguyen Thanh Oai	Member	resigned on 6 August 2013

# Cotec Construction Joint Stock Company

GENERAL INFORMATION (continued)

## BOARD OF SUPERVISION

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

Ms. Nghiem Bach Huong	Head of Board of Supervision
Mr. Tu Dai Phuc	Member
Mr. Nguyen Duc Canh	Member

## MANAGEMENT

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

Mr. Nguyen Ba Duong	General Director
Mr. Tran Quang Quan	Deputy General Director
Mr. Tran Quang Tuan	Deputy General Director
Mr. Tran Van Chinh	Deputy General Director

## LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Nguyen Ba Duong.

## AUDITORS

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

# Cotec Construction Joint Stock Company

## REPORT OF MANAGEMENT

Management of Cotec Construction Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2013.

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

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

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

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

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

### STATEMENT BY MANAGEMENT

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

For and on behalf of management:



Nguyen Ba Duong  
General Director

15 March 2014

Reference: 60813343/16359883

## **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders of Cotec Construction Joint Stock Company**

We have audited the accompanying consolidated financial statements of Cotec Construction Joint Stock Company and its subsidiary ("the Group") as prepared on 15 March 2014 and set out on pages 6 to 44, which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

### ***Management's responsibility***

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

### ***Auditors' responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

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

**Ernst & Young Vietnam Limited**



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Ernest Young Chinh Kang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1891-2013-004-1

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

Ho Chi Minh City, Vietnam

15 March 2014

CONSOLIDATED BALANCE SHEET  
as at 31 December 2013

VND

Code	ASSETS	Notes	31 December 2013	31 December 2012
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>3,995,926,433,261</b>	<b>3,046,715,665,716</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>618,518,444,081</b>	<b>681,485,846,811</b>
111	1. Cash		310,513,540,907	94,314,871,184
112	2. Cash equivalents		308,004,903,174	587,170,975,627
<b>120</b>	<b>II. Short-term investments</b>	<b>6</b>	<b>1,055,500,000,000</b>	<b>515,339,420,000</b>
121	1. Short-term investments		1,055,500,000,000	517,616,192,450
129	2. Provision for short-term investments		-	(2,276,772,450)
<b>130</b>	<b>III. Current accounts receivable</b>		<b>2,010,311,772,164</b>	<b>1,457,889,671,264</b>
131	1. Trade receivables	7	2,076,043,856,872	1,447,503,573,573
132	2. Advances to suppliers		39,275,161,905	29,139,666,769
135	3. Other receivables	8	46,459,843,005	37,490,403,403
139	4. Provision for doubtful debts	7, 8	(151,467,089,618)	(56,243,972,481)
<b>140</b>	<b>IV. Inventories</b>	<b>9</b>	<b>248,339,897,206</b>	<b>382,675,128,544</b>
141	1. Inventories		326,253,897,206	407,525,128,544
149	2. Provision for obsolete inventories		(77,914,000,000)	(24,850,000,000)
<b>150</b>	<b>V. Other current assets</b>		<b>63,256,319,810</b>	<b>9,325,599,097</b>
151	1. Short-term prepaid expenses		122,305,125	154,489,771
152	2. Value-added tax deductible		35,446,969,022	-
154	3. Tax and other receivables from the State		971,673,830	-
158	4. Other current assets	10	26,715,371,833	9,171,109,326
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>556,333,955,189</b>	<b>632,121,721,529</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>250,365,294,654</b>	<b>226,953,954,136</b>
221	1. Tangible fixed assets	11	149,800,937,999	138,599,650,290
222	Cost		323,712,310,043	266,499,895,843
223	Accumulated depreciation		(173,911,372,044)	(127,900,245,553)
227	2. Intangible assets	12	99,622,080,043	88,214,332,027
228	Cost		106,095,331,452	92,280,510,590
229	Accumulated amortisation		(6,473,251,409)	(4,066,178,563)
230	3. Construction in progress		942,276,612	139,971,819
<b>240</b>	<b>II. Investment properties</b>	<b>13</b>	<b>92,307,223,295</b>	<b>96,286,741,297</b>
241	1. Cost		100,607,293,807	103,164,365,665
242	2. Accumulated depreciation		(8,300,070,512)	(6,877,624,368)
<b>250</b>	<b>III. Long-term investments</b>	<b>14</b>	<b>104,524,316,290</b>	<b>177,066,322,916</b>
252	1. Investments in associates	14.1	104,524,316,290	175,364,322,916
258	2. Other long-term investments		-	30,202,000,000
259	3. Provision for long-term investments		-	(28,500,000,000)
<b>260</b>	<b>IV. Other long-term assets</b>		<b>109,137,120,950</b>	<b>131,814,703,180</b>
261	1. Long-term prepaid expenses	15	103,812,944,392	125,565,391,034
262	2. Deferred tax assets	28.2	5,279,176,558	6,204,312,146
268	3. Other long-term assets		45,000,000	45,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,552,260,388,450</b>	<b>3,678,837,387,245</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2013

VND

Code	RESOURCES	Notes	31 December 2013	31 December 2012
<b>300</b>	<b>A. LIABILITIES</b>		<b>2,083,766,496,899</b>	<b>1,535,073,008,814</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>2,002,895,871,972</b>	<b>1,520,648,739,204</b>
312	1. Trade payables	16	1,013,608,167,423	575,290,157,020
313	2. Advances from customers		69,949,248,285	81,791,209,675
314	3. Statutory obligations	17	62,860,072,852	43,101,396,504
316	4. Accrued expenses	18	616,929,305,538	628,009,600,025
319	5. Other payables	19	91,772,615,151	70,589,115,787
320	6. Short-term provision	20	75,027,233,127	6,439,049,691
323	7. Bonus and welfare fund		23,899,854,867	13,360,194,075
338	8. Unearned revenues	21	48,849,374,729	102,068,016,427
<b>330</b>	<b>II. Non-current liabilities</b>		<b>80,870,624,927</b>	<b>14,424,269,610</b>
333	1. Other long-term liabilities	22	15,670,693,741	14,424,269,610
337	2. Long-term provision	20	65,199,931,186	-
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>2,302,477,289,437</b>	<b>2,143,764,378,431</b>
<b>410</b>	<b>I. Capital</b>	<b>23.1</b>	<b>2,302,477,289,437</b>	<b>2,143,764,378,431</b>
411	1. Share capital		422,000,000,000	422,000,000,000
412	2. Share premium		869,140,000,000	869,140,000,000
414	3. Treasury shares		(1,741,460,000)	(1,741,460,000)
417	4. Investment and development fund		477,949,555,981	381,467,132,588
418	5. Financial reserve fund		69,165,584,180	56,084,734,287
420	6. Undistributed earnings		465,963,609,276	416,813,971,556
<b>439</b>	<b>C. MINORITY INTERESTS</b>		<b>166,016,602,114</b>	<b>-</b>
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>4,552,260,388,450</b>	<b>3,678,837,387,245</b>

## OFF BALANCE SHEET ITEMS

ITEMS	31 December 2013	31 December 2012
Foreign currencies:		
- United States dollar (US\$)	481	481
- Euro (EUR)	466	466



Vu Thi Hong Hanh  
Preparer



Ha Tieu Anh  
Chief accountant




Nguyen Ba Duong  
General Director

15 March 2014

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2013

VND

Code	ITEMS	Notes	Current year	Previous year
10	1. Gross and net revenue from sale of goods and rendering of services	24.1	6,189,651,406,151	4,477,276,306,689
11	2. Cost of goods sold and services rendered		(5,725,278,429,936)	(4,153,964,436,643)
20	3. Gross profit from sale of goods and rendering of services		464,372,976,215	323,311,870,046
21	4. Finance income	24.2	118,290,538,249	86,142,722,673
22	5. Finance expenses	25	956,344,811	(218,398,481)
23	<i>In which: Interest expense</i>		-	(444,017,567)
25	6. General and administrative expenses	26	(216,761,609,146)	(122,250,135,432)
30	7. Operating profit		366,858,250,129	286,986,058,806
31	8. Other income	27	24,943,462,117	7,455,586,871
32	9. Other expenses	27	(8,175,260,737)	-
40	10. Other profit	27	16,768,201,380	7,455,586,871
45	11. Shares of profit of associates		9,524,664,331	18,390,026,330
50	12. Profit before tax		393,151,115,840	312,831,672,007
51	13. Current corporate income tax expense	28.1	(112,172,080,951)	(83,451,331,013)
52	14. Deferred corporate income tax (expense) income	28.2	(1,101,372,511)	1,902,719,930
60	15. Net profit after tax		279,877,662,378	231,283,060,924
61	<i>Attributable to:</i>			
	15.1 Minority interests		22,739,975,488	-
62	15.2 Equity holders of the Company		257,137,686,890	231,283,060,924
70	16. Basic and diluted earnings per share	30	6,103	5,923



Vu Thi Hong Hanh  
Preparer



Ha Tieu Anh  
Chief accountant




Nguyen Ba Duong  
General Director

15 March 2014

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2013

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>		<b>393,151,115,840</b>	<b>312,831,672,007</b>
	Adjustments for:			
02	Depreciation and amortisation	11, 12, 13	37,172,297,421	38,468,222,418
03	Provisions		140,822,450,015	56,247,951,728
04	Unrealised foreign exchange (gains) loss		(279,561,788)	184,748,196
05	Profit from investing activities		(127,118,999,531)	(103,606,480,907)
06	Interest expense	25	-	444,017,567
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>443,747,301,957</b>	<b>304,570,131,009</b>
09	Increase in receivables		(503,049,587,787)	(311,331,125,208)
10	Decrease (increase) in inventories		185,333,901,336	(45,152,981,889)
11	Increase in payables		339,329,573,488	517,839,550,022
12	Decrease in prepaid expenses		37,765,792,481	71,547,396,928
13	Interest paid		-	(444,017,567)
14	Corporate income tax paid	28.1	(118,358,659,072)	(75,191,107,318)
15	Other cash inflows from operating activities		4,670,034,155	37,361,639,803
16	Other cash outflows from operating activities		(21,304,373,523)	(57,306,252,982)
<b>20</b>	<b>Net cash flows from operating activities</b>		<b>368,133,983,035</b>	<b>441,893,232,798</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases and construction of fixed assets		(8,509,069,758)	(3,981,876,969)
22	Proceeds from disposals of fixed assets		2,105,958,501	-
23	Term deposits at banks		(545,500,000,000)	(510,000,000,000)
24	Collections from borrowers		5,000,000,000	-
25	Payments for investments in other entities		-	(478,000,000)
25.1	Payment for acquisition of a subsidiary, net of cash acquired		81,178,250,155	-
26	Proceeds from sale of investments in other entities		10,168,260,338	-
27	Interest and dividends received		113,035,782,806	69,734,866,264
<b>30</b>	<b>Net cash flows used in investing activities</b>		<b>(342,520,817,958)</b>	<b>(444,725,010,705)</b>

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

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Issuance of shares		-	516,540,000,000
33	Drawdown of borrowings		-	300,000,000,000
34	Repayment of borrowings		-	(300,000,000,000)
36	Dividends paid to equity holders of the parent	23.2	(84,248,389,800)	(84,201,015,000)
36.1	Dividends paid to minority interest		(4,388,400,000)	-
<b>40</b>	<b>Net cash flows (used in) from financing activities</b>		<b>(88,636,789,800)</b>	<b>432,338,985,000</b>
<b>50</b>	<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(63,023,624,723)</b>	<b>429,507,207,093</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>5</b>	<b>681,485,846,811</b>	<b>251,978,411,295</b>
<b>61</b>	<b>Impact of exchange rate fluctuation</b>		<b>56,221,993</b>	<b>228,423</b>
<b>70</b>	<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b>618,518,444,081</b>	<b>681,485,846,811</b>



Vu Thi Hong Hanh  
Preparer



Ha Tieu Anh  
Chief accountant



Nguyen Ba Duong  
General Director

15 March 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2013

## 1. CORPORATE INFORMATION

Cotec Construction Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103002611 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 August 2004 and the following Amended Business Registration Certificates:

<u>Amended Business Registration Certificate No.</u>	<u>Date</u>
4103002611 – 1 <sup>st</sup>	10 January 2005
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0303443233 – 11 <sup>th</sup>	7 May 2012
0303443233 – 12 <sup>th</sup>	25 June 2013

The current principal activities of the Company are to provide construction services, equipment installation, interior decoration and office leasing.

The Company's head office is located at 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam.

The number of the Company's employees as at 31 December 2013 was 1,014 (31 December 2012: 503).

### **Group structure**

The Company has a subsidiary, Uy Nam Investment Construction Joint Stock Company ("Uy Nam"), a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 4103005020 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 July 2006, as amended. Uy Nam's registered office is located at 236/6 Dien Bien Phu Street, Ward 17, Binh Thanh District, Ho Chi Minh City, Vietnam. Uy Nam's principal activities are to providing construction services, equipment installation services and trading of construction materials.

As at 31 December 2013, the Company holds 51.24% equity interest in Uy Nam.

## 2. BASIS OF PREPARATION

### 2.1 **Accounting standards and system**

The consolidated financial statements of the Company and its subsidiary ("the Group"), expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese 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).

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

**2. BASIS OF PREPARATION** (continued)

**2.1 Accounting standards and system** (continued)

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

**2.2 Applied accounting documentation system**

The Group's applied accounting documentation system is the General Journal.

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary as at and for the year ended 31 December 2013. As disclosed in Note 4, during the year, the Company increased its equity interest in Uy Nam, formerly as an associate, to 51.24% and has a first subsidiary. Accordingly, this is the first year that the Group has prepared consolidated financial statements. Accordingly, the Group has prepared the consolidated balance sheet as at 31 December 2012 and consolidated income statement for the year ended 31 December 2012 as comparative figures. Subsequently, investments in associates were accounted for under the equity method from the date on which the Company has significant influence.

Subsidiary is 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 the subsidiary 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 resulting from intra-company transactions are eliminated in full.

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Cash and cash equivalents*

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

#### 3.2 *Inventories*

Inventories are stated at the lower of cost 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, merchandise goods	-	cost of purchase on a weighted average basis
Construction work-in-process	-	cost of direct materials and labour plus attributable construction overheads

##### *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, merchandise goods and construction work-in-process owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

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

#### 3.3 *Receivables*

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

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

#### 3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

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

##### *Land use rights*

Land use right is recorded as an intangible asset on the consolidated balance sheet when the Group obtained the land use right certificates. The costs of land use right comprise all directly attributable costs of bringing the land to the condition available for intended use and is not amortised when having indefinite useful life.

#### 3.6 *Depreciation and amortisation*

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

Buildings & structures	6 - 30 years
Machinery & equipment	3 - 10 years
Means of transportation	3 - 8 years
Office equipment	3 - 5 years
Softwares	3 years
Land use rights	49 years

#### 3.7 *Investment properties*

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

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

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

Office building	30 years
Others	25 years

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.



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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.8 *Leased assets*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

*Where the Group is the lessee*

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

*Where the Group is the lessor*

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

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

#### 3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Tools and supplies used for construction are amortised to the consolidated income statement over the period of two (2) to six (6) years on the straight-line basis.

#### 3.10 *Short-term investments*

Short-term investments are stated at their acquisition cost less provision where appropriate. A provision for the diminution in value of investments is created representing the excess of the acquisition cost over the market value at the end of year.

#### 3.11 *Business combinations 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 (if any) 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 recognised directly in the consolidated income statement. After initial recognition, goodwill (if any) is measured at cost less any accumulated amortization. Goodwill is amortised over 10-year period on a straight-line basis.

If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.12 *Investment in associates*

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have from 20% or above of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associates (if any) is included in the carrying amount of the investment and is amortised over 10-year period. The consolidated income statement reflects the share of the post-acquisition results of operation of the associates.

The share of post-acquisition profit (loss) of the associates is presented on the face of the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of the change and discloses this, where applicable, in the equity section of the consolidated balance sheet. 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 reporting period and use the same accounting policies as the Group's. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

#### 3.13 *Investments 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 investments at the balance sheet date in accordance with the guidance under Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013 that is amending and supplementing 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 consolidated income statement.

#### 3.14 *Payables and accruals*

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

#### 3.15 *Accrual for severance allowance pay*

The severance payment to employee is provided at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the six-month year up to the balance sheet date. Any increase to the accrued amount will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

#### 3.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for warranty obligation of construction projects is estimated from 1% to 3% on value of project based on the specification of each project and actual experiences.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.17 *Foreign currency transactions*

The Group follows the guidance under Vietnamese Accounting Standard No.10 – Effects of Changes in Foreign Exchange Rates and Circular No. 179/2012/TT-BTC providing guidance on recognition, measurement treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 in relation to foreign currency transactions as applied consistently in prior year.

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

#### 3.18 *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary shareholders, before appropriation for funds by the weighted average number of ordinary outstanding shares during the year, where applicable.

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 preference shares) 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.

#### 3.19 *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.

#### 3.20 *Appropriation of net profit*

Net profit after tax is available for appropriation to investors as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese 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 of in-depth investment.

##### *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' material and spiritual benefits and it is recognised as a liability.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.21 Revenue recognition

Revenue is recognised to the extent that 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 is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

##### *Construction contracts*

For the construction contracts specifying that the contractor will receive payments according to the completed work, where the outcome of a construction contract can be determined reliably and accepted by the customers, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date which is accepted by the customers and reflected in the sales invoices.

For the construction contracts specifying that the progress payments are made as originally agreed, where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments 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 it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

##### *Rental income*

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

##### *Interest*

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

##### *Dividend*

Revenue is recognised when the Group is entitled to receive dividends.

#### 3.22 Taxation

##### *Current income tax*

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

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.22 *Taxation* (continued)

##### *Deferred tax*

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

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

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

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

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

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

#### 3.23 *Financial instruments*

##### *Financial instruments – initial recognition and presentation*

##### Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the consolidated financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

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

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.23 *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 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.

##### *Financial instruments – subsequent re-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. BUSINESS COMBINATION

On 2 May 2013, the Company acquired an additional shares of 2,640,000 from Uy Nam Investment & Construction Joint Stock Company ("Uy Nam"), increasing its total ownership in Uy Nam from 31% to 51.24%.

The fair value of the identifiable assets and liabilities of Uy Nam as at the date of acquisition were as follow:

	<i>Fair value recognised at acquisition date</i>	<i>VND Carrying value in Uy Nam</i>
<b>Assets</b>	<b>558,200,409,708</b>	<b>558,200,409,708</b>
Cash and cash equivalents	171,022,730,155	171,022,730,155
Trade receivables	226,763,092,229	226,763,092,229
Inventories	97,822,888,460	97,822,888,460
Other current assets	9,425,833,883	9,425,833,883
Fixed assets	37,008,466,865	37,008,466,865
Other long-term assets	16,157,398,116	16,157,398,116
<b>Liabilities</b>	<b>249,052,896,114</b>	<b>249,052,896,114</b>
Trade payables	189,665,627,516	189,665,627,516
Other payables	59,387,268,598	59,387,268,598
<b>Total identifiable net assets at fair value</b>	<b>309,147,513,594</b>	<b>309,147,513,594</b>
Interest of shareholders of parent (51.24%)	158,407,185,966	
Negative goodwill arising on acquisition	(561,856,461)	
<b>Purchased consideration</b>	<b>157,845,329,505</b>	

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

## 5. CASH AND CASH EQUIVALENTS

	VND	
	31 December 2013	31 December 2012
Cash on hand	9,279,848	54,541,675
Cash in banks	310,504,261,059	94,260,329,509
Cash equivalents (*)	<u>308,004,903,174</u>	<u>587,170,975,627</u>
<b>TOTAL</b>	<b><u>618,518,444,081</u></b>	<b><u>681,485,846,811</u></b>

(\*) Cash equivalents mainly represent bank deposits with original maturity of less than 3 months and earn interest at the applicable rates.

## 6. SHORT-TERM INVESTMENTS

	VND	
	31 December 2013	31 December 2012
Other short-term investments (*)	1,055,500,000,000	510,000,000,000
Short-term investment securities	-	7,616,192,450
Provision for short-term investments	-	<u>(2,276,772,450)</u>
<b>NET</b>	<b><u>1,055,500,000,000</u></b>	<b><u>515,339,420,000</u></b>

(\*) Other short-term investments include deposits in commercial banks with a term of three months or more and earn an interest at the applicable rates.

## 7. TRADE RECEIVABLES

	VND	
	31 December 2013	31 December 2012
Third parties	1,998,828,648,247	1,320,384,644,263
Related parties (Note 29)	<u>77,215,208,625</u>	<u>127,118,929,310</u>
<b>TOTAL</b>	<b><u>2,076,043,856,872</u></b>	<b><u>1,447,503,573,573</u></b>
Provision for doubtful debts	<u>(151,467,089,618)</u>	<u>(55,182,008,195)</u>
<b>NET</b>	<b><u>1,924,576,767,254</u></b>	<b><u>1,392,321,565,378</u></b>

### *Detail of movements of provision for doubtful debts:*

	VND	
	Current year	Previous year
At beginning of year	55,182,008,195	29,407,050,753
Add: Provision created due to business combination	979,012,582	-
Add: Provision created during the year	<u>95,306,068,841</u>	<u>25,774,957,442</u>
At end of year	<u>151,467,089,618</u>	<u>55,182,008,195</u>

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

## 8. OTHER RECEIVABLES

	VND	
	31 December 2013	31 December 2012
Interest receivable	20,837,805,559	23,491,004,361
Related parties (Note 29)	14,450,498,473	13,973,879,495
Receivables from disposal of investments	11,171,538,973	-
Others	-	25,519,547
<b>TOTAL</b>	<b>46,459,843,005</b>	<b>37,490,403,403</b>
Provision for doubtful debts	-	(1,061,964,286)
<b>NET</b>	<b>46,459,843,005</b>	<b>36,428,439,117</b>

## 9. INVENTORIES

	VND	
	31 December 2013	31 December 2012
Construction work in process	322,050,142,218	407,525,128,544
Merchandise goods	4,203,754,988	-
<b>TOTAL</b>	<b>326,253,897,206</b>	<b>407,525,128,544</b>
Provision for obsolete inventories	(77,914,000,000)	(24,850,000,000)
<b>NET</b>	<b>248,339,897,206</b>	<b>382,675,128,544</b>

### *Detail of movements of provision for obsolete inventories:*

	VND	
	Current year	Previous year
At the beginning of the year	(24,850,000,000)	-
Add: Provision created during the year	(53,064,000,000)	(24,850,000,000)
At the end of the year	(77,914,000,000)	(24,850,000,000)



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

## 9. INVENTORIES (continued)

The details of work in process of on-going construction projects are as follows:

	VND	
	31 December 2013	31 December 2012
Tricon Tower	75,000,000,000	73,438,243,737
South Saigon Commercial Complex - Vivo City	35,767,247,833	-
Gain Lucky Vietnam Garment Factory	19,000,688,266	-
Salinda Phu Quoc Resort	15,637,775,494	6,461,747,670
Ho Chi Minh Stock Exchange Building	15,507,648,907	35,186,376,299
E6 Villa Project	14,008,912,460	1,353,936,650
Everich District 7 High glass Apartment	13,426,410,247	12,955,951,980
An Phu Apartment	13,034,998,522	-
Eximbank headquarter	11,472,372,355	-
Viettel Kien Giang Building	11,095,030,501	-
Backup Data Center	7,273,724,771	-
Nestle feedmill factory	7,004,240,189	9,145,058,808
Eurowindows Tower	6,076,303,669	33,489,775,652
Viglacera Tower	5,825,559,892	21,450,741,065
Diamond Island	-	49,386,391,147
Hanosimex Ha Nam Garment	-	22,417,383,330
Mandarin	-	29,240,517,066
Power Construction installation No.1's apartment	-	21,815,075,360
Kenton Tower	-	15,248,486,530
Others	71,919,229,112	75,935,443,250
<b>TOTAL</b>	<b><u>322,050,142,218</u></b>	<b><u>407,525,128,544</u></b>

## 10. OTHER CURRENT ASSETS

	VND	
	31 December 2013	31 December 2012
Advances to construction teams and employees	24,429,701,717	7,142,026,804
Deposits	2,285,670,116	2,029,082,522
<b>TOTAL</b>	<b><u>26,715,371,833</u></b>	<b><u>9,171,109,326</u></b>

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

## 11. TANGIBLE FIXED ASSETS

						VND
	<i>Buildings &amp; structures</i>	<i>Machinery &amp; equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Others</i>	<i>Total</i>
<b>Cost:</b>						
Beginning balance	72,380,815,033	163,950,221,022	18,398,354,070	11,667,894,738	102,610,980	266,499,895,843
Newly purchased	3,566,170,552	2,231,415,454	1,096,215,959	453,040,091	-	7,346,842,056
Increased due to business combination	7,848,028,165	22,445,578,975	6,078,701,177	4,196,083,616	5,254,672,954	45,823,064,887
Reclassified from investment properties	21,177,435,767	-	-	-	-	21,177,435,767
Sold, disposed	-	(3,435,017,050)	-	(242,559,260)	-	(3,677,576,310)
Other reductions (*)	-	(7,811,308,434)	-	(5,033,057,186)	(612,986,580)	(13,457,352,200)
Ending balance	104,972,449,517	177,380,889,967	25,573,271,206	11,041,401,999	4,744,297,354	323,712,310,043
<i>In which:</i>						
<i>Fully depreciated</i>	1,124,079,348	52,077,548,920	2,280,948,179	4,070,663,805	-	59,553,240,252
<b>Accumulated depreciation:</b>						
Beginning balance	11,662,015,047	100,070,290,418	8,150,682,008	7,959,539,370	57,718,710	127,900,245,553
Depreciation for the year	6,044,615,051	21,413,445,400	2,949,938,258	1,632,609,193	602,702,806	32,643,310,708
Increased due to business combination	2,735,843,617	9,386,505,654	3,032,038,850	2,633,552,999	3,703,041,623	21,490,982,743
Reclassified from investment properties	1,647,133,893	-	-	-	-	1,647,133,893
Sold, disposed	-	(2,291,705,785)	-	(161,081,793)	-	(2,452,787,578)
Other reductions (*)	-	(3,916,820,534)	-	(3,330,147,651)	(70,545,090)	(7,317,513,275)
Ending balance	22,089,607,608	124,661,715,153	14,132,659,116	8,734,472,118	4,292,918,049	173,911,372,044
<b>Net carrying amount:</b>						
Beginning balance	60,718,799,986	63,879,930,604	10,247,672,062	3,708,355,368	44,892,270	138,599,650,290
Ending balance	82,882,841,909	52,719,174,814	11,440,612,090	2,306,929,881	451,379,305	149,800,937,999

(\*) During the year the Group has charged the remaining value of those assets that no longer satisfy recognition criteria of fixed assets as required by Circular No. 45/2013/TT-BTC providing guidance for safeguarding, using and depreciating fixed assets ("Circular 45") to the consolidated income statement.

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

## 12. INTANGIBLE ASSETS

	VND		
	<i>Land use rights</i>	<i>Softwares</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	89,367,812,334	2,912,698,256	92,280,510,590
Increased due to business combination	13,342,681,128	326,887,630	13,669,568,758
Newly purchased	-	382,420,000	382,420,000
Disposed	(106,569,096)	-	(106,569,096)
Other reductions (*)	-	(130,598,800)	(130,598,800)
Ending balance	<u>102,603,924,366</u>	<u>3,491,407,086</u>	<u>106,095,331,452</u>
<b>Accumulated amortisation:</b>			
Beginning balance	1,955,137,995	2,111,040,568	4,066,178,563
Increased due to business combination	734,273,944	258,910,093	993,184,037
Amortisation for the year	694,398,531	765,008,145	1,459,406,676
Disposed	(14,861,680)	-	(14,861,680)
Other reductions (*)	-	(30,656,187)	(30,656,187)
Ending balance	<u>3,368,948,790</u>	<u>3,104,302,619</u>	<u>6,473,251,409</u>
<b>Net carrying value:</b>			
Beginning balance	<u>87,412,674,339</u>	<u>801,657,688</u>	<u>88,214,332,027</u>
Ending balance	<u>99,234,975,576</u>	<u>387,104,467</u>	<u>99,622,080,043</u>

Land use rights include the cost of land use rights with carrying amount of VND 64,662,555,400 which are indefinite and accordingly not amortised.

(\*) During the year the Group has charged the remaining value of those assets that no longer satisfy recognition criteria of fixed assets as required by Circular 45 to the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**13. INVESTMENT PROPERTIES**

			VND
	Office building	Others	Total
<b>Cost:</b>			
Beginning balance	103,164,365,665	-	103,164,365,665
Additions	-	18,620,363,909	18,620,363,909
Reclassified to tangible fixed assets	(21,177,435,767)	-	(21,177,435,767)
Ending balance	<u>81,986,929,898</u>	<u>18,620,363,909</u>	<u>100,607,293,807</u>
<b>Accumulated depreciation:</b>			
Beginning balance	6,877,624,368	-	6,877,624,368
Depreciation for the year	2,968,202,500	101,377,537	3,069,580,037
Reclassified to tangible fixed assets	(1,647,133,893)	-	(1,647,133,893)
Ending balance	<u>8,198,692,975</u>	<u>101,377,537</u>	<u>8,300,070,512</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>96,286,741,297</u>	<u>-</u>	<u>96,286,741,297</u>
Ending balance	<u>73,788,236,923</u>	<u>18,518,986,372</u>	<u>92,307,223,295</u>

The fair value of the investment property was not formally assessed and determined as at 31 December 2013. However, given the present occupancy rate of this property, it is management's assessment that the property's market value is higher than its carrying value as at the balance sheet date.

**14. LONG-TERM INVESTMENTS**

	VND	
	31 December 2013	31 December 2012
Investments in associates	104,524,316,290	175,364,322,916
Other long-term investments	-	30,202,000,000
<i>Securities</i>	-	25,202,000,000
<i>Loans</i>	-	5,000,000,000
Provision for long-term investments	-	(28,500,000,000)
<i>Securities</i>	-	(23,500,000,000)
<i>Loans</i>	-	(5,000,000,000)
<b>NET</b>	<u><b>104,524,316,290</b></u>	<u><b>177,066,322,916</b></u>

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

#### 14. LONG-TERM INVESTMENTS (continued)

##### 14.1 Investments in associates

As at 31 December 2013, the details of investment are as follows:

	As at 31 December 2013		As at 31 December 2012	
	% of interest	Amount (VND)	% of interest	Amount (VND)
Uy Nam Investment Construction Joint Stock Company	-	-	31	67,097,657,558
Phu Hung Gia Construction & Investment Joint Stock Company	20.16	47,981,890,157	20.16	45,727,341,421
Quang Trong Commercial Joint Stock Company	36	17,510,424,919	36	17,509,829,594
Phu Gia An Investment Joint Stock Company	37	39,032,001,214	37	39,033,643,996
Trieu Hung Gia Construction Investment Joint Stock Company	-	-	30	5,995,850,347
<b>TOTAL</b>		<b>104,524,316,290</b>		<b>175,364,322,916</b>

	VND	
	Current year	Previous year
Cost of investments in associates	111,022,500,000	111,022,500,000
Accumulated share in post-acquisition profit of the associates	98,421,113,100	89,664,019,874
Accumulated dividends received	(30,922,596,958)	(25,322,196,958)
Transferred to subsidiary - Uy Nam	(68,000,849,505)	-
Proceeds from disposal of investments	(5,995,850,347)	-
	<b>104,524,316,290</b>	<b>175,364,322,916</b>

Phu Hung Gia Construction & Investment Joint Stock Company ("Phu Hung Gia") is a shareholding company established in accordance with Business Registration Certificate No. 4103002810 issued by the DPI of Ho Chi Minh City on 27 October 2005 and the latest 13th Amended Business Registration Certificate No. 0303527596 dated 7 November 2013. Phu Hung Gia's principal activities are to provide civil and industrial construction services and trade real estate.

Quang Trong Commercial Joint Stock Company ("Quang Trong") is a shareholding company established in accordance with Business Registration Certificate No. 4903000474 issued by the DPI of Ba Ria – Vung Tau Province on 18 December 2007 and the latest 3rd Amended Business Registration Certificate No. 3500740022 dated 14 February 2011. Quang Trong's principal activities are to trade real estate and provide project management.

Phu Gia An Investment Joint Stock Company ("Phu Gia An") is a shareholding company established in accordance with Business Registration Certificate No. 4103006924 issued by the DPI of Ho Chi Minh City on 5 June 2007 and the latest 3rd Amended Business Registration Certificate No. 0305004136 dated 8 September 2011. Phu Gia An's principal activities are to trade real estate and provide project management.

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

#### 14. LONG-TERM INVESTMENTS (continued)

##### 14.1 Investments in associates (continued)

Trieu Hung Gia Construction & Investment Joint Stock Company ("Trieu Hung Gia") is a shareholding company established in accordance with Business Registration Certificate No. 4103009051 issued by the DPI of Ho Chi Minh City on 11 January 2008. Trieu Hung Gia's principal activities are to trade real estate and provide project management. During the year, the Board of Directors of Trieu Hung Gia approved the plan for dissolution. Accordingly, on 5 July 2013 and 31 December 2013, the Company received a part of investment into Trieu Hung Gia amounting to VND 2,475,000,000 and VND 818,181,818, respectively. At the date of this report, Trieu Hung Gia is planning to return the remaining contributed capital to its shareholders and carrying out the necessary procedures for dissolution in accordance with current regulations.

#### 15. LONG-TERM PREPAID EXPENSES

	VND	
	31 December 2013	31 December 2012
Tools & supplies used for construction works	103,151,192,721	124,909,211,298
Others	661,751,671	656,179,736
<b>TOTAL</b>	<b><u>103,812,944,392</u></b>	<b><u>125,565,391,034</u></b>

#### 16. TRADE PAYABLES

	VND	
	31 December 2013	31 December 2012
Third parties	892,582,606,369	429,326,794,486
Related parties (Note 29)	121,025,561,054	145,963,362,534
<b>TOTAL</b>	<b><u>1,013,608,167,423</u></b>	<b><u>575,290,157,020</u></b>

#### 17. STATUTORY OBLIGATIONS

	VND	
	31 December 2013	31 December 2012
Corporate income tax (Note 28.1)	26,559,370,726	29,475,076,465
Value-added tax	12,768,846,978	4,182,615,721
Personal income tax	23,531,855,148	9,443,704,318
<b>TOTAL</b>	<b><u>62,860,072,852</u></b>	<b><u>43,101,396,504</u></b>

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

**18. ACCRUED EXPENSES**

	VND	
	31 December 2013	31 December 2012
Cost of construction projects	616,565,740,135	627,785,600,025
Others	<u>363,565,403</u>	<u>224,000,000</u>
<b>TOTAL</b>	<b><u>616,929,305,538</u></b>	<b><u>628,009,600,025</u></b>

**19. OTHER PAYABLES**

	VND	
	31 December 2013	31 December 2012
Payable to construction teams	90,681,394,730	49,571,441,597
Dividend payables	186,590,150	168,291,950
Others	<u>904,630,271</u>	<u>20,849,382,240</u>
<b>TOTAL</b>	<b><u>91,772,615,151</u></b>	<b><u>70,589,115,787</u></b>

**20. SHORT-TERM AND LONG-TERM PROVISIONS**

These amounts represent the provision for warranty of completed construction projects.

**21. UNEARNED REVENUES**

	VND	
	31 December 2013	31 December 2012
Unearned revenue from construction works	48,311,858,647	100,960,754,815
Unearned revenue from office leasing	<u>537,516,082</u>	<u>1,107,261,612</u>
<b>TOTAL</b>	<b><u>48,849,374,729</u></b>	<b><u>102,068,016,427</u></b>

**22. OTHER LONG-TERM PAYABLES**

	VND	
	31 December 2013	31 December 2012
Severance allowance	11,038,531,011	10,249,956,011
Long-term deposits received	<u>4,632,162,730</u>	<u>4,174,313,599</u>
<b>TOTAL</b>	<b><u>15,670,693,741</u></b>	<b><u>14,424,269,610</u></b>

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

## 23. OWNERS' EQUITY

### 23.1 Increase and decrease in owners' equity

								VND
	Share capital	Share premium	Treasury shares	Foreign exchange differences reserve	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
<b>Previous year:</b>								
Beginning balance	317,700,000,000	456,900,000,000	(1,741,460,000)	(201,967,112)	297,041,491,648	45,531,529,169	375,329,649,808	1,490,559,243,513
Increase in capital	104,300,000,000	412,240,000,000	-	-	-	-	-	516,540,000,000
Net profit for the year	-	-	-	-	-	-	231,283,060,924	231,283,060,924
Profit appropriation	-	-	-	-	84,425,640,940	10,553,205,118	(94,978,846,058)	-
Transfer to bonus and welfare fund	-	-	-	-	-	-	(10,553,205,118)	(10,553,205,118)
Dividend declared	-	-	-	-	-	-	(84,266,688,000)	(84,266,688,000)
Foreign exchange differences	-	-	-	201,967,112	-	-	-	201,967,112
Ending balance	<u>422,000,000,000</u>	<u>869,140,000,000</u>	<u>(1,741,460,000)</u>	<u>-</u>	<u>381,467,132,588</u>	<u>56,084,734,287</u>	<u>416,813,971,556</u>	<u>2,143,764,378,431</u>
<b>Current year:</b>								
Beginning balance	422,000,000,000	869,140,000,000	(1,741,460,000)	-	381,467,132,588	56,084,734,287	416,813,971,556	2,143,764,378,431
Net profit for the year	-	-	-	-	-	-	257,137,686,890	257,137,686,890
Profit appropriation	-	-	-	-	96,482,423,393	13,080,849,893	(109,563,273,286)	-
Transfer to bonus and welfare fund	-	-	-	-	-	-	(14,158,087,884)	(14,158,087,884)
Dividends declared	-	-	-	-	-	-	(84,266,688,000)	(84,266,688,000)
Ending balance	<u>422,000,000,000</u>	<u>869,140,000,000</u>	<u>(1,741,460,000)</u>	<u>-</u>	<u>477,949,555,981</u>	<u>69,165,584,180</u>	<u>465,963,609,276</u>	<u>2,302,477,289,437</u>



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

## 23. OWNERS' EQUITY (continued)

### 23.2 Capital transactions with owners and distribution of dividends

	Current year	VND Previous year
<b>Contributed share capital</b>		
Beginning balance	422,000,000,000	317,700,000,000
Increase	-	104,300,000,000
Ending balance	<u>422,000,000,000</u>	<u>422,000,000,000</u>
<b>Dividends</b>		
Dividends declared	84,266,688,000	84,266,688,000
Dividends paid	(84,248,389,800)	(84,201,015,000)

### 23.3 Shares

	31 December 2013	VND 31 December 2012
Shares authorised to be issued	42,200,000	42,200,000
Shares issued and fully paid	42,200,000	42,200,000
<i>Ordinary shares</i>	42,200,000	42,200,000
Treasury shares	(66,656)	(66,656)
<i>Ordinary shares</i>	(66,656)	(66,656)
Outstanding shares	42,133,344	42,133,344
<i>Ordinary shares</i>	42,133,344	42,133,344

## 24. REVENUE

### 24.1 Net revenue from sale of goods and rendering of services

	Current year	VND Previous year
Rendering of construction services	6,027,922,780,401	4,420,474,402,697
Sales of merchandise goods	119,454,043,232	-
Rental of construction equipment	18,034,225,693	33,702,304,452
Rental income from investment properties	24,240,356,825	23,099,599,540
<b>TOTAL</b>	<u><b>6,189,651,406,151</b></u>	<u><b>4,477,276,306,689</b></u>

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

24. REVENUE (continued)

24.2 Finance income

		VND
	Current year	Previous year
Bank interest income	106,178,462,479	68,831,676,874
Gain on disposal of investments	9,688,295,000	-
Dividend earned	1,078,125,000	600,600,000
Negative goodwill	561,856,461	-
Unrealised foreign exchange gains	279,561,788	-
Realised foreign exchange gains	222,230,911	-
Late payment interest	282,006,610	16,710,445,799
<b>TOTAL</b>	<b><u>118,290,538,249</u></b>	<b><u>86,142,722,673</u></b>

25. FINANCE EXPENSES

		VND
	Current year	Previous year
Loss from disposal of investments	378,801,598	-
Realised foreign exchange loss	150,508,131	25,546,599
Unrealised foreign exchange loss	-	184,748,196
Loan interest	-	444,017,567
Reversal of provision for diminution in value of investments	(1,485,654,540)	(438,970,000)
Others	-	3,056,119
<b>TOTAL</b>	<b><u>(956,344,811)</u></b>	<b><u>218,398,481</u></b>

26. ADMINISTRATIVE EXPENSES

		VND
	Current year	Previous year
Labour costs	78,570,699,224	53,851,199,993
Depreciation and amortisation	17,511,758,866	16,111,175,448
Provision expense	89,244,104,555	31,836,921,728
Expenses for external services	13,099,026,119	9,041,065,030
Other expenses	18,336,020,382	11,409,773,233
<b>TOTAL</b>	<b><u>216,761,609,146</u></b>	<b><u>122,250,135,432</u></b>

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

## 27. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>24,943,462,117</b>	<b>7,455,586,871</b>
Reversal of warranty cost	8,651,037,049	1,689,494,706
Cost reduction after project finalisation	5,597,897,308	-
Proceeds from disposal of tools and supplies	2,946,793,621	755,480,000
Proceeds from disposal of fixed assets	2,268,458,501	-
Reversal of over accrued for construction expenses	1,190,755,777	1,698,002,213
Others	4,288,519,861	3,312,609,952
<b>Other expenses</b>	<b>(8,175,260,737)</b>	<b>-</b>
Cost of disposal of tools and supplies	(950,916,634)	-
Cost of disposal of fixed assets	(1,316,496,148)	-
Others	(5,907,847,955)	-
<b>NET</b>	<b>16,768,201,380</b>	<b>7,455,586,871</b>

## 28. CORPORATE INCOME TAX

The statutory Corporate Income Tax ("CIT") rate applicable to the Group is 25% of taxable profits.

The tax returns filed by Group are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

### 28.1 Current CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expense	112,172,080,951	83,451,331,013
Deferred CIT expense (benefit)	1,101,372,511	(1,902,719,930)
<b>TOTAL</b>	<b>113,273,453,462</b>	<b>81,548,611,083</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**28. CORPORATE INCOME TAX (continued)**

**28.1 Current CIT expense (continued)**

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

A reconciliation between the taxable profit and profit before tax on the consolidated income statement is presented below:

	VND	
	Current year	Previous year
<b>Profit before tax</b>	<b>393,151,115,840</b>	<b>312,831,672,007</b>
<i>Adjustment to increase (decrease) in accounting profit</i>		
Non-deductible expenses	70,461,053,412	31,445,341,184
Dividend received	(1,078,125,000)	(600,600,000)
Share of profit from associates	(9,524,664,331)	(17,611,014,762)
Increase in provision for severance allowance	47,730,000	6,769,615,626
Unrealised foreign exchange gain	(208,778,770)	(11,437,807)
Change in taxable profit of unearned revenue	(4,142,416,031)	2,317,056,842
Change in unrealised profits	590,020,467	(1,475,792,754)
Negative goodwill	(561,856,461)	3,056,119
<b>Estimated current taxable profit</b>	<b>448,734,079,126</b>	<b>333,667,896,455</b>
<b>Estimated current CIT expenses</b>	<b>112,183,519,782</b>	<b>83,416,974,114</b>
Adjustment for (over) under accrual of tax from prior years	(11,438,831)	34,356,899
<b>Current CIT expenses</b>	<b>112,172,080,951</b>	<b>83,451,331,013</b>
CIT payable at beginning of year	29,475,076,465	21,214,852,770
Pre-acquisition CIT payable from a subsidiary	3,270,872,382	-
CIT paid during the year	(118,358,659,072)	(75,191,107,318)
<b>CIT payable at end of year</b>	<b>26,559,370,726</b>	<b>29,475,076,465</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 28. CORPORATE INCOME TAX (continued)

### 28.2 Deferred CIT

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

	Consolidated balance sheet		Consolidated income statement		VND
	Ending balance	Beginning balance	Current year	Previous year	
<b>Deferred tax assets</b>					
Severance allowance	2,574,421,503	2,562,489,003	11,932,500	1,692,403,907	
Profit of unearned revenue	729,244,964	1,951,947,973	(1,222,703,009)	579,264,211	
Unrealised profit	2,065,426,935	1,917,921,818	147,505,117	(368,948,188)	
Unrealised foreign exchange losses	(52,194,692)	-	(52,194,692)	-	
Provision for investments	(213,959,075)	(228,046,648)	14,087,573	-	
Increased due to business combination	176,236,923	-	-	-	
	<b>5,279,176,558</b>	<b>6,204,312,146</b>			
<b>Deferred income tax (expense) benefit</b>			<b>(1,101,372,511)</b>	<b>1,902,719,930</b>	

## 29. TRANSACTIONS WITH RELATED PARTIES

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

Related party	Relationship	Nature of transaction	VND
			Amount
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction cost	404,107,000,696
		Sales of construction material	7,288,059,333
		Equipment rental income	20,580,500,821
		Purchase of construction material	25,462,941,871
		Equipment rental expense	942,279,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 29. TRANSACTIONS WITH RELATED PARTIES (continued)

The outstanding balances due from and due to related parties as at 31 December 2013 as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>VND</i> <i>Receivable</i> <i>(payable)</i>
<b>Trade receivable</b>			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction services, rental, maintenance and delivery fee of machinery and equipment	<u>77,215,208,625</u>
<b>Other receivables</b>			
Phu Gia An Investment Joint Stock Company	Associate	Loan interest	11,957,879,495
Trieu Hung Gia Construction Investment Joint Stock Company	Associate	Disposal of investments	2,492,618,978
			<u><b>14,450,498,473</b></u>
<b>Trade payable</b>			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction cost and purchase of material	<u>121,025,561,054</u>
<b>Advance from customer</b>			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Advance for rendering of construction services	<u>3,464,000,000</u>

## 30. EARNINGS PER SHARE

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

	<i>Current year</i>	<i>Previous year</i>
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	257,137,686,890	231,283,060,924
Weighted average number of ordinary shares during the year	42,133,344	39,047,207
Basic and diluted earnings per share (VND)	6,103	5,923

There have been no potential dilutive ordinary shares during the year and up to the date of these consolidated financial statements.

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

### 31. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services rendered. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

*Construction services segment*

*Construction materials trading segment*

*Office leasing segment*

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

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

**31. SEGMENT INFORMATION** (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

	<i>Construction services</i>	<i>Construction materials trading</i>	<i>Office leasing</i>	<i>Elimination</i>	<i>VND</i> <i>Total</i>
<b>As at and for the year ended 31 December 2013</b>					
Revenue					
<i>Revenue from sale of goods and rendering of services</i>	6,317,916,707,862	282,328,442,561	27,385,256,026	(437,979,000,298)	6,189,651,406,151
Results					
<i>Segment net profit (loss) before tax</i>	421,732,532,696	(546,181,918)	9,139,291,079	(2,702,943,573)	427,622,698,284
<i>Unallocated income</i>					(34,471,582,444)
<i>Net profit before income tax</i>					393,151,115,840
<i>Income tax expense</i>					(113,273,453,462)
<i>Net profit for the year</i>					279,877,662,378
Assets and liabilities					
<i>Segment assets</i>	2,648,276,394,849	91,370,772,096	112,059,076,302	(155,174,603,753)	2,696,531,639,494
<i>Unallocated assets</i>					1,855,728,748,956
<i>Total assets</i>					4,552,260,388,450
<i>Segment liabilities</i>	2,001,635,202,986	134,035,114,703	5,169,678,812	(155,174,603,753)	1,985,665,392,748
<i>Unallocated liabilities</i>					98,101,104,151
<i>Total liabilities</i>					2,083,766,496,899



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

**31. SEGMENT INFORMATION** (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment: (continued)

	<i>Construction services</i>	<i>Construction materials trading</i>	<i>Office leasing</i>	<i>Elimination</i>	<i>VND</i> <i>Total</i>
<b>As at and for the year ended 31 December 2012</b>					
<b>Revenue</b>					
<i>Revenue from rendering of services</i>	4,454,176,707,149	-	23,099,599,540	-	4,477,276,306,689
<b>Results</b>					
<i>Segment net profit before tax</i>	307,209,825,317	-	15,405,263,543	696,781,186	323,311,870,046
<i>Unallocated expenses</i>					(10,480,198,039)
<i>Net profit before income tax</i>					312,831,672,007
<i>Income tax expense</i>					(81,548,611,083)
<i>Net profit for the year</i>					231,283,060,924
<b>Assets and liabilities</b>					
<i>Segment assets</i>	2,165,699,461,314	-	96,731,045,930	(1,179,425,275)	2,261,251,081,969
<i>Unallocated assets</i>					1,417,586,305,276
<b>Total assets</b>					3,678,837,387,245
<i>Segment liabilities</i>	1,442,062,212,823	-	5,281,575,211	-	1,447,343,788,034
<i>Unallocated liabilities</i>					87,729,220,780
<b>Total liabilities</b>					1,535,073,008,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 32. OPERATING LEASE COMMITMENTS

Operating lease commitments represent committed amounts relating to office lease under the operating lease agreement. Future rental amounts due as at 31 December 2013 are as follows:

	VND	
	31 December 2013	31 December 2012
Less than 1 year	1,884,384,000	668,110,170
From 1 to 5 years	2,097,352,000	-
	<u>3,981,736,000</u>	<u>668,110,170</u>

In addition, the Group leases out its Cotecon Building property under operating lease arrangement. The future minimum rental receivable as at 31 December 2013 under the operating lease agreements is as follows:

	VND	
	31 December 2013	31 December 2012
Less than 1 year	10,338,781,728	18,204,470,831
From 1 to 5 years	7,171,285,878	22,972,514,758
More than 5 years	5,175,748,200	-
<b>TOTAL</b>	<u>22,685,815,806</u>	<u>41,176,985,589</u>

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivable, and cash and short-term deposits that arise directly from its operations. The Group does not hold or issue any derivative financial instruments.

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

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 bank deposits.

#### **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. These investments are mainly short term in nature and they are not held for speculative purposes.

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

No analysis on interest sensitivity was performed for the year ended 31 December 2013 since the Group's term deposits are fixed interest rate.

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

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### **Market risk** (continued)

##### *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 is exposed to foreign currency risk in relation to purchases of goods which are denominated in currencies other than its accounting currency as disclosed in Note 2.4. The Group manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future purchases and sales of goods denominated in foreign currencies, other than increasing natural-hedged proportion. The Group does not employ any derivative financial instruments to hedge its foreign currency exposure.

No analysis on interest sensitivity was performed for the year ended 31 December 2013 since the Group's purchases of goods were mainly denominated in VND.

##### **Commodity price risk**

The Group is exposed to commodity price risk in relation to purchase of certain commodities for rendering of construction services. The Group manages its commodity price risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of purchases, construction plans and inventories level. The Group does not employ any derivative financial instruments to hedge its commodity price risk.

##### **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a 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 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. Credit risk from balances with banks is managed by the Group's management in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

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

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### *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 maintain a level of cash and cash equivalents to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND Total</i>
<b>31 December 2013</b>			
Trade payables	892,582,606,369	-	892,582,606,369
Payables to related parties	121,025,561,054	-	121,025,561,054
Other payables and accrued expenses	708,701,920,689	4,632,162,730	713,334,083,419
	<b><u>1,722,310,088,112</u></b>	<b><u>4,632,162,730</u></b>	<b><u>1,726,942,250,842</u></b>
<b>31 December 2012</b>			
Trade payables	429,326,794,486	-	429,326,794,486
Payables to related parties	145,963,362,534	-	145,963,362,534
Other payables and accrued expenses	698,598,715,812	4,174,313,599	702,773,029,411
	<b><u>1,273,888,872,832</u></b>	<b><u>4,174,313,599</u></b>	<b><u>1,278,063,186,431</u></b>

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 to finance for its debt maturing within 12 months.

#### *Collateral*

The Group did not pledge its assets as well as hold collateral as at 31 December 2013 and 31 December 2012.

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

### 34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

VND

	<i>Carrying amount</i>				<i>Fair value</i>	
	<i>31 December 2013</i>		<i>31 December 2012</i>		<i>31 December 2013</i>	<i>31 December 2012</i>
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>		
<b>Financial assets</b>						
Available for sell	-	-	32,818,192,450	(25,776,772,450)	-	7,041,420,000
- <i>Listed shares</i>	-	-	7,616,192,450	(2,276,772,450)	-	5,339,420,000
- <i>Unlisted shares</i>	-	-	25,202,000,000	(23,500,000,000)	-	1,702,000,000
Other short-term investments	1,055,500,000,000	-	510,000,000,000	-	1,055,500,000,000	510,000,000,000
Trade receivables	1,998,828,648,247	(151,467,089,618)	1,320,384,644,263	-	1,847,361,558,629	1,320,384,644,263
Receivables from related parties	91,665,707,098	-	141,092,808,805	-	91,665,707,098	141,092,808,805
Other receivables	34,295,014,648	-	25,545,606,430	-	34,295,014,648	25,545,606,430
Other non-current financial assets	45,000,000	-	5,045,000,000	(5,000,000,000)	45,000,000	45,000,000
Cash and cash equivalents	618,518,444,081	-	681,485,846,811	-	618,518,444,081	681,485,846,811
<b>TOTAL</b>	<b>3,798,852,814,074</b>	<b>(151,467,089,618)</b>	<b>2,716,372,098,759</b>	<b>(30,776,772,450)</b>	<b>3,647,385,724,456</b>	<b>2,685,595,326,309</b>
<b>Financial liabilities</b>						
Trade payables	892,582,606,369	-	429,326,794,486	-	892,582,606,369	429,326,794,486
Payables to related parties	121,025,561,054	-	145,963,362,534	-	121,025,561,054	145,963,362,534
Other current financial liabilities	708,701,920,689	-	698,598,715,812	-	708,701,920,689	698,598,715,812
Other non-current financial liabilities	4,632,162,730	-	4,174,313,599	-	4,632,162,730	4,174,313,599
<b>TOTAL</b>	<b>1,726,942,250,842</b>	<b>-</b>	<b>1,278,063,186,431</b>	<b>-</b>	<b>1,726,942,250,842</b>	<b>1,278,063,186,431</b>

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

### 34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- The fair values of listed shares have been determined based on their closing price in the Ho Chi Minh Stock Exchange ("HOSE") as at the balance sheet date.
- Fair value of un-listed shares, which have active market, are the average price quoted by three independent securities companies as at the balance sheet date.
- Except for items noted in preceding paragraph the fair values of the financial assets and liabilities had not yet been formally assessed and determined as at 31 December 2013 and 31 December 2012. However, it is management's assessment that the fair values of these financial assets and liabilities are approximately the same as their carrying value as at the balance sheet date.


### 35. EVENTS AFTER THE BALANCE SHEET DATE

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

  
\_\_\_\_\_  
Vu Thi Hong Hanh  
Preparer

  
\_\_\_\_\_  
Ha Tieu Anh  
Chief accountant



  
\_\_\_\_\_  
Nguyen Ba Duong  
General Director

15 March 2014