

Cotec Construction Joint Stock Company

Consolidated financial statements

31 December 2014



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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 st	10 January 2005
4103002611 – 2 nd	24 August 2006
4103002611 – 3 rd	24 October 2006
4103002611 – 4 th	5 June 2007
4103002611 – 5 th	20 August 2007
4103002611 – 6 th	5 January 2008
4103002611 – 7 th	22 May 2009
0303443233 – 8 th	7 September 2009
0303443233 – 9 th	23 August 2010
0303443233 – 10 th	10 September 2010
0303443233 – 11 th	7 May 2012
0303443233 – 12 th	25 June 2013

The Company was listed its shares on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

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

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

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. Talgat Turumbayev	Member	
Mr. Huynh Le Duc	Member	
Mr. Brian Quan Pham	Member	
Mr. Huynh Ba Thang Long	Member	resigned on 12 March 2015

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	
Mr. Nguyen Duc Canh	Member	
Mr. Ho Van Chi Thanh	Member	appointed on 24 April 2014
Mr. Tu Dai Phuc	Member	resigned on 24 April 2014

Cotec Construction Joint Stock Company

GENERAL INFORMATION (continued)

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	
Mr. Tu Dai Phuc	Deputy General Director	appointed on 2 April 2014

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 2014.

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 financial position 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 2014 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

18 March 2015



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Ho Chi Minh City, S.R. of Vietnam

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Reference: 60813343/16997613-HN

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 18 March 2015 and set out on pages 6 to 43, which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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



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Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2014, 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



Le Quang Minh
Deputy General Director
Audit Practicing Registration Certificate
No. 0426-2013-004-1

Ngo Hong Son
Auditor
Audit Practicing Registration Certificate
No. 2211-2013-004-1

Ho Chi Minh City, Vietnam

18 March 2015

CONSOLIDATED BALANCE SHEET
as at 31 December 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		3,635,696,412,928	3,995,926,433,261
110	I. Cash and cash equivalents	4	469,023,469,430	618,518,444,081
111	1. Cash		378,018,518,751	310,513,540,907
112	2. Cash equivalents		91,004,950,679	308,004,903,174
120	II. Short-term investments	5	629,080,000,000	1,055,500,000,000
121	1. Short-term investments		629,080,000,000	1,055,500,000,000
130	III. Current accounts receivable		2,129,477,879,588	2,010,311,772,164
131	1. Trade receivables	6.1	2,154,169,888,369	2,076,043,856,872
132	2. Advances to suppliers	6.2	102,790,951,780	39,275,161,905
135	3. Other receivables	7	67,015,983,369	46,459,843,005
139	4. Provision for doubtful debts	6, 7	(194,498,943,930)	(151,467,089,618)
140	IV. Inventories	8	269,593,810,165	248,339,897,206
141	1. Inventories		344,593,810,165	326,253,897,206
149	2. Provision for obsolete inventories		(75,000,000,000)	(77,914,000,000)
150	V. Other current assets		138,521,253,745	63,256,319,810
151	1. Short-term prepaid expenses		440,701,321	122,305,125
152	2. Value-added tax deductible		118,279,740,041	35,446,969,022
154	3. Tax and other receivables from the State		-	971,673,830
158	4. Other current assets	9	19,800,812,383	26,715,371,833
200	B. NON-CURRENT ASSETS		1,227,365,452,521	556,333,955,189
220	I. Fixed assets		254,678,353,136	250,365,294,654
221	1. Tangible fixed assets	10	149,321,611,004	149,800,937,999
222	Cost		349,491,694,927	323,712,310,043
223	Accumulated depreciation		(200,170,083,923)	(173,911,372,044)
227	2. Intangible assets	11	99,666,230,035	99,622,080,043
228	Cost		107,411,072,018	106,095,331,452
229	Accumulated amortisation		(7,744,841,983)	(6,473,251,409)
230	3. Construction in progress		5,690,512,097	942,276,612
240	II. Investment properties	12	104,795,419,660	92,307,223,295
241	1. Cost		115,412,954,913	100,607,293,807
242	2. Accumulated depreciation		(10,617,535,253)	(8,300,070,512)
250	III. Long-term investments	13	781,240,497,580	104,524,316,290
252	1. Investments in associates		101,240,497,580	104,524,316,290
258	2. Other long-term investments		680,000,000,000	-
260	IV. Other long-term assets		86,651,182,145	109,137,120,950
261	1. Long-term prepaid expenses	14	83,598,706,150	103,812,944,392
262	2. Deferred tax assets	29.3	3,007,475,995	5,279,176,558
268	3. Other long-term assets		45,000,000	45,000,000
270	TOTAL ASSETS		4,863,061,865,449	4,552,260,388,450

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2014

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		2,153,669,745,752	2,083,766,496,899
310	I. Current liabilities		2,139,242,012,076	2,002,895,871,972
312	1. Trade payables	15	975,592,525,919	1,013,608,167,423
313	2. Advances from customers	16	77,521,200,566	69,949,248,285
314	3. Statutory obligations	17	72,799,155,371	62,860,072,852
316	4. Accrued expenses	18	767,998,460,368	616,929,305,538
319	5. Other payables	19	125,410,598,469	91,772,615,151
320	6. Short-term provision	20	61,946,118,798	75,027,233,127
323	7. Bonus and welfare fund		39,382,464,193	23,899,854,867
338	8. Unearned revenues	21	18,591,488,392	48,849,374,729
330	II. Non-current liabilities		14,427,733,676	80,870,624,927
333	1. Other long-term liabilities	22	13,927,733,676	15,670,693,741
337	2. Long-term provision	20	500,000,000	65,199,931,186
400	B. OWNERS' EQUITY		2,527,241,186,661	2,302,477,289,437
410	I. Capital	23.1	2,527,241,186,661	2,302,477,289,437
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		592,749,932,204	477,949,555,981
418	5. Financial reserve fund		84,945,096,670	69,165,584,180
420	6. Undistributed earnings		560,147,617,787	465,963,609,276
439	C. MINORITY INTERESTS		182,150,933,036	166,016,602,114
440	TOTAL LIABILITIES AND OWNERS' EQUITY		4,863,061,865,449	4,552,260,388,450

OFF BALANCE SHEET ITEMS

ITEMS	Ending balance	Beginning balance
Foreign currencies:		
- United States dollar (USD)	1,702,002	4,084,927
- Euro (EUR)	444	455



Vu Thi Hong Hanh
Preparer



Ha Tieu Anh
Chief Accountant



Nguyen Ba Duong
General Director

18 March 2015

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
10	1. Net revenue from sale of goods and rendering of services	24.1	7,633,621,860,050	6,189,651,406,151
11	2. Cost of goods sold and services rendered	25	(7,077,701,608,676)	(5,725,278,429,936)
20	3. Gross profit from sale of goods and rendering of services		555,920,251,374	464,372,976,215
21	4. Finance income	24.2	118,764,053,874	118,290,538,249
22	5. Finance expenses	26	(372,976,263)	956,344,811
25	6. General and administrative expenses	27	(214,752,054,120)	(216,761,609,146)
30	7. Operating profit		459,559,274,865	366,858,250,129
31	8. Other income	28	29,754,881,825	24,943,462,117
32	9. Other expenses	28	(15,759,859,703)	(8,175,260,737)
40	10. Other profit	28	13,995,022,122	16,768,201,380
45	11. Shares of (loss) profit of associates		(9,266,878,273)	9,524,664,331
50	12. Profit before tax		464,287,418,714	393,151,115,840
51	13. Current corporate income tax expense	29.1	(104,550,010,660)	(112,172,080,951)
52	14. Deferred corporate income tax expense	29.2	(2,271,700,563)	(1,101,372,511)
60	15. Net profit after tax		357,465,707,491	279,877,662,378
	Attributable to:			
61	15.1 Minority interests		30,112,412,296	22,739,975,488
62	15.2 Equity holders of the Company		327,353,295,195	257,137,686,890
70	16. Basic and diluted earnings per share	31	7,769	6,103



Vu Thi Hong Hanh
Preparer



Ha Tieu Anh
Chief Accountant



Nguyen Ba Duong
General Director

18 March 2015

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		464,287,418,714	393,151,115,840
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	10, 11, 12	34,952,395,297	37,172,297,421
03	Provisions		40,117,854,312	140,822,450,015
04	Unrealised foreign exchange gains		(1,089,361,412)	(279,561,788)
05	Profit from investing activities		(109,470,328,119)	(127,118,999,531)
08	Operating profit before changes in working capital		428,797,978,792	443,747,301,957
09	Increase in receivables		(220,259,363,116)	(503,049,587,787)
10	(Increase) decrease in inventories		(18,339,912,959)	185,333,901,336
11	Increase in payables		28,201,675,010	327,757,426,523
12	Decrease in prepaid expenses		19,895,842,046	37,765,792,481
14	Corporate income tax paid	29.1	(99,077,091,719)	(118,358,659,072)
15	Other cash inflows from operating activities		980,168,000	4,670,034,155
16	Other cash outflows from operating activities		(9,640,017,322)	(9,732,226,558)
20	Net cash flows from operating activities		130,559,278,732	368,133,983,035
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets		(31,828,283,506)	(8,509,069,758)
22	Proceeds from disposals of fixed assets	28	5,079,772,726	2,105,958,501
23	Term deposits at banks		(253,580,000,000)	(545,500,000,000)
24	Collections from borrowers		-	5,000,000,000
25	Payments for investments in other entities		(55,031,937,615)	81,178,250,155
26	Proceeds from sale of investments in other entities		23,226,256,020	10,168,260,338
27	Interest and dividends received		103,279,458,265	113,035,782,806
30	Net cash flows used in investing activities		(208,854,734,110)	(342,520,817,958)

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM A FINANCING ACTIVITY			
36	Dividends paid to equity holders of the parent		(63,365,870,300)	(84,248,389,800)
	Dividends paid to minority interest		(8,776,800,000)	(4,388,400,000)
40	Net cash flows used in a financing activity		(72,142,670,300)	(88,636,789,800)
50	Net decrease in cash and cash equivalents		(150,438,125,678)	(63,023,624,723)
60	Cash and cash equivalents at beginning of year		618,518,444,081	681,485,846,811
61	Impact of exchange rate fluctuation		943,151,027	56,221,993
70	Cash and cash equivalents at end of year	4	469,023,469,430	618,518,444,081



Vu Thi Hong Hanh
Preparer



Ha Tieu Anh
Chief Accountant



Nguyen Ba Duong
General Director

18 March 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2014

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 st	10 January 2005
4103002611 – 2 nd	24 August 2006
4103002611 – 3 rd	24 October 2006
4103002611 – 4 th	5 June 2007
4103002611 – 5 th	20 August 2007
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0303443233 – 11 th	7 May 2012
0303443233 – 12 th	25 June 2013

The Company was listed its shares on the Ho Chi Minh Stock Exchange with trading code as CTD in accordance with Decision No. 155/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 9 December 2009.

The current principal activities of the Company and its subsidiary ("the Group") are to provide construction services, equipment installation, interior decoration, office leasing, trading of real estate and trading of construction materials.

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 Group's employees as at 31 December 2014 was 1,065 (31 December 2013: 1,014).

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 2014, the Company holds 51.24% equity interest in Uy Nam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

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

2.2 *Applied accounting documentation system*

The Group's applied accounting documentation system is the 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 2014.

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 2014

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 2014

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 - 42 years
Machinery & equipment	3 - 10 years
Means of transportation	3 - 8 years
Office equipment	3 - 5 years
Others	5 - 6 years
Land use rights	45 - 49 years
Softwares	3 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 2014

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 lease term.

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 *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 *Other investments*

Other investments are stated at their acquisition costs.

3.12 *Provision for diminution in value of investments*

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.13 *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.

3.14 *Accrual for severance allowance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being 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. 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 6-month period up to the reporting date. Any increase in 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.

3.15 *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 0.5% to 3% on value of project based on the specification of each project and actual experiences.

3.16 *Foreign currency transactions*

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *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.

3.18 *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.

3.19 *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.

3.20 *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Revenue recognition (continued)

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.

3.21 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *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.

3.22 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance 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 Company determines the classification of its financial assets at initial recognition.

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

The Group's financial assets include cash and cash equivalents, bank deposits, trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 *Financial instruments* (continued)

Financial instruments – initial recognition and presentation (continued)

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the 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 net of 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. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	717,470,248	9,279,848
Cash in banks	377,301,048,503	310,504,261,059
Cash equivalents (*)	91,004,950,679	308,004,903,174
TOTAL	<u>469,023,469,430</u>	<u>618,518,444,081</u>

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

5. SHORT-TERM INVESTMENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Other short-term investments	<u>629,080,000,000</u>	<u>1,055,500,000,000</u>

Other short-term investments include deposits at commercial banks with a term of three (3) months or more but under one (1) year and earn an interest at the applicable rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Trade receivables

	VND	
	Ending balance	Beginning balance
Due from third parties	2,108,986,654,538	1,998,828,648,247
Due from a related party (Note 30)	45,183,233,831	77,215,208,625
TOTAL	2,154,169,888,369	2,076,043,856,872
Provision for doubtful debts	(193,214,749,815)	(151,467,089,618)
NET	1,960,955,138,554	1,924,576,767,254

Movements of provision for doubtful debts:

	VND	
	Current year	Previous year
At beginning of year	151,467,089,618	55,182,008,195
Add: Provision created during the year	41,747,660,197	95,306,068,841
Add: Provision created due to business combination	-	979,012,582
At end of year	193,214,749,815	151,467,089,618

6.2 Advances to suppliers

	VND	
	Ending balance	Beginning balance
Advances to other parties	102,790,951,780	39,275,161,905

7. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
Receivables from disposal of investments	38,238,062,386	11,171,538,973
Interest receivable	26,088,620,626	20,837,805,559
Related parties	-	14,450,498,473
Others	2,689,300,357	-
TOTAL	67,015,983,369	46,459,843,005
Provision for doubtful debts	(1,284,194,115)	-
NET	65,731,789,254	46,459,843,005

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

8. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction work in process	338,081,081,771	322,050,142,218
Merchandise goods	<u>6,512,728,394</u>	<u>4,203,754,988</u>
TOTAL	344,593,810,165	326,253,897,206
Provision for obsolete inventories	<u>(75,000,000,000)</u>	<u>(77,914,000,000)</u>
NET	<u>269,593,810,165</u>	<u>248,339,897,206</u>

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Tricon Tower	75,000,000,000	75,000,000,000
Lexington District 2 High Class Apartment	50,444,873,832	-
Aeon Mall Long Bien shopping center	34,419,572,739	-
Van Phu - Trung Kinh Complex Apartment	19,739,202,544	-
Ho Chi Minh Stock Exchange Building	16,192,909,457	15,507,648,907
Reu Island - Vinpearl Ha Long	12,040,126,970	-
WaterMark Residences	10,590,931,770	-
Novotel Phu Quoc Resorts	9,080,115,684	-
Gentherm Greenfield Factory	8,662,403,573	-
Everich District 7 High Class Apartment	8,417,017,706	13,426,410,247
Backup Data Center	8,292,736,416	7,273,724,771
E6 Villa Project	7,623,132,019	14,008,912,460
Times City T16	7,277,358,856	-
Vinhomes Riverside	5,283,791,960	-
Goldmark City	5,070,226,314	-
Tuyen Son Entertainment Center	5,000,000,000	7,157,832,081
An Phu Apartment	4,461,729,965	13,034,998,522
Aeon Shopping Mall	4,423,253,603	-
Vinpearl Phu Quoc	4,380,199,159	-
South Saigon Commercial Complex - Vivo City	-	35,767,247,833
Others	<u>41,681,499,204</u>	<u>140,873,367,397</u>
TOTAL	<u>338,081,081,771</u>	<u>322,050,142,218</u>

9. OTHER CURRENT ASSETS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to construction teams and employees	16,334,404,429	24,429,701,717
Deposits	<u>3,466,407,954</u>	<u>2,285,670,116</u>
TOTAL	<u>19,800,812,383</u>	<u>26,715,371,833</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

10. TANGIBLE FIXED ASSETS

						VND
	<i>Buildings & structures</i>	<i>Machinery & equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Others</i>	<i>Total</i>
Cost:						
Beginning 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
Newly purchased	5,298,113,000	12,180,804,416	3,802,254,545	1,814,670,672	-	23,095,842,633
Reclassified from investment properties	8,701,856,125	-	-	-	-	8,701,856,125
Transfer from construction in progress	2,619,373,913	-	-	-	-	2,619,373,913
Disposal	(3,020,435,000)	(3,374,022,788)	(2,243,229,999)	-	-	(8,637,687,787)
Ending balance	118,571,357,555	186,187,671,595	27,132,295,752	12,856,072,671	4,744,297,354	349,491,694,927
<i>In which:</i>						
Fully depreciated	1,342,329,348	66,006,183,018	4,144,942,324	6,434,424,090	4,744,297,354	82,672,176,134
Accumulated depreciation:						
Beginning balance	(22,089,607,608)	(124,667,358,978)	(14,132,659,116)	(8,751,878,700)	(4,269,867,642)	(173,911,372,044)
Depreciation for the year	(7,456,068,814)	(17,953,242,117)	(3,010,578,632)	(1,598,835,094)	(474,429,712)	(30,493,154,369)
Reclassified from investment properties	(870,185,613)	-	-	-	-	(870,185,613)
Disposal	110,749,287	2,948,730,291	2,045,148,525	-	-	5,104,628,103
Ending balance	(30,305,112,748)	(139,671,870,804)	(15,098,089,223)	(10,350,713,794)	(4,744,297,354)	(200,170,083,923)
Net carrying amount:						
Beginning balance	82,882,841,909	52,713,530,989	11,440,612,090	2,289,523,299	474,429,712	149,800,937,999
Ending balance	88,266,244,807	46,515,800,791	12,034,206,529	2,505,358,877	-	149,321,611,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

11. INTANGIBLE ASSETS

	VND		
	<i>Land use rights</i>	<i>Software</i>	<i>Total</i>
Cost:			
Beginning balance	102,603,924,366	3,491,407,086	106,095,331,452
Transferred from construction in progress	-	771,545,456	771,545,456
Newly purchased	-	544,195,110	544,195,110
Ending balance	<u>102,603,924,366</u>	<u>4,807,147,652</u>	<u>107,411,072,018</u>
<i>In which:</i>			
<i>Fully depreciated</i>	-	3,093,667,086	3,093,667,086
Accumulated amortisation:			
Beginning balance	(3,368,948,790)	(3,104,302,619)	(6,473,251,409)
Amortisation for the year	<u>(782,607,240)</u>	<u>(488,983,334)</u>	<u>(1,271,590,574)</u>
Ending balance	<u>(4,151,556,030)</u>	<u>(3,593,285,953)</u>	<u>(7,744,841,983)</u>
Net carrying value:			
Beginning balance	<u>99,234,975,576</u>	<u>387,104,467</u>	<u>99,622,080,043</u>
Ending balance	<u>98,452,368,336</u>	<u>1,213,861,699</u>	<u>99,666,230,035</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.

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

			VND
	<i>Office building</i>	<i>Others</i>	<i>Total</i>
Cost:			
Beginning balance	81,986,929,898	18,620,363,909	100,607,293,807
Additions	-	23,507,517,231	23,507,517,231
Reclassified to tangible fixed assets	<u>(8,701,856,125)</u>	-	<u>(8,701,856,125)</u>
Ending balance	<u>73,285,073,773</u>	<u>42,127,881,140</u>	<u>115,412,954,913</u>
Accumulated depreciation:			
Beginning balance	(8,198,692,975)	(101,377,537)	(8,300,070,512)
Depreciation for the year	(2,442,835,794)	(744,814,560)	(3,187,650,354)
Reclassified to tangible fixed assets	870,185,613	-	870,185,613
Ending balance	<u>(9,771,343,156)</u>	<u>(846,192,097)</u>	<u>(10,617,535,253)</u>
Net carrying amount:			
Beginning balance	<u>73,788,236,923</u>	<u>18,518,986,372</u>	<u>92,307,223,295</u>
Ending balance	<u>63,513,730,617</u>	<u>41,281,689,043</u>	<u>104,795,419,660</u>

The fair value of the investment property was not formally assessed and determined as at 31 December 2014. 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.

13. LONG-TERM INVESTMENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in associates (Note 13.1)	101,240,497,580	104,524,316,290
Other long-term investments (Note 13.2)	<u>680,000,000,000</u>	-
NET	<u>781,240,497,580</u>	<u>104,524,316,290</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

13. LONG-TERM INVESTMENTS (continued)

13.1 Investments in associates

As at 31 December 2014, the details of investment are as follows:

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>% of interest</u>	<u>Amount (VND)</u>	<u>% of interest</u>	<u>Amount (VND)</u>
Phu Hung Gia Construction & Investment Joint Stock Company	20.16	53,060,220,056	20.16	47,981,890,157
FCC Infrastructure Investment Joint Stock Company	35	47,917,846,315	-	-
Quang Trong Commercial Joint Stock Company	36	262,431,209	36	17,510,424,919
Phu Gia An Investment Joint Stock Company	-	-	39	39,032,001,214
TOTAL		<u>101,240,497,580</u>		<u>104,524,316,290</u>

VND
Total

Cost of investment:

Beginning balance	82,780,000,000
Increase	48,147,000,000
Decrease	(44,852,000,000)
Ending balance	<u>86,075,000,000</u>

Accumulated share in post-acquisition profit of the associates:

Beginning balance	21,744,316,290
Share in post-acquisition loss of the associates for the year	(9,266,878,273)
Unrealised profits	122,720,033
Dividends for the year	(3,024,000,000)
Decrease	5,589,339,530
Ending balance	<u>15,165,497,580</u>

Net carrying amount:

Beginning balance	<u>104,524,316,290</u>
Ending balance	<u>101,240,497,580</u>

Phu Hung Gia Construction & Investment Joint Stock Company ("Phu Hung Gia") is a shareholding company established in accordance with Business Registration Certificate ("BRC") No. 4103002810 issued by the DPI of Ho Chi Minh City on 27 October 2005 and as amended.

FCC Infrastructure Investment Joint Stock Company ("FCC") is a shareholding company established in accordance with BRC No. 0106605407 issued by the DPI of Ha Noi City on 21 July 2014. According to BRC, the register charter capital of FCC is VND 369,000,000,000, in which the Group contributes VND 129,000,000,000 equivalent to 35% (Note 31).

Quang Trong Commercial Joint Stock Company ("Quang Trong") is a shareholding company established in accordance with BRC No. 4903000474 issued by the DPI of Ba Ria – Vung Tau Province on 18 December 2007 and as amended.

On 8 December 2014, the Group entered into the agreement to transfer its equity interest in Phu Gia An Investment Joint Stock Company ("Phu Gia An") at the selling price of VND 47,797,577,982. Accordingly, Phu Gia An is no longer the Group's associate at 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

13. LONG-TERM INVESTMENTS (continued)

13.2 Other long-term investments

Other long-term investments include deposits at commercial banks with a term of more than one (1) year and earn interest at the applicable rates.

14. LONG-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Tools & supplies used for construction works	83,088,018,364	103,151,192,721
Others	510,687,786	661,751,671
TOTAL	<u>83,598,706,150</u>	<u>103,812,944,392</u>

15. TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to a related party (Note 30)	94,302,391,604	121,025,561,054
Due to other parties	881,290,134,315	892,582,606,369
TOTAL	<u>975,592,525,919</u>	<u>1,013,608,167,423</u>

16. ADVANCE FROM CUSTOMERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to a related party (Note 30)	3,464,000,000	3,464,000,000
Due to other parties	74,057,200,566	66,485,248,285
TOTAL	<u>77,521,200,566</u>	<u>69,949,248,285</u>

17. STATUTORY OBLIGATIONS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 29.1)	32,032,289,667	26,559,370,726
Value-added tax	22,131,331,675	12,768,846,978
Personal income tax	18,625,053,466	23,531,855,148
Other	10,480,563	-
TOTAL	<u>72,799,155,371</u>	<u>62,860,072,852</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

18. ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cost of construction projects	767,634,894,965	616,565,740,135
Others	363,565,403	363,565,403
TOTAL	<u>767,998,460,368</u>	<u>616,929,305,538</u>

19. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payable to construction teams	103,974,308,286	90,681,394,730
Dividend payables	21,087,407,850	186,590,150
Others	348,882,333	904,630,271
TOTAL	<u>125,410,598,469</u>	<u>91,772,615,151</u>

20. SHORT-TERM AND LONG-TERM PROVISIONS

These amounts represent the short-term and long-term provisions for warranty of completed construction projects.

21. UNEARNED REVENUES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Unearned revenue from construction works	17,800,000,000	48,311,858,647
Unearned revenue from office leasing	791,488,392	537,516,082
TOTAL	<u>18,591,488,392</u>	<u>48,849,374,729</u>

22. OTHER LONG-TERM PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Severance allowance	11,057,999,761	11,038,531,011
Long-term deposits received	2,869,733,915	4,632,162,730
TOTAL	<u>13,927,733,676</u>	<u>15,670,693,741</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

23. OWNERS' EQUITY

23.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total	VND
Previous year:								
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)	
Dividend 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>477,949,555,981</u>	<u>69,165,584,180</u>	<u>465,963,609,276</u>	<u>2,302,477,289,437</u>	
Current year:								
Beginning balance	422,000,000,000	869,140,000,000	(1,741,460,000)	477,949,555,981	69,165,584,180	465,963,609,276	2,302,477,289,437	
Net profit for the year	-	-	-	-	-	327,353,295,195	327,353,295,195	
Profit appropriation	-	-	-	114,800,376,223	15,779,512,490	(130,579,888,713)	-	
Transfer to bonus and welfare fund	-	-	-	-	-	(18,322,709,971)	(18,322,709,971)	
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>592,749,932,204</u>	<u>84,945,096,670</u>	<u>560,147,617,787</u>	<u>2,527,241,186,661</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

23. OWNERS' EQUITY (continued)

23.2 Capital transactions with owners and distribution of dividends

	Current year	VND Previous year
Contributed share capital		
Beginning and ending balances	<u>422,000,000,000</u>	<u>422,000,000,000</u>
Dividends		
Dividends declared	84,266,688,000	84,266,688,000
Dividends paid	(63,365,870,300)	(84,248,389,800)

23.3 Shares

	31 December 2014 (Shares)	31 December 2013 (Shares)
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. REVENUES

24.1 Net revenue from sale of goods and rendering of services

	Current year	VND Previous year
Rendering of construction services	7,444,767,793,280	6,027,922,780,401
Revenue from sales of construction materials	157,608,269,716	119,454,043,232
Revenue from investment properties activities	22,613,943,290	24,240,356,825
Rental of construction equipment	8,631,853,764	18,034,225,693
TOTAL	<u>7,633,621,860,050</u>	<u>6,189,651,406,151</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

24. REVENUES (continued)

24.2 Finance income

	VND	
	<i>Current year</i>	<i>Previous year</i>
Bank interest income	108,458,273,332	106,178,462,479
Gain on disposal of investments	8,534,917,512	9,688,295,000
Unrealised foreign exchange gains	1,089,361,412	279,561,788
Realised foreign exchange gains	609,501,618	222,230,911
Others	72,000,000	1,921,988,071
TOTAL	<u>118,764,053,874</u>	<u>118,290,538,249</u>

25. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of rendering of construction services	6,905,558,524,484	5,586,017,265,213
Cost of construction materials sold	155,396,517,823	115,005,536,804
Cost of investment properties activities	13,816,577,310	8,105,013,864
Cost of construction equipment leased	2,929,989,059	16,150,614,055
TOTAL	<u>7,077,701,608,676</u>	<u>5,725,278,429,936</u>

26. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Realised foreign exchange loss	375,558,736	150,508,131
Loss from disposal of investments	(2,582,473)	378,801,598
Reversal of provision for diminution in value of investments	-	(1,485,654,540)
TOTAL	<u>372,976,263</u>	<u>(956,344,811)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

27. ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Labour costs	109,862,084,850	78,570,699,224
Provision expense	43,031,854,312	89,244,104,555
Expenses for external services	20,561,081,746	13,099,026,119
Depreciation and amortisation	16,543,937,821	17,511,758,866
Other expenses	24,753,095,391	18,336,020,382
TOTAL	<u>214,752,054,120</u>	<u>216,761,609,146</u>

28. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	29,754,881,825	24,943,462,117
Reversal of warranty provisions	15,850,007,415	8,651,037,049
Proceeds from disposal of fixed assets	5,079,772,726	2,268,458,501
Compensation and penalty received	2,366,631,933	-
Reversal of over accrued construction costs	2,082,715,970	1,190,755,777
Others	4,375,753,781	12,833,210,790
Other expenses	(15,759,859,703)	(8,175,260,737)
Write-off receivables	(11,957,879,495)	-
Cost of disposed of fixed assets	(3,533,059,684)	(1,316,496,148)
Others	(268,920,524)	(6,858,764,589)
NET	<u>13,995,022,122</u>	<u>16,768,201,380</u>

29. CORPORATE INCOME TAX

The statutory Corporate Income Tax ("CIT") rate applicable to the Group is 22% (2013: 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.

29.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expense	104,516,472,685	112,183,519,782
Adjustment for under (over) accrual of tax from prior years	33,537,975	(11,438,831)
Deferred tax expense	2,271,700,563	1,101,372,511
TOTAL	<u>106,821,711,223</u>	<u>113,273,453,462</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

29. CORPORATE INCOME TAX (continued)

29.2 Current CIT

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 is presented below:

	VND	
	Current year	Previous year
Profit before tax	464,287,418,714	393,151,115,840
<i>Adjustment to increase (decrease) in accounting profit</i>		
Non-deductible expenses	10,410,908,451	70,393,088,078
Share of loss (profit) from associates	9,266,878,273	(9,524,664,331)
Change in provision for investment	472,954,500	56,350,292
Change in provision for severance allowance	19,468,750	47,730,000
Dividend received	(72,000,000)	(1,078,125,000)
Change in unrealised foreign exchange differences	(742,272,453)	(208,778,770)
Change in unrealised profits	(1,109,022,422)	590,020,467
Change in taxable profit of unearned revenue	(1,595,112,825)	(4,142,416,031)
Gain (loss) from disposal of investment	(5,589,339,530)	11,615,042
Negative goodwill	-	(561,856,461)
Adjusted net profit before loss carry forward	475,349,881,458	448,734,079,126
Tax loss carried forward from sales of investment properties in previous year	(275,005,618)	-
Estimated current taxable profit	475,074,875,840	448,734,079,126
Estimated current CIT expenses	104,516,472,685	112,183,519,782
Adjustment for (over) under accrual of tax from prior years	33,537,975	(11,438,831)
Current CIT expenses	104,550,010,660	112,172,080,951
CIT payable at beginning of year	26,559,370,726	29,475,076,465
Pre-acquisition CIT payable from a subsidiary	-	3,270,872,382
CIT paid during the year	(99,077,091,719)	(118,358,659,072)
CIT payable at end of year	32,032,289,667	26,559,370,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

29. CORPORATE INCOME TAX (continued)

29.3 Deferred CIT

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

	Consolidated balance sheet		Consolidated income statement		VND
	Ending balance	Beginning balance	Current year	Previous year	
Deferred tax assets					
Severance allowance	2,432,759,948	2,759,632,753	(326,872,805)	11,932,500	
Profit of unearned revenue	290,810,747	729,244,964	(438,434,217)	(1,222,703,009)	
Unrealised profit	585,267,972	2,065,426,935	(1,480,158,963)	147,505,117	
Provision for investments	(84,233,996)	(213,959,075)	129,725,079	14,087,573	
Unrealised foreign exchange differences	(217,128,676)	(61,169,019)	(155,959,657)	(52,194,692)	
TOTAL	<u>3,007,475,995</u>	<u>5,279,176,558</u>			
Deferred income tax expense			<u>(2,271,700,563)</u>	<u>(1,101,372,511)</u>	

30. 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	Purchase of construction material	242,622,274,213
		Construction cost	169,165,707,011
		Construction services	10,505,398,667
		Sales of construction material	10,337,954,008
		Dividend received	3,024,000,000
		Equipment rental income	2,678,455,290
		Equipment rental expense	1,331,416,581
FCC Infrastructure Investment Joint Stock Company	Associate	Capital contribution	47,915,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

30. TRANSACTIONS WITH RELATED PARTIES (continued)

The outstanding balances due from and due to related parties as at 31 December 2014 as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>VND</i> <i>Receivable</i> <i>(payable)</i>
Trade receivable			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction services, rental, maintenance and delivery fee of machinery and equipment	<u>45,183,233,831</u>
Trade payable			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction cost and purchase of material	<u>(94,302,391,604)</u>
Advance from customer			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Advance for rendering of construction services	<u>3,464,000,000</u>

Remuneration to members of the Board of Directors and Board of Supervision:

	<i>Current year</i>	<i>Previous year</i>
Remuneration of Board of Directors and Board of Supervision	<u>1,788,000,000</u>	<u>1,320,000,000</u>

31. 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)	327,353,295,195	257,137,686,890
Weighted average number of ordinary shares during the year	42,133,344	42,133,344
Basic and diluted earnings per share (VND)	7,769	6,103

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 2014

32. 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

Investment properties activities 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 2014

32. 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>Investment properties activities</i>	<i>Elimination</i>	<i>VND</i> <i>Total</i>
As at and for the year ended 31 December 2014					
Revenue					
<i>Revenue from sale of goods and rendering of services</i>	7,815,950,679,587	363,630,613,361	26,973,140,115	(572,932,573,013)	7,633,621,860,050
Results					
<i>Segment net profit (loss) before tax</i>	497,673,715,178	(4,533,977,272)	10,257,646,081	(525,676,387)	502,871,707,600
<i>Unallocated income</i>					(38,584,288,886)
<i>Net profit before income tax</i>					464,287,418,714
<i>Income tax expense</i>					(106,821,711,223)
<i>Net profit for the year</i>					357,465,707,491
Assets and liabilities					
<i>Segment assets</i>	2,741,842,974,334	93,814,075,027	123,844,398,620	(164,086,748,947)	2,795,414,699,034
<i>Unallocated assets</i>					2,067,647,166,415
<i>Total assets</i>					4,863,061,865,449
<i>Segment liabilities</i>	2,055,799,936,567	113,619,426,317	3,661,222,307	(164,086,748,947)	2,008,993,836,244
<i>Unallocated liabilities</i>					144,675,909,508
<i>Total liabilities</i>					2,153,669,745,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

32. **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>
As at and for the year ended 31 December 2013					
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 expenses</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 2014

33. 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 2014 are as follows:

	VND	
	31 December 2014	31 December 2013
Less than 1 year	854,545,455	1,884,384,000
From 1 to 5 years	<u>405,000,000</u>	<u>2,097,352,000</u>
TOTAL	<u>1,259,545,455</u>	<u>3,981,736,000</u>

In addition, the Group leases out its Coteconcs Building property under operating lease arrangement. The future minimum rental receivable as at 31 December 2014 under the operating lease agreements is as follows:

	VND	
	31 December 2014	31 December 2013
Less than 1 year	8,083,860,438	10,338,781,728
From 1 to 5 years	5,773,322,760	7,171,285,878
More than 5 years	<u>1,227,574,560</u>	<u>5,175,748,200</u>
TOTAL	<u>15,084,757,758</u>	<u>22,685,815,806</u>

34. CAPITAL COMMITMENT

As at 31 December 2014, the Company had capital contribution commitment as follows:

Name of investee	Charter capital	Capital contribution commitment		Contributed amount	Remaining commitment
		Amount	%		
FCC Infrastructure Investment Joint Stock Company	<u>369,000,000,000</u>	<u>129,150,000,000</u>	35	<u>47,915,000,000</u>	<u>81,235,000,000</u>

35. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, 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 2014 since the Group's term deposits are fixed interest rates.

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 2014 since the Group's purchases of goods, purchases and rendering of service were mainly denominated in VND during the year.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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.

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</i> <i>Total</i>
Ending balance			
Trade payables	975,592,525,919	-	975,592,525,919
Other payables and accrued expenses	893,409,058,837	2,869,733,915	896,278,792,752
	<u>1,869,001,584,756</u>	<u>2,869,733,915</u>	<u>1,871,871,318,671</u>
Beginning balance			
Trade payables	1,013,608,167,423	-	1,013,608,167,423
Other payables and accrued expenses	708,701,920,689	4,632,162,730	713,334,083,419
	<u>1,722,310,088,112</u>	<u>4,632,162,730</u>	<u>1,726,942,250,842</u>

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 2014 and 31 December 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

36. 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.

	Carrying amount				Fair value		VND
	Ending balance		Beginning balance		Ending balance	Beginning balance	
	Cost	Provision	Cost	Provision			
Financial assets							
Other short-term investments	629,080,000,000	-	1,055,500,000,000	-	629,080,000,000	1,055,500,000,000	
Other long-term investments	680,000,000,000	-	-	-	680,000,000,000	-	
Trade receivables	2,108,986,654,538	(193,214,749,815)	1,998,828,648,247	(151,467,089,618)	1,915,771,904,723	1,847,361,558,629	
Receivables from related parties	45,183,233,831	-	91,665,707,098	-	45,183,233,831	91,665,707,098	
Other receivables	70,482,391,323	(1,284,194,115)	34,295,014,648	-	69,198,197,208	34,295,014,648	
Other non-current financial assets	45,000,000	-	45,000,000	-	45,000,000	45,000,000	
Cash and cash equivalents	469,023,469,430	-	618,518,444,081	-	469,023,469,430	618,518,444,081	
TOTAL	4,002,800,749,122	(194,498,943,930)	3,798,852,814,074	(151,467,089,618)	3,808,301,805,192	3,647,385,724,456	
Financial liabilities							
Trade payables	94,302,391,604	-	892,582,606,369	-	94,302,391,604	892,582,606,369	
Payables to related parties	881,290,134,315	-	121,025,561,054	-	881,290,134,315	121,025,561,054	
Other current financial liabilities	893,409,058,837	-	708,701,920,689	-	893,409,058,837	708,701,920,689	
Other non-current financial liabilities	2,869,733,915	-	4,632,162,730	-	2,869,733,915	4,632,162,730	
TOTAL	1,871,871,318,671	-	1,726,942,250,842	-	1,871,871,318,671	1,726,942,250,842	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

36. 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 fair values of the financial assets and liabilities had not yet been formally assessed and determined as at 31 December 2014 and 31 December 2013. 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.

37. 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

18 March 2015

