Cotec Construction Joint Stock Company

Interim consolidated financial statements

30 June 2014

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Building a better working world

CONTENTS

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:

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

The Company was listed 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 and office leasing.

The Company's registered 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 period 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

BOARD OF SUPERVISION

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

Ms. Nghiem Bach Huong	Head of Board of Supervision	
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

MANAGEMENT

Members of the Management during the period 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 period and at the date of this report is Mr. Nguyen Ba Duong.

AUDITORS

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

REPORT OF MANAGEMENT

Management of Cotec Construction Joint Stock Company ("the Company") is pleased to present its report and the interim consolidated financial statements of the Company and its subsidiary (collectively referred to as "the Group") for the six-month period ended 30 June 2014.

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

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2014 and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.

For and on behalf of management:

S.Đ.K.K.D: 0303443233 - C.T.C.P
CÔNG TY CỔ PHẦN XÂY DỰNG (COTEC)
Q. BÌNH THẠNH TP. HỒ CHÍ MINH

Nguyen Ba Duong
General Director

25 August 2014

Building a better working world

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Reference: 60813343/16359883-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of Cotec Construction Joint Stock Company

We have reviewed the interim consolidated financial statements of Cotec Construction Joint Stock Company ("the Company") and its subsidiary ("the Group") as set out on pages 5 to 41 which comprise the interim consolidated balance sheet as at 30 June 2014, the interim consolidated income statement and the interim consolidated cash flows statement for the six-month period then ended and the notes thereto.

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

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free from material misstatement. A review is limited primarily to inquiries of the Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material aspects, of the interim consolidated financial position of the Group as at 30 June 2014, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.

Ernst & Young Vietnam Limited

CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM

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

25 August 2014

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2014

VND

Code	ASSETS	Notes	30 June 2014	31 December 2013
100	**A. CURRENT ASSETS**		**4,074,820,962,235**	**3,995,926,433,261**
110	***I. Cash and cash equivalents***	***4***	***525,516,288,735***	***618,518,444,081***
111	1. Cash		396,511,360,768	310,513,540,907
112	2. Cash equivalents		129,004,927,967	308,004,903,174
120	***II. Short-term investments***	***5***	***1,195,300,000,000***	***1,055,500,000,000***
121	1. Short-term investments		1,195,300,000,000	1,055,500,000,000
130	***III. Current accounts receivable***		***1,602,056,032,825***	***2,010,311,772,164***
131	1. Trade receivables	6	1,677,868,826,697	2,076,043,856,872
132	2. Advances to suppliers		57,634,929,371	39,275,161,905
135	3. Other receivables	7	36,257,074,167	46,459,843,005
139	4. Provision for doubtful debts	6, 7	(169,704,797,410)	(151,467,089,618)
140	***IV. Inventories***	***8***	***612,544,186,072***	***248,339,897,206***
141	1. Inventories		690,458,186,072	326,253,897,206
149	2. Provision for obsolete inventories		(77,914,000,000)	(77,914,000,000)
150	***V. Other current assets***		***139,404,454,603***	***63,256,319,810***
151	1. Short-term prepaid expenses		122,237,500	122,305,125
152	2. Value-added tax deductible		108,790,687,356	35,446,969,022
154	3. Tax and other receivables from the State		-	971,673,830
158	4. Other current assets	9	30,491,529,747	26,715,371,833
200	**B. NON-CURRENT ASSETS**		**496,601,970,686**	**556,333,955,189**
220	***I. Fixed assets***		***248,525,168,726***	***250,365,294,654***
221	1. Tangible fixed assets	10	147,574,898,411	149,800,937,999
222	Cost		336,536,766,101	323,712,310,043
223	Accumulated depreciation		(188,961,867,690)	(173,911,372,044)
227	2. Intangible assets	11	99,937,430,839	99,622,080,043
228	Cost		107,020,484,018	106,095,331,452
229	Accumulated amortisation		(7,083,053,179)	(6,473,251,409)
230	3. Construction in progress		1,012,839,476	942,276,612
240	***II. Investment properties***	***12***	***82,881,727,606***	***92,307,223,295***
241	1. Cost		91,905,437,682	100,607,293,807
242	2. Accumulated depreciation		(9,023,710,076)	(8,300,070,512)
250	***III. Long-term investments***		***107,459,437,847***	***104,524,316,290***
252	1. Investments in associates	13	107,459,437,847	104,524,316,290
260	***IV. Other long-term assets***		***57,735,636,507***	***109,137,120,950***
261	1. Long-term prepaid expenses	14	53,603,115,052	103,812,944,392
262	2. Deferred tax assets	28.3	4,087,521,455	5,279,176,558
268	3. Other long-term assets		45,000,000	45,000,000
270	**TOTAL ASSETS**		**4,571,422,932,921**	**4,552,260,388,450**

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2014

VND

Code	*RESOURCES*	*Notes*	*30 June 2014*	*31 December 2013*
300	**A. LIABILITIES**		**2,059,739,936,559**	**2,083,766,496,899**
310	***I. Current liabilities***		***2,036,500,748,238***	***2,002,895,871,972***
312	1. Trade payables	15	818,130,778,676	1,013,608,167,423
313	2. Advances from customers	16	248,038,856,448	69,949,248,285
314	3. Statutory obligations	17	29,506,287,230	62,860,072,852
316	4. Accrued expenses	18	611,248,121,683	616,929,305,538
319	5. Other payables	19	182,547,383,051	91,772,615,151
320	6. Short-term provision	20	76,147,898,141	75,027,233,127
323	7. Bonus and welfare fund		44,439,464,815	23,899,854,867
338	8. Unearned revenues	21	26,441,958,194	48,849,374,729
330	***II. Non-current liabilities***		***23,239,188,321***	***80,870,624,927***
333	1. Other long-term liabilities	22	14,123,311,141	15,670,693,741
337	2. Long-term provision	20	9,115,877,180	65,199,931,186
400	**B. OWNERS' EQUITY**		**2,345,201,326,691**	**2,302,477,289,437**
410	***I. Capital***	***23.1***	***2,345,201,326,691***	***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		378,107,757,817	465,963,609,276
439	**C. MINORITY INTERESTS**		**166,481,669,671**	**166,016,602,114**
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**4,571,422,932,921**	**4,552,260,388,450**

OFF BALANCE SHEET ITEM

ITEM	*30 June 2014*	*31 December 2013*
Foreign currencies:		
- United States dollar (US$)	3,504,498	4,084,927
- Euro (EUR)	3,816	455

CÔNG TY CỔ PHẦN XÂY DỰNG (COTEC)

Vu Thi Hong Hanh
Preparer

Ha Tieu Anh
Chief accountant

Nguyen Ba Duong
General Director

25 August 2014

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2014

VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2014*	*For the six-month period ended 30 June 2013*
10	**1. Net revenue from sale of goods and rendering of services**	**24.1**	**2,849,000,053,722**	**2,259,048,213,284**
11	**2. Cost of goods sold and services rendered**	**25**	**(2,624,909,329,790)**	**(2,073,298,671,224)**
20	**3. Gross profit from sale of goods and rendering of services**		**224,090,723,932**	**185,749,542,060**
21	**4. Finance income**	**24.2**	**56,695,050,544**	**50,825,182,890**
22	**5. Finance expenses**		**2,582,473**	**371,444,358**
25	**6. General and administrative expenses**	**26**	**(98,266,684,152)**	**(64,647,971,672)**
30	**7. Operating profit**		**182,521,672,797**	**172,298,197,636**
31	**8. Other income**	**27**	**14,052,262,698**	**14,011,002,081**
32	**9. Other expenses**	**27**	**(143,629,138)**	**(5,944,426,124)**
40	**10. Other profit**	**27**	**13,908,633,560**	**8,066,575,957**
45	**11. Shares of profit of associates**		**2,900,775,599**	**6,544,445,353**
50	**12. Profit before tax**		**199,331,081,956**	**186,909,218,946**
51	**13. Current corporate income tax expense**	**28.1**	**(42,771,242,697)**	**(56,616,115,852)**
52	**14. Deferred corporate income tax expense**	**28.3**	**(1,191,655,103)**	**(1,019,419,360)**
60	**15. Net profit after tax**		**155,368,184,156**	**129,273,683,734**
	Attributable to:			
61	*15.1 Minority interests*		*10,054,748,930*	*6,178,008,777*
62	*15.2 Equity holders of the Company*		*145,313,435,226*	*123,095,674,957*
70	**16. Basic and diluted earnings per share (VND/share)**	**30**	**3,449**	**2,922**

CÔNG TY CỔ PHẦN XÂY DỰNG (COTEC)

Vu Thi Hong Hanh Preparer	Ha Tieu Anh Chief accountant	Nguyen Ba Duong General Director

25 August 2014

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2014

VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2014*	*For the six-month period ended 30 June 2013*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**199,331,081,956**	**186,909,218,946**
	Adjustments for:			
02	Depreciation and amortisation	10, 11, 12	18,179,700,457	19,172,343,372
03	Provisions		18,237,707,792	51,552,266,267
04	Unrealised foreign exchange gains	24.2	(534,216,123)	(141,425,829)
05	Profit from investing activities		(59,829,200,765)	(54,612,760,630)
08	**Operating profit before changes in working capital**		**175,385,073,317**	**202,879,642,126**
09	Decrease (increase) in receivables		298,446,852,778	(151,223,990,451)
10	(Increase) decrease in inventories		(364,204,288,866)	20,747,353,758
11	(Decrease) increase in payables		(46,883,141,007)	172,986,563,187
12	Decrease in prepaid expenses		50,209,896,965	39,171,283,357
14	Corporate income tax paid	28.2	(45,118,861,286)	(49,497,340,173)
15	Other cash inflows from operating activities		740,000,000	1,417,845,568
16	Other cash outflows from operating activities		(52,035,924,498)	(5,205,430,741)
20	**Net cash flows from operating activities**		**16,539,607,403**	**231,275,926,631**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets		(6,963,169,749)	(3,862,014,088)
22	Proceeds from disposals of fixed assets	27	766,363,636	1,310,958,500
23	Term deposits at banks		(139,800,000,000)	(410,500,000,000)
24	Collections from borrowers		-	500,000,000
25	Payment for acquisition of a subsidiary, net of cash acquired		-	81,178,250,155
26	Proceeds from sale of investments in other entities		13,666,740,424	-
27	Interest and dividends received		58,568,012,272	42,090,920,798
30	**Net cash flows used in investing activities**		**(73,762,053,417)**	**(289,281,884,635)**

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2014

VND

Code	*ITEMS*	*Notes*	*For the six-month period ended 30 June 2014*	*For the six-month period ended 30 June 2013*
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
36	Dividends paid to equity holders of the parent	23.2	(31,680,164,950)	(84,216,704,900)
	Dividends paid to minority interest		(4,388,400,000)	-
40	**Net cash flows used in financing activities**		**(36,068,564,950)**	**(84,216,704,900)**
50	**Net decrease in cash and cash equivalents**		**(93,291,010,964)**	**(142,222,662,904)**
60	**Cash and cash equivalents at beginning of period**		**618,518,444,081**	**681,485,846,811**
61	**Impact of exchange rate fluctuation**		**288,855,618**	**118,859,617**
70	**Cash and cash equivalents at end of period**	**4**	**525,516,288,735**	**539,382,043,524**

CÔNG TY CỔ PHẦN XÂY DỰNG (COTEC)

Vu Thi Hong Hanh Preparer	Ha Tieu Anh Chief accountant	Nguyen Ba Duong General Director

25 August 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:

Amended Business Registration Certificate No.	*Date*
4103002611 – 1st	10 January 2005
4103002611 – 2nd	24 August 2006
4103002611 – 3rd	24 October 2006
4103002611 – 4th	5 June 2007
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0303443233 – 10th	10 September 2010
0303443233 – 11th	7 May 2012
0303443233 – 12th	25 June 2013

The Company was listed 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 and office leasing.

The Group's registered 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 30 June 2014 was 1,103 (31 December 2013: 1,014).

Corporate 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 provide construction services, equipment installation services and trading of construction materials.

As at 30 June 2014, the Company holds 51.24% equity interest in Uy Nam.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The interim financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

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

2.1 Applied accounting documentation system

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

2.2 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.

2.3 Accounting currency

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

2.4 Basis of consolidation

The interim consolidated financial statements comprise the interim financial statements of the parent company and its subsidiary for the six-month period ended 30 June 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 interim financial statements of the subsidiary are prepared for the same reporting period 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 interim consolidated income statement and within equity in the interim consolidated balance sheet, separately from parent shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Cash and cash equivalents

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

Construction materials	- 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 construction materials 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 interim consolidated income statement.

3.3 Receivables

Receivables are presented in the interim 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 interim consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim consolidated income statement as incurred.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 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 interim consolidated income statement as incurred.

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

Land use rights

Land use right is recorded as an intangible asset on the interim 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	5 - 42 years
Machinery & equipment	3 - 10 years
Means of transportation	3 - 8 years
Office equipment	3 - 5 years
Software	3 years
Land use rights	45 - 50 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 recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

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

Buildings	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 interim consolidated income statement in the period of retirement or disposal.

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

3. 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 coveys 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 interim 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 interim consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the interim consolidated income statement as incurred.

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

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim 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 interim consolidated income statement over the period of two (2) to six (6) years on the straight-line basis.

3.10 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 recognized directly in the consolidated income statement. After initial recognition, goodwill (if any) is measured at cost less any accumulated amortization. Goodwill is amortized 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 interim consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 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 interim 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 amortized over 10-year period. The interim 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 interim consolidated income statement. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of the change and discloses this, where applicable, in the equity section of the interim 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 interim financial statements of the associates are prepared for the same reporting period as the Group's. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.12 Payables and accruals

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

3.13 Accrual for severance pay

The severance payment to employee is provided at the end of each reporting period for all employees who have more than 12 months in service up to balance sheet date 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 period following the average monthly salary of the six-month period up to the balance sheet date. Any changes to the accrued amount will be taken to the interim 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.

3.14 Provisions

Provisions are recognized 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 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 period, monetary assets and liabilities denominated in foreign currencies are translated at the buying 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 interim consolidated income statement.

3.16 Earnings per share

Basic earnings per share amount is computed by dividing net profit for the period attributable to ordinary shareholders, before appropriation for funds by the weighted average number of ordinary outstanding shares during the period, 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 period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.17 Treasury shares

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

3.18 Appropriation of net profit

Net profit after tax is available for appropriation to investors 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 or upgrading of its operation.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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 period 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Taxation*

Current income tax

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

Current income tax is charged or credited to the interim 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.

Deferred income tax

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

Deferred 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 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.

3.21 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance 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 interim consolidated financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The 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 and loan receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *Financial instruments* (continued)

Financial instruments – initial recognition and presentation (continued)

Financial liabilities

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

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

The Group's financial liabilities include trade and other payables.

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

4. CASH AND CASH EQUIVALENTS

		VND
	30 June 2014	*31 December 2013*
Cash on hand	2,665,830,221	9,279,848
Cash in banks	393,845,530,547	310,504,261,059
Cash equivalents	129,004,927,967	308,004,903,174
TOTAL	**525,516,288,735**	**618,518,444,081**

Cash equivalents represent bank deposits with a term under three months and earn interest at the applicable rates.

5. SHORT-TERM INVESTMENTS

		VND
	30 June 2014	*31 December 2013*
Other short-term investments	1,195,300,000,000	1,055,500,000,000

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

6. TRADE RECEIVABLES

		VND
	30 June 2014	*31 December 2013*
Third parties	1,633,107,094,834	1,998,828,648,247
Related party *(Note 29)*	44,761,731,863	77,215,208,625
TOTAL	**1,677,868,826,697**	**2,076,043,856,872**
Provision for doubtful debts	(168,787,515,899)	(151,467,089,618)
NET	**1,509,081,310,798**	**1,924,576,767,254**

Detail of movements of provision for doubtful debts:

		VND
	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
At beginning of period	151,467,089,618	55,182,008,195
Provision created due to business combination	-	979,012,582
Provision created during the period	17,320,426,281	10,615,386,000
Utilisation and reversal during the period	-	(1,816,500,070)
At end of period	168,787,515,899	64,959,906,707

7. OTHER RECEIVABLES

		VND
	30 June 2014	*31 December 2013*
Accrued interest receivable	18,394,926,386	20,837,805,559
Due from a related party *(Note 29)*	11,957,879,495	14,450,498,473
Receivables from disposal of investments	-	11,171,538,973
Others	5,904,268,286	-
TOTAL	**36,257,074,167**	**46,459,843,005**
Provision for doubtful debts	(917,281,511)	-
NET	**35,339,792,656**	**46,459,843,005**

8. INVENTORIES

		VND
	30 June 2014	*31 December 2013*
Construction work in process	687,740,149,564	322,050,142,218
Merchandise goods	2,718,036,508	4,203,754,988
TOTAL	**690,458,186,072**	**326,253,897,206**
Provision for obsolete inventories	(77,914,000,000)	(77,914,000,000)
NET	**612,544,186,072**	**248,339,897,206**

8. INVENTORIES (continued)

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

	30 June 2014	31 December 2013
		VND
South Saigon Commercial Complex - Vivo City	114,486,492,840	35,767,247,833
Tricon Tower	75,000,000,000	75,000,000,000
Thao Dien High-class Apartment	66,255,240,588	-
Viglacera High-class Apartment	40,892,349,749	5,825,559,892
Ho Chi Minh Stock Exchange Building	37,638,184,135	15,507,648,907
Backup Data Center	29,009,968,286	7,273,724,771
Everich District 7 High-class Apartment	26,155,753,131	13,426,410,247
Huafu Yarn Factory	24,644,975,881	-
An Phu Apartment	24,481,947,443	13,034,998,522
Salinda Phu Quoc Resort	20,928,038,836	15,637,775,494
Lexington District 2 High glass Apartment	19,314,698,464	-
ACE Sanofi Factory	14,105,991,778	-
Centec Five-star Hotel	14,009,593,672	3,750,513,795
Park City Project	11,080,413,557	-
The Sun Villa	10,477,560,759	9,712,460,356
Viettel Kien Giang Building	9,844,964,459	11,095,030,501
Aeon Mall Long Bien Shopping Center	9,492,785,338	-
Tuyen Son Entertainment Center	8,999,544,017	7,157,832,081
E6 Villa Project	7,616,794,808	14,008,912,460
Eximbank headquarter	7,085,983,288	11,472,372,355
Others	116,218,868,535	83,379,655,004
TOTAL	**687,740,149,564**	**322,050,142,218**

9. OTHER CURRENT ASSETS

	30 June 2014	31 December 2013
		VND
Advances to construction teams and employees	28,518,470,810	24,429,701,717
Deposits	1,973,058,937	2,285,670,116
TOTAL	**30,491,529,747**	**26,715,371,833**

10. TANGIBLE FIXED ASSETS

VND

	Buildings & structures	*Machinery & equipment*	*Means of transportation*	*Office equipment*	*Others*	*Total*
Cost						
As at 31 December 2013	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	-	3,451,881,003	-	1,427,788,287	-	4,879,669,290
Reclassified from investment properties	8,701,856,125	-	-	-	-	8,701,856,125
Transferred from construction in progress	1,038,694,120	-	-	-	-	1,038,694,120
Disposed	-	(1,795,763,477)	-	-	-	(1,795,763,477)
As at 30 June 2014	114,712,999,762	179,037,007,493	25,573,271,206	12,469,190,286	4,744,297,354	336,536,766,101
In which:						
Fully depreciated	*1,124,079,348*	*59,109,711,700*	*3,167,579,329*	*5,739,872,290*	*3,491,570,193*	*72,632,812,860*
Accumulated depreciation						
As at 31 December 2013	(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 period	(3,681,970,221)	(9,391,208,737)	(1,632,552,928)	(795,911,912)	(474,429,712)	(15,976,073,510)
Reclassified from investment properties	(870,185,613)	-	-	-	-	(870,185,613)
Disposed	-	1,795,763,477	-	-	-	1,795,763,477
As at 30 June 2014	(26,641,763,442)	(132,262,804,238)	(15,765,212,044)	(9,547,790,612)	(4,744,297,354)	(188,961,867,690)
Net carrying amount						
As at 31 December 2013	82,882,841,909	52,713,530,989	11,440,612,090	2,289,523,299	474,429,712	149,800,937,999
As at 30 June 2014	88,071,236,320	46,774,203,255	9,808,059,162	2,921,399,674	-	147,574,898,411

11. INTANGIBLE ASSETS

	Land use rights	*Software*	*VND* *Total*
Cost			
As at 31 December 2013	102,603,924,366	3,491,407,086	106,095,331,452
Newly purchased	-	470,607,110	470,607,110
Transferred from construction in progress	-	454,545,456	454,545,456
As at 30 June 2014	102,603,924,366	4,416,559,652	107,020,484,018
Accumulated amortisation			
As at 31 December 2013	(3,368,948,790)	(3,104,302,619)	(6,473,251,409)
Amortisation for the period	(391,303,620)	(218,498,150)	(609,801,770)
As at 30 June 2014	(3,760,252,410)	(3,322,800,769)	(7,083,053,179)
Net carrying value			
As at 31 December 2013	99,234,975,576	387,104,467	99,622,080,043
As at 30 June 2014	98,843,671,956	1,093,758,883	99,937,430,839

12. INVESTMENT PROPERTY

	Office building	*Others*	*VND* *Total*
Cost:			
As at 31 December 2013	81,986,929,898	18,620,363,909	100,607,293,807
Reclassified to tangible fixed assets	(8,701,856,125)	-	(8,701,856,125)
As at 30 June 2014	73,285,073,773	18,620,363,909	91,905,437,682
Accumulated depreciation:			
As at 31 December 2013	(8,198,692,975)	(101,377,537)	(8,300,070,512)
Depreciation for the period	(1,221,417,897)	(372,407,280)	(1,593,825,177)
Reclassified to tangible fixed assets	870,185,613	-	870,185,613
As at 30 June 2014	(8,549,925,259)	(473,784,817)	(9,023,710,076)
Net carrying amount:			
As at 31 December 2013	73,788,236,923	18,518,986,372	92,307,223,295
As at 30 June 2014	64,735,148,514	18,146,579,092	82,881,727,606

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

As at 30 June 2014, the details of investment in associates are as follows:

	As at 30 June 2014		*As at 31 December 2013*	
	% of interest	*Amount (VND)*	*% of interest*	*Amount (VND)*
Phu Hung Gia Construction & Investment Joint Stock Company	20.16	50,918,067,531	20.16	47,981,890,157
Phu Gia An Investment Joint Stock Company	39.00	39,030,945,397	39.00	39,032,001,214
Quang Trong Commercial Joint Stock Company	36.00	17,510,424,919	36.00	17,510,424,919
TOTAL		**107,459,437,847**		**104,524,316,290**

		VND
	30 June 2014	*31 December 2013*
Cost of investments in associates	82,780,000,000	82,780,000,000
Accumulated share in post-acquisition profit of the associates	49,687,234,805	46,752,113,248
Accumulated dividends received	(25,007,796,958)	(25,007,796,958)
	107,459,437,847	**104,524,316,290**

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 15th Amended Business Registration Certificate No. 0303527596 dated 23 June 2014. Phu Hung Gia's principal activities are to provide civil and industrial construction services, trading of construction materials and trade real estate.

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 licensed principal activities are to trade real estate and provide project management.

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 licensed principal activities are to trade real estate and provide project management.

14. LONG-TERM PREPAID EXPENSES

		VND
	30 June 2014	*31 December 2013*
Tools & supplies used for construction works	53,056,052,474	103,151,192,721
Others	547,062,578	661,751,671
TOTAL	**53,603,115,052**	**103,812,944,392**

15. TRADE PAYABLES

		VND
	30 June 2014	*31 December 2013*
Third parties	728,297,878,004	892,582,606,369
Related party *(Note 29)*	89,832,900,672	121,025,561,054
TOTAL	**818,130,778,676**	**1,013,608,167,423**

16. ADVANCE FROM CUSTOMERS

		VND
	30 June 2014	*31 December 2013*
Third parties	244,574,856,448	66,485,248,285
Related party *(Note 29)*	3,464,000,000	3,464,000,000
TOTAL	**248,038,856,448**	**69,949,248,285**

17. STATUTORY OBLIGATIONS

		VND
	30 June 2014	*31 December 2013*
Corporate income tax (*Note 28.2*)	24,211,752,137	26,559,370,726
Value-added tax	4,568,956,959	12,768,846,978
Personal income tax	725,578,134	23,531,855,148
TOTAL	**29,506,287,230**	**62,860,072,852**

18. ACCRUED EXPENSES

		VND
	30 June 2014	*31 December 2013*
Cost of construction projects	610,884,556,280	616,565,740,135
Others	363,565,403	363,565,403
TOTAL	**611,248,121,683**	**616,929,305,538**

19. OTHER PAYABLES

	30 June 2014	31 December 2013
		VND
Payable to construction teams	129,218,086,764	90,681,394,730
Dividend payables	52,773,113,200	186,590,150
Others	556,183,087	904,630,271
TOTAL	**182,547,383,051**	**91,772,615,151**

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

	30 June 2014	31 December 2013
		VND
Unearned revenue from construction works	25,344,261,259	48,311,858,647
Unearned revenue from office leasing	1,097,696,935	537,516,082
TOTAL	**26,441,958,194**	**48,849,374,729**

22. OTHER LONG-TERM LIABILITIES

	30 June 2014	31 December 2013
		VND
Severance allowance	11,051,164,344	11,038,531,011
Long-term deposits received	3,072,146,797	4,632,162,730
TOTAL	**14,123,311,141**	**15,670,693,741**

23. OWNERS' EQUITY

23.1 Increase and decrease in owners' equity

VND

	Share capital	*Share premium*	*Treasury shares*	*Investment and development fund*	*Financial reserve fund*	*Undistributed earnings*	*Total*
For the six-month period ended 30 June 2013							
As at 31 December 2012	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 period	-	-	-	-	-	123,095,674,957	123,095,674,957
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)
As at 30 June 2013	422,000,000,000	869,140,000,000	(1,741,460,000)	477,949,555,981	69,165,584,180	331,921,597,343	2,168,435,277,504
For the six-month period ended 30 June 2014							
As at 31 December 2013	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 period	-	-	-	-	-	145,313,435,226	145,313,435,226
Profit appropriation	-	-	-	114,800,376,223	15,779,512,490	(130,579,888,713)	-
Transfer to bonus and welfare fund	-	-	-	-	-	(18,322,709,972)	(18,322,709,972)
Dividends declared	-	-	-	-	-	(84,266,688,000)	(84,266,688,000)
As at 30 June 2014	422,000,000,000	869,140,000,000	(1,741,460,000)	592,749,932,204	84,945,096,670	378,107,757,817	2,345,201,326,691

23. OWNERS' EQUITY (continued)

23.2 *Capital transactions with owners and distribution of dividends*

	For the six-month period ended 30 June 2014	VND For the six-month period ended 30 June 2013
Contributed share capital		
Beginning and ending balances	422,000,000,000	422,000,000,000
Dividends		
Dividends declared	84,266,688,000	84,266,688,000
Dividends paid	(31,680,164,950)	(84,216,704,900)

23.3 *Shares*

	30 June 2014	VND 31 December 2013
Shares authorised to be issued	42,200,000	42,200,000
Shares issued and fully paid	42,200,000	42,200,000
Ordinary shares	*42,200,000*	*42,200,000*
Treasury shares	(66,656)	(66,656)
Ordinary shares	*(66,656)*	*(66,656)*
Outstanding shares	42,133,344	42,133,344
Ordinary shares	*42,133,344*	*42,133,344*

24. REVENUE

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

	For the six-month period ended 30 June 2014	VND For the six-month period ended 30 June 2013
Rendering of construction services	2,789,817,696,411	2,220,236,336,413
Sales of construction materials	48,416,981,455	15,409,417,918
Lease income from investment properties	6,840,926,977	10,357,269,520
Rental of construction equipment	3,924,448,879	13,045,189,433
TOTAL	**2,849,000,053,722**	**2,259,048,213,284**

24. REVENUE (continued)

24.2 Finance income

	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
		VND
Interest income	56,053,133,099	49,806,413,061
Unrealised foreign exchange gains	534,216,123	141,425,829
Dividend earned	72,000,000	309,800,000
Negative Goodwill	-	561,856,461
Others	35,701,322	5,687,539
TOTAL	**56,695,050,544**	**50,825,182,890**

25. COST OF GOODS SOLD AND SERVICES RENDERED

	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
		VND
Cost of rendering of construction services	2,572,999,925,863	2,044,298,776,765
Cost of construction materials	47,840,881,780	15,934,768,951
Lease expense of investment properties	3,397,677,182	3,880,574,093
Cost of leased construction equipment	670,844,965	9,184,551,415
TOTAL	**2,624,909,329,790**	**2,073,298,671,224**

26. ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
		VND
Labour costs	50,928,252,167	37,170,395,913
Depreciation and amortisation	8,129,913,755	8,727,308,565
Provision expense	18,237,707,792	7,293,444,727
Expenses for external services	9,667,329,138	6,438,152,318
Other expenses	11,303,481,300	5,018,670,149
TOTAL	**98,266,684,152**	**64,647,971,672**

27. OTHER INCOME AND EXPENSES

VND

	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
Other income	**14,052,262,698**	**14,011,002,081**
Reversal of warranty cost	9,154,798,224	1,268,183,696
Reversal of over accrued expenses	1,475,646,379	1,190,755,777
Proceeds from disposal of fixed assets	766,363,636	1,310,958,500
Cost reduction after project finalisation	-	5,597,897,308
Proceeds from disposal of tools and supplies	-	2,250,387,495
Others	2,655,454,459	2,392,819,305
Other expenses	**(143,629,138)**	**(5,944,426,124)**
Cost of disposal of tools and supplies	-	(950,916,634)
Cost of disposal of fixed assets	-	(387,859,408)
Others	(143,629,138)	(4,605,650,082)
NET	**13,908,633,560**	**8,066,575,957**

28. CORPORATE INCOME TAX

The statutory Corporate Income Tax ("CIT") rate applicable to the Group is 22% 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 interim consolidated financial statements could change at a later date upon final determination by the tax authorities.

28.1 Current CIT expense

VND

	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
Current CIT expense	42,741,063,663	56,639,261,047
Adjustment for over (under) accrual of tax from prior periods	30,179,034	(23,145,195)
TOTAL	**42,771,242,697**	**56,616,115,852**

28. CORPORATE INCOME TAX (continued)

28.2 Current CIT

The current tax payable is based on taxable profit for the period. The taxable profit of the Group for the period differs from the profit as reported in the interim consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods 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 interim consolidated balance sheet date.

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

VND

	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
Profit before tax	**199,331,081,956**	**186,909,218,946**
Adjustments		
Non-deductible expenses	747,723,030	50,483,651,259
Change in provision for severance allowance	12,633,333	24,823,083
Cost of share issuance	-	(54,545,455)
Dividend earned	(72,000,000)	(309,800,000)
Unrealised foreign exchange differences	(289,556,314)	(125,676,580)
Change in unrealised profits	(644,830,926)	(63,422,280)
Change in taxable profit of unearned revenue	(1,631,707,760)	(3,200,902,974)
Share of profit from associates	(2,900,775,599)	(6,544,445,353)
Negative goodwill	-	(561,856,461)
Estimated current taxable profit	**194,552,567,720**	**226,557,044,185**
Tax loss carried forward from sales of investment properties in previous year	(275,005,618)	-
Adjusted taxable profit	**194,277,562,102**	**226,557,044,185**
Current CIT expenses	42,741,063,663	56,639,261,047
CIT payable at beginning of period	26,559,370,726	29,475,076,465
Pre-acquisition CIT payable from a subsidiary	-	3,270,872,382
Adjustment for under (over) accrual of tax from prior periods	30,179,034	(23,145,195)
CIT paid during the period	(45,118,861,286)	(49,497,340,173)
CIT payable at end of period	**24,211,752,137**	**39,864,724,526**

28. CORPORATE INCOME TAX (continued)

28.3 Deferred CIT

The following is the major deferred tax asset recognised by the Group as at the balance sheet date.

VND

	Interim consolidated balance sheet		*Interim consolidated income statement*	
	30 June 2014	*31 December 2013*	*For the six-month period ended 30 June 2014*	*For the six-month period ended 30 June 2013*
Deferred tax assets				
Accrual for severance allowance	2,431,256,156	2,759,632,753	(328,376,597)	6,205,771
Unrealised profit	1,679,320,550	2,065,426,935	(386,106,385)	(15,855,570)
Profit of unearned revenue	282,759,861	729,244,964	(446,485,103)	(987,324,743)
Unrealised foreign exchange losses	(117,531,126)	(61,169,019)	(56,362,107)	(22,444,818)
Provision for investments	(188,283,986)	(213,959,075)	25,675,089	-
	4,087,521,455	**5,279,176,558**		
Deferred income tax expense			***(1,191,655,103)***	***(1,019,419,360)***

29. TRANSACTIONS WITH RELATED PARTIES

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

VND

Related party	*Relationship*	*Nature of transaction*	*Amount*
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Purchase of construction material	140,265,639,482
		Construction cost	68,149,918,074
		Equipment rental income	1,016,024,898
		Sales of construction material	500,457,297
		Equipment rental expense	678,910,041

29. TRANSACTIONS WITH RELATED PARTIES (continued)

The outstanding balances due from and due to related parties as at 30 June 2014 are as follows:

Related party	*Relationship*	*Nature of transaction*	*VND Amount*
Trade receivable			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction service, sales of construction material and rental fee of equipment	44,761,731,863
Other receivable			
Phu Gia An Investment Joint Stock Company	Associate	Loan interest	11,957,879,495
Trade payable			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction cost , purchase of construction material and equipment rental expense	89,832,900,672
Advance from customer			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Advance for rendering of construction services	3,464,000,000

30. EARNINGS PER SHARE

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

	For the six-month period ended 30 June 2014	*For the six-month period ended 30 June 2013*
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	145,313,435,226	123,095,674,957
Weighted average number of ordinary shares during the period	42,133,344	42,133,344
Basic and diluted earnings per share (VND/share)	3,449	2,922

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

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. Details are as below:

(i) Construction services segment

(ii) Construction materials trading segment

(iii) 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 interim consolidated financial statements.

31. SEGMENT INFORMATION (continued)

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

VND

	Construction services	*Construction materials trading*	*Office leasing*	*Elimination*	*Total*
As at and for the six-month period ended 30 June 2014					
Revenue					
Revenue from sale of goods and rendering of services	*2,994,566,997,466*	*146,114,356,054*	*9,119,006,151*	*(300,800,305,949)*	*2,849,000,053,722*
Results					
Segment net profit (loss) before tax	*196,631,693,965*	*(3,163,487,221)*	*4,563,430,605*	*(493,297,429)*	*197,538,339,920*
Unallocated income					*1,792,742,036*
Net profit before income tax					*199,331,081,956*
Income tax expense					*(43,962,897,800)*
Net profit for the period					*155,368,184,156*
Assets and liabilities					
Segment assets	*2,540,811,754,695*	*49,524,044,933*	*102,335,695,762*	*(98,659,572,029)*	*2,594,011,923,361*
Unallocated assets					*1,977,411,009,560*
Total assets					4,571,422,932,921
Segment liabilities	*1,932,519,413,431*	*83,484,038,749*	*4,069,843,732*	*(98,659,572,029)*	*1,921,413,723,883*
Unallocated liabilities					*138,326,212,676*
Total liabilities					2,059,739,936,559

31. SEGMENT INFORMATION (continued)

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

	Construction services	*Construction materials trading*	*Office leasing*	*Elimination*	*Total*
					VND
As at and for the six-month period ended 30 June 2013					
Revenue					
Revenue from sale of goods and rendering of services	*2,264,610,759,342*	*47,214,640,386*	*10,357,269,520*	*(63,134,455,964)*	*2,259,048,213,284*
Results					
Segment net profit (loss) before tax	*175,617,698,034*	*(925,358,422)*	*6,383,579,886*	*(702,164,553)*	*180,373,754,945*
Unallocated income					*6,535,464,001*
Net profit before income tax					*186,909,218,946*
Income tax expense					*(57,635,535,212)*
Net profit for the period					*129,273,683,734*
Assets and liabilities					
Segment assets	*2,511,897,477,068*	*69,550,736,641*	*97,329,385,321*	*(53,828,333,308)*	*2,624,949,265,722*
Unallocated assets					*1,662,143,688,978*
Total assets					4,287,092,954,700
Segment liabilities	*1,846,764,552,337*	*77,432,896,462*	*6,170,119,300*	*(53,828,333,308)*	*1,876,539,234,791*
Unallocated liabilities					*88,275,407,002*
Total liabilities					1,964,814,641,793

32. OPERATING LEASE COMMITMENTS

The Group leases its office and warehouse under the operating lease agreements. Future rental amounts due as at 30 June 2014 are as follows:

		VND
	30 June 2014	*31 December 2013*
Less than 1 year	4,273,899,636	1,884,384,000
From 1 to 5 years	2,052,003,636	2,097,352,000
TOTAL	**6,325,903,272**	**3,981,736,000**

In addition, the Group leases out its Coteccons Building property under operating lease arrangement. The future minimum rental receivable as at 30 June 2014 under the operating lease agreements is as follows:

		VND
	30 June 2014	*31 December 2013*
Less than 1 year	9,288,958,392	10,338,781,728
From 1 to 5 years	5,809,610,550	7,171,285,878
More than 5 years	2,417,856,000	5,175,748,200
TOTAL	**17,516,424,942**	**22,685,815,806**

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group is exposed to market 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk (continued)

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 period ended 30 June 2014 since the Group's term deposits are fixed interest rate.

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 machinery, equipment and materials, sale of goods and rendering of services 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 six-month period ended 30 June 2014 since the Group's purchases and rendering of service were mainly denominated in VND during the period.

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.

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 discounted payments:

VND

	Less than 1 year	*From 1 to 5 years*	*Total*
30 June 2014			
Trade payables	728,297,878,004	-	728,297,878,004
Payables to related parties	89,832,900,672	-	89,832,900,672
Other payables and accrued expenses	793,795,504,734	3,072,146,797	796,867,651,531
	1,611,926,283,410	**3,072,146,797**	**1,614,998,430,207**
31 December 2013			
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
	1,722,310,088,112	**4,632,162,730**	**1,726,942,250,842**

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 hold collateral as at 30 June 2014 and 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 interim consolidated financial statements.

VND

	Carrying amount				*Fair value*	
	30 June 2014		*31 December 2013*		*30 June 2014*	*31 December 2013*
	Cost	*Provision*	*Cost*	*Provision*		
Financial assets						
Other short-term investments	1,195,300,000,000	-	1,055,500,000,000	-	1,195,300,000,000	1,055,500,000,000
Trade receivables	1,633,107,094,834	(168,787,515,899)	1,998,828,648,247	(151,467,089,618)	1,464,319,578,935	1,847,361,558,629
Receivables from related parties	56,719,611,358	-	91,665,707,098	-	56,719,611,358	91,665,707,098
Other receivables	26,272,253,609	(917,281,511)	34,295,014,648	-	25,354,972,098	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	525,516,288,735	-	618,518,444,081	-	525,516,288,735	618,518,444,081
TOTAL	**3,436,960,248,536**	**(169,704,797,410)**	**3,798,852,814,074**	**(151,467,089,618)**	**3,267,255,451,126**	**3,647,385,724,456**

VND

	Carrying amount		*Fair value*	
	30 June 2014	*31 December 2013*	*30 June 2014*	*31 December 2013*
Financial liabilities				
Trade payables	728,297,878,004	892,582,606,369	728,297,878,004	892,582,606,369
Payables to related parties	89,832,900,672	121,025,561,054	89,832,900,672	121,025,561,054
Other current financial liabilities	793,795,504,734	708,701,920,689	793,795,504,734	708,701,920,689
Other non-current financial liabilities	3,072,146,797	4,632,162,730	3,072,146,797	4,632,162,730
TOTAL	**1,614,998,430,207**	**1,726,942,250,842**	**1,614,998,430,207**	**1,726,942,250,842**

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 fair values of the financial assets and liabilities had not yet been formally assessed and determined as at 30 June 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.

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 interim consolidated financial statements.

CÔNG TY CỔ PHẦN XÂY DỰNG (COTEC)

Vu Thi Hong Hanh	Ha Tieu Anh	Nguyen Ba Duong
Preparer	Chief accountant	General Director

25 August 2014