

Cotec Construction Joint Stock Company

Separate financial statements

31 December 2013



Building a better
working world

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

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

SIGNIFICANT EVENT

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

BOARD OF DIRECTORS

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

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

Cotec Construction Joint Stock Company

GENERAL INFORMATION (continued)

BOARD OF SUPERVISION

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

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

MANAGEMENT

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

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

LEGAL REPRESENTATIVE

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

AUDITORS

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



Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

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Reference: 60813343/16359883

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Cotec Construction Joint Stock Company

We have audited the accompanying separate financial statements of Cotec Construction Joint Stock Company ("the Company") as prepared on 15 March 2014 and set out on pages 6 to 37, which comprise the separate balance sheet as at 31 December 2013, and the separate income statement and separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate financial statements.

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

Opinion

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

Other matter

As disclosed in Note 2.1 to the separate financial statements, the Company is a parent company with a subsidiary ("the Group") and the consolidated financial statements of the Group for the year ended 31 December 2013 prepared in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements have been issued separately. We have audited the said consolidated financial statements and expressed an unqualified opinion thereon in our independent auditors' report dated 15 March 2014.

Ernst & Young Vietnam Limited



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

Le Vu Truong
Auditor
Audit Practicing Registration Certificate
No. 1588-2013-004-01

Ho Chi Minh City, Vietnam

15 March 2014

SEPARATE BALANCE SHEET
as at 31 December 2013

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		3,232,885,344,969	3,047,895,090,991
110	I. Cash and cash equivalents	4	357,891,965,148	681,485,846,811
111	1. Cash		277,891,965,148	94,314,871,184
112	2. Cash equivalents		80,000,000,000	587,170,975,627
120	II. Short-term investments	5	1,045,500,000,000	515,339,420,000
121	1. Short-term investments		1,045,500,000,000	517,616,192,450
129	2. Provision for short-term investments		-	(2,276,772,450)
130	III. Current accounts receivable		1,606,345,934,488	1,457,889,671,264
131	1. Trade receivables	6	1,678,117,277,900	1,447,503,573,573
132	2. Advances to suppliers		24,163,838,949	29,139,666,769
135	3. Other receivables	7	45,548,856,894	37,490,403,403
139	4. Provision for doubtful debts	6, 7	(141,484,039,255)	(56,243,972,481)
140	IV. Inventories	8	172,556,283,538	383,854,553,819
141	1. Inventories		247,556,283,538	408,704,553,819
149	2. Provision for obsolete inventories		(75,000,000,000)	(24,850,000,000)
150	V. Other current assets		50,591,161,795	9,325,599,097
151	1. Short-term prepaid expenses		122,305,125	154,489,771
152	2. Value-added tax deductibles		35,446,969,022	-
154	3. Tax and other receivables from the State		971,673,830	-
158	4. Other current assets	9	14,050,213,818	9,171,109,326
200	B. NON-CURRENT ASSETS		590,650,644,351	565,177,836,852
220	I. Fixed assets		200,592,830,491	226,953,954,136
221	1. Tangible fixed assets	10	112,479,172,005	138,599,650,290
222	Cost		259,366,657,518	266,499,895,843
223	Accumulated depreciation		(146,887,485,513)	(127,900,245,553)
227	2. Intangible fixed assets	11	87,171,381,874	88,214,332,027
228	Cost		92,490,042,694	92,280,510,590
229	Accumulated amortisation		(5,318,660,820)	(4,066,178,563)
230	3. Construction in progress	12	942,276,612	139,971,819
240	II. Investment properties	13	111,366,915,485	96,286,741,297
241	1. Cost		121,784,729,574	103,164,365,665
242	2. Accumulated depreciation		(10,417,814,089)	(6,877,624,368)
250	III. Long-term investments		194,011,143,701	111,812,313,409
251	1. Investments in subsidiary	14.1	112,086,980,000	-
252	2. Investments in associates	14.2	82,780,000,000	111,022,500,000
258	3. Other long-term investments		-	30,202,000,000
259	4. Provision for long-term investments	14	(855,836,299)	(29,412,186,591)
260	IV. Other long-term assets		84,679,754,674	130,124,828,010
261	1. Long-term prepaid expenses	15	81,622,055,936	125,565,391,034
262	2. Deferred tax assets	28.2	3,012,698,738	4,514,436,976
268	3. Other long-term assets		45,000,000	45,000,000
270	TOTAL ASSETS		3,823,535,989,320	3,613,072,927,843


SEPARATE BALANCE SHEET (continued)
as at 31 December 2013

VND


Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		1,606,996,281,682	1,535,073,008,814
310	I. Current liabilities		1,526,914,231,755	1,520,648,739,204
312	1. Trade payables	16	738,119,611,253	575,290,157,020
313	2. Advances from customers		40,674,968,149	81,791,209,675
314	3. Statutory obligations	17	49,366,767,235	43,101,396,504
316	4. Accrued expenses	18	522,171,328,913	628,009,600,025
319	5. Other payables	19	63,106,248,019	70,589,115,787
320	6. Short-term provision	20	59,882,331,442	6,439,049,691
323	7. Bonus and welfare fund		22,364,589,181	13,360,194,075
338	8. Unearned revenue	21	31,228,387,563	102,068,016,427
330	II. Non-current liabilities		80,082,049,927	14,424,269,610
333	1. Other long-term liabilities	22	14,882,118,741	14,424,269,610
337	2. Long-term provision	20	65,199,931,186	-
400	B. OWNERS' EQUITY		2,216,539,707,638	2,077,999,919,029
410	I. Capital	23.1	2,216,539,707,638	2,077,999,919,029
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		468,878,115,674	381,467,132,588
418	5. Financial reserve fund		67,011,107,173	56,084,734,287
420	6. Undistributed earnings		391,251,944,791	351,049,512,154
440	TOTAL LIABILITIES AND OWNERS' EQUITY		3,823,535,989,320	3,613,072,927,843

OFF BALANCE SHEET ITEMS

ITEMS	Ending balance	Beginning balance
Foreign currencies:		
- United States dollar (US\$)	3,743,694	481
- Euro (EUR)	455	466


Vu Thi Hong Hanh
Preparer


Ha Tieu Anh
Chief Accountant



Nguyen Ba Duong
General Director

15 March 2014

SEPARATE INCOME STATEMENT
for the year ended 31 December 2013

VND

Code	ITEMS	Notes	Current year	Previous year
10	1. Gross and net revenue from rendering of services	24.1	4,780,800,770,510	4,477,276,306,689
11	2. Cost of services rendered		(4,400,022,736,102)	(4,154,661,217,829)
20	3. Gross profit from rendering of services		380,778,034,408	322,615,088,860
21	4. Finance income	24.2	120,764,986,266	92,101,922,673
22	5. Finance expenses	25	1,008,545,450	(215,342,362)
23	<i>In which: Interest expense</i>		-	(444,017,567)
25	6. General and administrative expenses	26	(181,060,879,526)	(122,250,135,432)
30	7. Operating profit		321,490,686,598	292,251,533,739
31	8. Other income	27	16,557,964,087	7,455,586,871
32	9. Other expenses	27	(7,039,822,867)	-
40	10. Other profit	27	9,518,141,220	7,455,586,871
50	11. Profit before tax		331,008,827,818	299,707,120,610
51	12. Current corporate income tax expense	28.1	(95,774,240,085)	(83,451,331,013)
52	13. Deferred corporate income tax (expense) benefit	28.2	(1,501,738,238)	2,271,668,118
60	14. Net profit after tax		233,732,849,495	218,527,457,715


Vu Thi Hong Hanh
Preparer

Ha Tieu Anh
Chief Accountant

 Nguyen Ba Duong
General Director

15 March 2014

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2013

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		331,008,827,818	299,707,120,610
	<i>Adjustments for:</i>			
02	Depreciation and amortisation of fixed assets	10, 11, 13	33,595,730,658	38,468,222,418
03	Provisions		128,904,412,234	56,247,951,728
04	Unrealised foreign exchange (gains) losses		(47,478,268)	184,748,196
05	Profits from investing activities		(121,342,869,392)	(92,101,922,673)
06	Interest expense	25	-	444,017,567
08	Operating profit before changes in working capital		372,118,623,050	302,950,137,846
09	Increase in receivables		(281,588,955,118)	(311,331,125,208)
10	Decrease (increase) in inventories		164,008,652,326	(43,532,988,726)
11	Increase in payables		82,159,044,517	517,839,550,022
12	Decrease in prepaid expenses		43,975,519,744	71,547,396,928
13	Interest paid		-	(444,017,567)
14	Corporate income tax paid	28.1	(105,144,659,072)	(75,191,107,318)
15	Other cash inflows from operating activities		3,792,133,954	37,361,639,803
16	Other cash outflows from operating activities		(14,538,785,353)	(57,306,252,982)
20	Net cash flows from operating activities		264,781,574,048	441,893,232,798
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets		(7,893,792,576)	(3,981,876,969)
22	Proceeds from disposals of fixed assets		2,105,958,501	-
23	Term deposits at banks		(535,500,000,000)	(510,000,000,000)
24	Collections from borrowers		5,000,000,000	-
25	Payments for investments in other entities		(89,844,480,000)	(478,000,000)
26	Proceeds from sale of investments in other entities		10,168,260,338	-
27	Interest and dividends received		111,836,987,826	69,734,866,264
30	Net cash flows used in investing activities		(504,127,065,911)	(444,725,010,705)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares	23.1	-	516,540,000,000
33	Drawdown of borrowings		-	300,000,000,000
34	Repayment of borrowings		-	(300,000,000,000)
36	Dividends paid	23.2	(84,248,389,800)	(84,201,015,000)
40	Net cash flows (used in) from financing activities		(84,248,389,800)	432,338,985,000

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

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash and cash equivalents		(323,593,881,663)	429,507,207,093
60	Cash and cash equivalents at beginning of year	4	681,485,846,811	251,978,411,295
61	Impact of exchange rate fluctuation		-	228,423
70	Cash and cash equivalents at end of year	4	357,891,965,148	681,485,846,811



Vu Thi Hong Hanh
Preparer



Ha Tieu Anh
Chief Accountant



Nguyen Ba Duong
General Director

15 March 2014

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

1. CORPORATE INFORMATION

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

<u>Amended Business Registration Certificate No.</u>	<u>Date</u>
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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.

The number of the Company's employees as at 31 December 2013 was 517 (31 December 2012: 503).

2. BASIS OF PREPARATION

2.1 Accounting standards and system

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

- 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 separate balance sheet, separate income statement, separate cash flow statement and separate 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 separate financial position and separate results of operations and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013**2. BASIS OF PREPARATION** (continued)**2.1 Accounting standards and system** (continued)

The Company is a parent company with a subsidiary (collectively referred to as "the Group") and the consolidated financial statements of the Group for the year ended 31 December 2013 prepared in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements have been issued separately.

Users of these separate financial statements should read them together with the said consolidated financial statements as at and for the year ended 31 December 2013 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

2.2 Applied accounting documentation system

The Company applied accounting documentation system is the General Journal.

2.3 Fiscal year

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

2.4 Accounting currency

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

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 | - | 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 and construction work-in-process owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Receivables

Receivables are presented in the separate 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 separate 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 separate income statement as incurred.

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

3.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

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

3.6 Depreciation and amortisation

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company.

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 separate 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.

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 Company is the lessee

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

Where the Company is the lessor

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

Lease income is recognised in the separate 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 separate 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 separate income statement over the period of two (2) to six (6) years on the straight-line basis.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Short-term investments

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

3.11 Investment in a subsidiary

Investment in a subsidiary over which the Company has control are carried at cost. Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

3.12 Investment in associates

Investments in associates over which the Company has significant influence are accounted for under the cost method of accounting. Distributions from the accumulated net profits of the associates arising subsequent to the date of acquisition by the Company are recognised as income in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

3.13 Investments in securities and other investments

Investments in securities and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013 that is amending and supplementing Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Increases and decreases to the provision balance are recorded as finance expense in the separate income statement.

3.14 Payables and accruals

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

3.15 Accrual for severance allowance pay

The severance pay to employee is accrued at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any increase in the accrued amount will be taken to the separate income statement.

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

3.16 Provisions

Provisions are recognized when the Company 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 projects based on the specification of each project and actual experience.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Foreign currency transactions*

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

Transactions in currencies other than the Company'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 Company maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the separate income statement.

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 Company's own equity instruments.

3.19 *Appropriation of net profits*

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

Financial reserve fund

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

Investment and development fund

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

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and 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 Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Revenue recognition* (continued)

Construction contracts (continued)

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 Company 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 as at the balance sheet date.

Current income tax is charged or credited to the separate 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 Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

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

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

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

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

Financial liabilities

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Financial instruments (continued)

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 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	5,947,442	54,541,675
Cash in banks	277,886,017,706	94,260,329,509
Cash equivalents (*)	<u>80,000,000,000</u>	<u>587,170,975,627</u>
TOTAL	<u>357,891,965,148</u>	<u>681,485,846,811</u>

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

5. SHORT-TERM INVESTMENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Other short-term investments (*)	1,045,500,000,000	510,000,000,000
Short-term investment securities	-	7,616,192,450
Provision for short-term investments	<u>-</u>	<u>(2,276,772,450)</u>
Net	<u>1,045,500,000,000</u>	<u>515,339,420,000</u>

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013**6. TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Third parties	1,596,459,932,052	1,320,384,644,263
Related parties (Note 29)	81,657,345,848	127,118,929,310
TOTAL	1,678,117,277,900	1,447,503,573,573
Provision for doubtful debts	(141,484,039,255)	(55,182,008,195)
NET	1,536,633,238,645	1,392,321,565,378

Details of movements of provision for doubtful debts:

	VND	
	<i>Current year</i>	<i>Previous year</i>
At beginning of year	55,182,008,195	29,407,050,753
Provison created during the year	86,302,031,060	25,774,957,442
At end of year	141,484,039,255	55,182,008,195

7. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Related parties (Note 29)	14,450,498,473	13,973,879,495
Interest receivable	19,926,819,448	23,491,004,361
Receivables from disposal of investments	11,171,538,973	-
Others	-	25,519,547
TOTAL	45,548,856,894	37,490,403,403
Provision for doubtful debts	-	(1,061,964,286)
NET	45,548,856,894	36,428,439,117

8. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction work in process	247,556,283,538	408,704,553,819
Provision for obsolete inventories	(75,000,000,000)	(24,850,000,000)
NET	172,556,283,538	383,854,553,819

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013**8. INVENTORIES (continued)**

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	73,438,243,737
South Saigon Commercial Complex - Vivo City	32,525,122,713	-
Salinda Phu Quoc Resort	15,637,775,494	6,461,747,670
Ho Chi Minh Stock Exchange Building	15,512,549,906	35,269,168,789
E6 Villa Project	14,008,912,460	1,353,936,650
Everich District 7 high class apartments	13,426,410,247	12,955,951,980
An Phu Apartment	13,034,998,522	-
Eximbank headquarter	11,472,372,355	-
Viettel Kien Giang Tower	11,163,485,854	-
Backup Data Center	7,273,724,771	-
Nestle feedmill factory	7,004,240,189	9,145,058,808
Eurowindows Tower	6,140,654,869	33,599,791,226
Kenton Tower	-	15,248,486,530
Diamond Island	-	49,386,391,147
Hanosimex Ha Nam Garment	-	22,431,448,279
Mandarin	-	29,382,179,569
Power Construction installation No.1's apartment	-	22,182,733,013
Others	25,356,036,158	97,849,416,421
TOTAL	<u>247,556,283,538</u>	<u>408,704,553,819</u>

Details of movements of provision for obsolete inventories are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
At beginning of year	24,850,000,000	-
Add: Provision created during the year	<u>50,150,000,000</u>	<u>24,850,000,000</u>
At end of year	<u>75,000,000,000</u>	<u>24,850,000,000</u>

9. OTHER CURRENT ASSETS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to construction teams and employees	12,516,927,702	7,142,026,804
Deposits	<u>1,533,286,116</u>	<u>2,029,082,522</u>
TOTAL	<u>14,050,213,818</u>	<u>9,171,109,326</u>

Cotec Construction Joint Stock Company

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

10. TANGIBLE FIXED ASSETS

	Buildings & structures	Machinery & equipment	Means of transportation	Office equipment	Others	Total
Cost:						
Beginning balance	72,380,815,033	163,950,221,022	18,398,354,070	11,667,894,738	102,610,980	266,499,895,843
Newly purchased	3,566,170,552	1,625,700,000	1,096,215,959	398,484,181	-	6,686,570,692
Disposed	-	(3,435,017,050)	-	(242,559,260)	-	(3,677,576,310)
Other reductions (*)	-	(6,035,887,372)	-	(4,003,734,355)	(102,610,980)	(10,142,232,707)
Ending balance	75,946,985,585	156,105,016,600	19,494,570,029	7,820,085,304	-	259,366,657,518
<i>In which:</i>						
Fully depreciated	1,124,079,348	51,470,026,193	1,581,058,784	4,070,663,805	-	58,245,828,130
Accumulated depreciation:						
Beginning balance	(11,662,015,047)	(100,070,290,418)	(8,150,682,008)	(7,959,539,370)	(57,718,710)	(127,900,245,553)
Depreciation for the year	(4,607,852,559)	(19,898,878,148)	(2,376,523,994)	(1,861,459,732)	(12,826,380)	(28,757,540,813)
Disposed	-	2,291,705,785	-	161,081,793	-	2,452,787,578
Other reductions (*)	-	3,916,820,534	-	3,330,147,651	70,545,090	7,317,513,275
Ending balance	(16,269,867,606)	(113,760,642,247)	(10,527,206,002)	(6,329,769,658)	-	(146,887,485,513)
Net carrying amount:						
Beginning balance	60,718,799,986	63,879,930,604	10,247,672,062	3,708,355,368	44,892,270	138,599,650,290
Ending balance	59,677,117,979	42,344,374,353	8,967,364,027	1,490,315,646	-	112,479,172,005

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

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

11. INTANGIBLE FIXED ASSETS

	VND			
	<i>Land use rights</i>	<i>Computer software</i>	<i>Accounting software</i>	<i>Total</i>
Cost:				
Beginning balance	89,367,812,334	2,437,918,469	474,779,787	92,280,510,590
Newly purchased	-	17,420,000	365,000,000	382,420,000
Disposed	(106,569,096)	-	-	(106,569,096)
Other reductions (*)	-	(37,770,000)	(28,548,800)	(66,318,800)
Ending balance	<u>89,261,243,238</u>	<u>2,417,568,469</u>	<u>811,230,987</u>	<u>92,490,042,694</u>
Accumulated amortisation:				
Beginning balance	(1,955,137,995)	(1,708,584,603)	(402,455,965)	(4,066,178,563)
Amortisation for the year	(516,496,115)	(661,076,561)	(120,427,448)	(1,298,000,124)
Disposed	14,861,680	-	-	14,861,680
Other reductions (*)	-	6,686,458	23,969,729	30,656,187
Ending balance	<u>(2,456,772,430)</u>	<u>(2,362,974,706)</u>	<u>(498,913,684)</u>	<u>(5,318,660,820)</u>
Net carrying value:				
Beginning balance	<u>87,412,674,339</u>	<u>729,333,866</u>	<u>72,323,822</u>	<u>88,214,332,027</u>
Ending balance	<u>86,804,470,808</u>	<u>54,593,763</u>	<u>312,317,303</u>	<u>87,171,381,874</u>

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

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

12. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Warehouses	506,385,702	139,971,819
Computer software	435,890,910	-
TOTAL	<u>942,276,612</u>	<u>139,971,819</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013**13. INVESTMENT PROPERTIES**

	<i>Office building</i>	<i>Others</i>	<i>VND Total</i>
Cost:			
Beginning balance	103,164,365,665	-	103,164,365,665
Addition	<u>-</u>	<u>18,620,363,909</u>	<u>18,620,363,909</u>
Ending balance	<u>103,164,365,665</u>	<u>18,620,363,909</u>	<u>121,784,729,574</u>
Accumulated depreciation:			
Beginning balance	(6,877,624,368)	-	(6,877,624,368)
Depreciation for the year	<u>(3,438,812,184)</u>	<u>(101,377,537)</u>	<u>(3,540,189,721)</u>
Ending balance	<u>(10,316,436,552)</u>	<u>(101,377,537)</u>	<u>(10,417,814,089)</u>
Net carrying amount:			
Beginning balance	<u>96,286,741,297</u>	<u>-</u>	<u>96,286,741,297</u>
Ending balance	<u>92,847,929,113</u>	<u>18,518,986,372</u>	<u>111,366,915,485</u>

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

14. LONG-TERM INVESTMENTS

	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in a subsidiary	112,086,980,000	-
Investments in associates	82,780,000,000	111,022,500,000
Other long-term investments	-	30,202,000,000
<i>Securities</i>	-	25,202,000,000
<i>Other long-term investments</i>	-	5,000,000,000
Provision for long-term investments in:	(855,836,299)	(29,412,186,591)
<i>Associates</i>	(855,836,299)	(912,186,591)
<i>Long-term investments in securities</i>	-	(23,500,000,000)
<i>Other long-term investments</i>	<u>-</u>	<u>(5,000,000,000)</u>
NET	<u>194,011,143,701</u>	<u>111,812,313,409</u>

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

14. LONG-TERM INVESTMENTS (continued)

14.1 Investment in a subsidiary

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

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

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Amount (VND)</i>	<i>% of interest</i>	<i>Amount (VND)</i>
Uy Nam Investment & Construction Joint Stock Company	51.24	112,086,980,000	-	-
TOTAL		112,086,980,000		-

Uy Nam is a shareholding company established in accordance with Business Registration Certificate No. 4103005020 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 14 July 2006 and as amended. Uy Nam's principal activities are to providing construction services, equipment installation services and trading of construction materials.

14.2 Investments in associates

As at 31 December 2013, the details of investments in associates are as follows:

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<i>% of interest</i>	<i>Amount (VND)</i>	<i>% of interest</i>	<i>Amount (VND)</i>
Uy Nam Investment & Construction Joint Stock Company	-	-	31	22,242,500,000
Phu Hung Gia Construction & Investment Joint Stock Company	20.16	20,160,000,000	20.16	20,160,000,000
Quang Trong Commercial Joint Stock Company	36	18,000,000,000	36	18,000,000,000
Phu Gia An Investment Joint Stock Company	39	44,620,000,000	39	44,620,000,000
Trieu Hung Gia Construction Investment Joint Stock Company	-	-	30	6,000,000,000
TOTAL		82,780,000,000		111,022,500,000
Provision for long-term investments		(855,836,299)		(912,186,591)
NET		81,924,163,701		110,110,313,409

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

14. LONG-TERM INVESTMENTS (continued)

14.2 Investments in associates (continued)

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

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

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

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

15. LONG-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Tools & supplies used for construction works	81,622,055,936	124,909,211,298
Others	-	656,179,736
TOTAL	<u>81,622,055,936</u>	<u>125,565,391,034</u>

16. TRADE PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Third parties	489,643,551,968	429,326,794,486
Related parties (Note 29)	<u>248,476,059,285</u>	<u>145,963,362,534</u>
TOTAL	<u>738,119,611,253</u>	<u>575,290,157,020</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013**17. STATUTORY OBLIGATIONS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 28.1)	20,104,657,478	29,475,076,465
Personal income tax	22,999,094,959	9,443,704,318
Value-added tax	6,263,014,798	4,182,615,721
TOTAL	<u>49,366,767,235</u>	<u>43,101,396,504</u>

18. ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cost of construction projects	521,807,763,510	627,785,600,025
Others	363,565,403	224,000,000
TOTAL	<u>522,171,328,913</u>	<u>628,009,600,025</u>

19. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payable to construction teams	62,231,141,568	49,571,441,597
Dividend payables	186,590,150	168,291,950
Others	688,516,301	20,849,382,240
TOTAL	<u>63,106,248,019</u>	<u>70,589,115,787</u>

20. SHORT-TERM AND LONG-TERM PROVISIONS

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

21. UNEARNED REVENUE

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Unearned revenue from construction works	30,690,871,481	100,960,754,815
Unearned revenue from office leasing	537,516,082	1,107,261,612
TOTAL	<u>31,228,387,563</u>	<u>102,068,016,427</u>

22. OTHER LONG-TERM PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Long-term deposits	4,632,162,730	4,174,313,599
Severance allowance	10,249,956,011	10,249,956,011
TOTAL	<u>14,882,118,741</u>	<u>14,424,269,610</u>

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

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	Foreign exchange differences reserve	Total
								VND
Previous year:								
Beginning balance	317,700,000,000	456,900,000,000	(1,741,460,000)	297,041,491,648	45,531,529,169	322,320,793,615	(201,967,112)	1,437,550,387,320
Increase in capital	104,300,000,000	417,200,000,000	-	-	-	-	-	521,500,000,000
Issuance cost	-	(4,960,000,000)	-	-	-	-	-	(4,960,000,000)
Net profit for the period	-	-	-	-	-	218,527,457,715	-	218,527,457,715
Profit appropriation	-	-	-	84,425,640,940	10,553,205,118	(94,978,846,058)	-	-
Transfer to bonus and welfare fund	-	-	-	-	-	(10,553,205,118)	-	(10,553,205,118)
Dividends declared	-	-	-	-	-	(84,266,688,000)	-	(84,266,688,000)
Foreign exchange differences	-	-	-	-	-	-	201,967,112	201,967,112
Ending balance	422,000,000,000	869,140,000,000	(1,741,460,000)	381,467,132,588	56,084,734,287	351,049,512,154	-	2,077,999,919,029
Current year:								
Beginning balance	422,000,000,000	869,140,000,000	(1,741,460,000)	381,467,132,588	56,084,734,287	351,049,512,154	-	2,077,999,919,029
Net profit for the year	-	-	-	-	-	233,732,849,495	-	233,732,849,495
Profit appropriation	-	-	-	87,410,983,086	10,926,372,886	(98,337,355,972)	-	-
Transfer to bonus and welfare fund	-	-	-	-	-	(10,926,372,886)	-	(10,926,372,886)
Dividends declared	-	-	-	-	-	(84,266,688,000)	-	(84,266,688,000)
Ending balance	422,000,000,000	869,140,000,000	(1,741,460,000)	468,878,115,674	67,011,107,173	391,251,944,791	-	2,216,539,707,638

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

23. OWNERS' EQUITY (continued)

23.2 Capital transactions with owners and distribution of dividends

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

23.3 Shares

	VND	
	Ending balance	Beginning balance
Authorised shares	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)
Shares in circulation	42,133,344	42,133,344
<i>Ordinary shares</i>	42,133,344	42,133,344

24. REVENUE

24.1 Revenue from rendering of services

	VND	
	Current year	Previous year
Rendering of construction services	4,728,435,276,438	4,420,474,402,697
Rental of construction equipment	24,980,238,046	33,702,304,452
Rental income from investment properties	27,385,256,026	23,099,599,540
NET	<u>4,780,800,770,510</u>	<u>4,477,276,306,689</u>

24.2 Finance income

	VND	
	Current year	Previous year
Bank interest income	99,457,081,388	68,831,676,874
Dividend earned	11,290,125,000	6,559,800,000
Gain on disposal of investments	9,688,295,000	-
Late payment interest	282,006,610	16,710,445,799
Unrealised foreign exchange gains	47,478,268	-
TOTAL	<u>120,764,986,266</u>	<u>92,101,922,673</u>

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

25. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Reversal of provision of diminution in value of investments	(1,485,654,540)	(438,970,000)
Loss from disposal of investments	326,600,959	-
Realised foreign exchange losses	150,508,131	25,546,599
Unrealised realised foreign exchange losses	-	184,748,196
Loan interest	-	444,017,567
TOTAL	<u>(1,008,545,450)</u>	<u>215,342,362</u>

26. ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Provision expense	80,240,066,774	31,836,921,728
Labour costs	61,868,842,138	53,851,199,993
Depreciation and amortisation	16,588,631,599	16,111,175,448
Expenses for external services	9,760,386,575	9,041,065,030
Other expenses	12,602,952,440	11,409,773,233
TOTAL	<u>181,060,879,526</u>	<u>122,250,135,432</u>

27. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	16,557,964,087	7,455,586,871
Cost reduction after project finalization	5,597,897,308	-
Proceeds from disposal of tools and supplies	2,707,025,818	755,480,000
Proceeds from disposal of fixed assets	2,268,458,501	-
Reversal of over accrual for construction expenses	1,190,755,777	1,698,002,213
Reversal of warranty expense	1,738,477,954	1,689,494,706
Others	3,055,348,729	3,312,609,952
Other expenses	(7,039,822,867)	-
Cost of disposed of fixed assets	(1,316,496,148)	-
Cost of disposal of tools and supplies	(950,916,634)	-
Others	(4,772,410,085)	-
NET	<u>9,518,141,220</u>	<u>7,455,586,871</u>

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

28. CORPORATE INCOME TAX

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

The tax returns filed by Company 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 separate financial statements could change at a later date upon final determination by the tax authorities.

28.1 Current CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expense	(95,785,678,916)	(83,416,974,114)
Adjustment for over (under) accrual of tax from prior year	<u>11,438,831</u>	<u>(34,356,899)</u>
TOTAL	<u>(95,774,240,085)</u>	<u>(83,451,331,013)</u>

The current tax payable is based on taxable profit for the year. The taxable profit of the Company for the year differs from the profit as reported in the separate 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 Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Profit before tax	331,008,827,818	299,707,120,610
<i>Adjustments to increase (decrease) in accounting profit</i>		
Non-deductible expenses	68,682,569,792	36,405,341,184
Change in severance allowance	-	6,769,615,626
Share issuance cost	-	(4,960,000,000)
Dividend earned	(11,290,125,000)	(6,559,800,000)
Unrealised foreign exchange gain	-	(11,437,807)
Change in taxable profit of unearned revenue	<u>(5,258,556,949)</u>	<u>2,317,056,842</u>
Estimated current taxable profit	<u>383,142,715,661</u>	<u>333,667,896,455</u>
Estimated current CIT expense	95,785,678,916	83,416,974,114
Adjustment for (over) under accrual of tax from prior years	<u>(11,438,831)</u>	<u>34,356,899</u>
Current CIT expense	95,774,240,085	83,451,331,013
CIT payable at beginning of year	29,475,076,465	21,214,852,770
CIT paid during the year	<u>(105,144,659,072)</u>	<u>(75,191,107,318)</u>
CIT payable at end of year	<u>20,104,657,478</u>	<u>29,475,076,465</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013**28. CORPORATE INCOME TAX (continued)****28.2 Deferred CIT**

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

	<i>Separate balance sheet</i>		<i>Charge to separate income statement</i>		VND
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>	
Deferred tax assets					
Profit of unearned revenue	450,209,735	1,951,947,973	(1,501,738,238)	579,264,211	
Severance allowance	2,562,489,003	2,562,489,003	-	1,692,403,907	
	3,012,698,738	4,514,436,976			
Deferred income tax (expenses) benefit			(1,501,738,238)	2,271,668,118	

29. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	VND <i>Amount</i>
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction cost	404,107,000,696
		Equipment rental	20,129,870,975
		Dividend received	3,628,800,000
Uy Nam Investment Construction Joint Stock Company	Subsidiary	Construction cost	509,164,192,612
		Office rental	4,697,839,948
		Rental of equipment	12,159,534,503
		Dividend received	6,583,200,000

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	VND <i>Receivable (payable)</i>
Trade receivables			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction cost, rental fee of machinery and equipment	77,215,208,625
Uy Nam Investment Construction Joint Stock Company	Subsidiary	Office rental, rental fee of machinery and equipment	4,442,137,223
			81,657,345,848

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2013**29. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>
			<i>Receivable /payable</i>
<i>Other receivables</i>			
Phu Gia An Investment Joint Stock Company	Associate	Loan interest	11,957,879,495
Trieu Hung Gia Construction & Investment Joint Stock Company	Associate	Disposal of investment	2,492,618,978
			<u>14,450,498,473</u>
<i>Trade payables</i>			
Phu Hung Gia Construction & Investment Joint Stock Company	Associate	Construction cost and purchase of material	120,049,337,742
Uy Nam Investment Construction Joint Stock Company	Subsidiary	Construction cost and purchase of material	128,426,721,543
			<u>248,476,059,285</u>

30. OPERATING LEASE COMMITMENTS

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

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	540,000,000	668,110,170
From 1-5 years	1,080,000,000	-
TOTAL	<u>1,620,000,000</u>	<u>668,110,170</u>

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

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Less than 1 year	13,556,317,728	18,204,470,831
From 1 to 5 years	10,120,693,878	22,972,514,758
More than 5 years	5,175,748,200	-
TOTAL	<u>28,852,759,806</u>	<u>41,176,985,589</u>

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

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

No analysis on interest sensitivity was performed for the year ended 31 December 2013 since the Company'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 Company 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 Company 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 Company does not employ any derivative financial instruments to hedge its foreign currency exposure.

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

Commodity price risk

The Company is exposed to commodity price risk in relation to purchase of certain commodities for rendering of construction services. The Company 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 Company does not employ any derivative financial instruments to hedge its commodity price risk.

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

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

Trade receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management.

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

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's management in accordance with the Company's policy. Investments of surplus funds are made only with approved by the management.

Liquidity risk

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

The Company monitors its liquidity risk by maintain a level of cash and cash equivalents to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company'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>
31 December 2013			
Trade payables	738,119,611,253	-	738,119,611,253
Other payables and accrued expenses	<u>585,277,576,932</u>	<u>4,632,162,730</u>	<u>589,909,739,662</u>
	<u>1,323,397,188,185</u>	<u>4,632,162,730</u>	<u>1,328,029,350,915</u>
31 December 2012			
Trade payables	575,290,157,020	-	575,290,157,020
Other payables and accrued expenses	<u>698,598,715,812</u>	<u>4,174,313,599</u>	<u>702,773,029,411</u>
	<u>1,273,888,872,832</u>	<u>4,174,313,599</u>	<u>1,278,063,186,431</u>

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

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

32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Carrying amount				Fair value	
	Ending balance		Beginning balance		Ending balance	Beginning balance
	Cost	Provision	Cost	Provision		
Financial assets						
Available for sell	-	-	32,818,192,450	(25,776,772,450)	-	7,041,420,000
- Listed shares	-	-	7,616,192,450	(2,276,772,450)	-	5,339,420,000
- Unlisted shares	-	-	25,202,000,000	(23,500,000,000)	-	1,702,000,000
Other short-term investments	1,045,500,000,000	-	510,000,000,000	-	1,045,500,000,000	510,000,000,000
Trade receivables	1,596,459,932,052	(141,484,039,255)	1,320,384,644,263	(55,182,008,195)	1,454,975,892,797	1,265,202,636,068
Receivable from related parties	96,107,844,321	-	141,092,808,805	-	96,107,844,321	141,092,808,805
Other receivables	32,631,644,537	-	25,545,606,430	(1,061,964,286)	32,631,644,537	24,483,642,144
Other non-current financial assets	45,000,000	-	5,045,000,000	(5,000,000,000)	45,000,000	45,000,000
Cash and cash equivalents	357,891,965,148	-	681,485,846,811	-	357,891,965,148	681,485,846,811
TOTAL	3,128,636,386,058	(141,484,039,255)	2,716,372,098,759	(87,020,744,931)	2,987,152,346,803	2,629,351,353,828
Financial liabilities						
Trade payables	489,643,551,968	-	429,326,794,486	-	489,643,551,968	429,326,794,486
Payable to related parties	248,476,059,285	-	145,963,362,534	-	248,476,059,285	145,963,362,534
Other current financial liabilities	585,277,576,932	-	698,598,715,812	-	585,277,576,932	698,598,715,812
Other non-current financial liabilities	4,632,162,730	-	4,174,313,599	-	4,632,162,730	4,174,313,599
TOTAL	1,328,029,350,915	-	1,278,063,186,431	-	1,328,029,350,915	1,278,063,186,431

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

32. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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

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

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

33. 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 separate financial statements.


Vu Thi Hong Hanh
Preparer


Ha Tieu Anh
Chief Accountant




Nguyen Ba Duong
General Director

15 March 2014

