

**Saigon General Service Corporation
and its subsidiaries**

Consolidated interim financial statements
for the six-month period ended 30 June 2014

Saigon General Service Corporation
Corporate information

Decision No.	3448/QD-UB	9 July 2004
	3449/QD-UB	9 July 2004

These decisions were issued by the Ho Chi Minh City People's Committee.

Business Licence	4103002955	15 December 2004
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The Company's business licence has been amended several times, the most recent of which is by business licence No. 0301154821 dated 25 January 2014. The business licence was issued by Ho Chi Minh City Planning and Investment Department.

Board of Management	Mr. Nguyen Vinh Tho	Chairman
	Mr. Nguyen Binh Minh	Vice Chairman (from 8 January 2014)
	Mr. Nguyen Binh Minh	Member (until 8 January 2014)
	Mr. Ta Phuoc Dat	Member
	Mr. Vo Hien	Member
	Mr. Te Tri Dung	Member
	Mr. Luong Quang Hien	Member
Mr. Le Hung	Member	

Board of Directors	Mr. Nguyen Binh Minh	General Director (from 8 January 2014)
	Mr. Nguyen Vinh Tho	General Director (until 8 January 2014)
	Mr. Nguyen Binh Minh	Deputy General Director (until 8 January 2014)
	Mr. Doan Van Quang	Deputy General Director (from 8 January 2014)
	Ms. Nguyen Thu Nga	Deputy General Director (from 8 January 2014)
	Mr. Ta Phuoc Dat	Deputy General Director
	Mr. Vo Hien	Deputy General Director
	Mr. Phan Tuan Dung	Deputy General Director (until 15 March 2014)
	Mr. Mai Viet Ha	Deputy General Director

Saigon General Service Corporation
Corporate information

Supervisory Board	Ms. Nguyen Viet Hoa	Head of the Board (from 28 March 2014)
	Mr. Le Xuan Duc	Head of the Board (until 28 March 2014)
	Mr. Nguyen Thai Hoa	Member (from 28 March 2014)
	Ms. Nguyen Phuong Loan	Member (until 28 March 2014)
	Mr. Nguyen Cong Binh	Member

Registered Office 68 Nam Ky Khoi Nghia Street
District 1, Ho Chi Minh City
Vietnam

Auditors KPMG Limited
Vietnam


**Saigon General Service Corporation
Statement of the Board of Directors**


The Board of Directors is responsible for the preparation and presentation of the consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated interim financial statements set out on pages 5 to 62 give a true and fair view of the consolidated financial position of Saigon General Service Corporation and its subsidiaries (together referred to as "the Group") as at 30 June 2014, and of the consolidated results of operations and the consolidated cash flows of the Group for the six-month period then ended in accordance with the Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these consolidated interim financial statements for issue.

Chairman of the Board of Directors





General Director

Ho Chi Minh City, 6 August 2014



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The Socialist Republic of Vietnam

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders
Saigon General Service Corporation

We have reviewed the accompanying consolidated interim financial statements of Saigon General Service Corporation ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated balance sheet as at 30 June 2014, the related consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 6 August 2014, as set out on pages 5 to 62. The consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatements. A review primarily involves inquiries of company 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 consolidated interim financial statements do not give a true and fair view of the consolidated financial position of Saigon General Service Corporation and its subsidiaries as at 30 June 2014 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – *Interim Financial Reporting*, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Operating registration certificate No.: 4114000230
Review Report No.: 14-01-382




Thanh Nghi
Practicing Auditor Registration Certificate
No. 0866-2013-007-1
Deputy General Director



Lam Thi Ngoc Hao
Practicing Auditor Registration Certificate
No. 0866-2013-007-1

Ho Chi Minh City, 6 August 2014

Saigon General Service Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2014

Form B 01a – DN/HN

	Code	Note	30/6/2014 VND	31/12/2013 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		652,324,062,320	904,383,830,530
Cash and cash equivalents	110	5	81,248,237,590	187,157,793,659
Cash	111		76,396,117,590	160,727,048,497
Cash equivalents	112		4,852,120,000	26,430,745,162
Short-term investments	120	6	42,212,791,679	42,675,353,904
Short-term investments	121		59,692,208,543	61,956,188,543
Allowance for diminution in the value of short-term investments	129		(17,479,416,864)	(19,280,834,639)
Accounts receivable	130	7	202,444,968,039	322,176,581,309
Accounts receivable – trade	131		128,532,750,203	182,247,915,338
Prepayments to suppliers	132		37,952,866,858	110,790,187,857
Other receivables	135		35,973,696,738	29,167,537,174
Allowance for doubtful debts	139		(14,345,760)	(29,059,060)
Inventories	140	8	286,412,901,728	327,294,943,521
Inventories	141		289,103,780,987	329,859,439,689
Allowance for inventories	149		(2,690,879,259)	(2,564,496,168)
Other current assets	150		40,005,163,284	25,079,158,137
Short-term prepayments	151		7,040,918,468	5,110,255,889
Deductible value added tax	152		9,531,116,331	3,879,275,692
Taxes receivable from State Treasury	154		346,760,097	714,911,865
Assets held for disposals			-	780,166,147
Other current assets	158		23,086,368,388	14,594,548,544

The accompanying notes are an part of these consolidated interim financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2014 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2014 VND	31/12/2013 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		1,911,955,365,294	1,901,432,002,573
Accounts receivable – long-term	210	7	4,345,621,247	4,345,621,247
Other long-term receivables	218		4,345,621,247	4,345,621,247
Fixed assets	220		789,978,813,822	783,651,895,915
Tangible fixed assets	221	9	171,790,084,969	120,457,119,269
<i>Cost</i>	222		249,562,475,209	190,038,973,990
<i>Accumulated depreciation</i>	223		(77,772,390,240)	(69,581,854,721)
Finance lease tangible fixed assets	224	10	1,539,305,358	1,974,158,868
<i>Cost</i>	225		5,280,483,547	5,280,483,547
<i>Accumulated depreciation</i>	226		(3,741,178,189)	(3,306,324,679)
Intangible fixed assets	227	11	43,969,236,282	44,434,270,003
<i>Cost</i>	228		53,303,288,840	53,263,288,840
<i>Accumulated amortisation</i>	229		(9,334,052,558)	(8,829,018,837)
Construction in progress	230	12	572,680,187,213	616,786,347,775
Investment property	240	13	760,868,847,015	765,790,945,029
<i>Cost</i>	241		861,251,544,142	854,040,766,295
<i>Accumulated depreciation</i>	242		(100,382,697,127)	(88,249,821,266)
Long-term investments	250	14	278,859,545,577	273,950,703,616
Investments in associates	252		87,153,856,512	87,569,378,997
Other long-term investments	258		195,078,237,027	189,320,158,630
Allowance for diminution in the value of long-term investments	259		(3,372,547,962)	(2,938,834,011)
Other long-term assets	260		77,902,537,633	73,692,836,766
Long-term prepayments	261	15	49,759,490,840	45,257,021,973
Deferred tax assets	262	34	2,669,442,312	2,669,442,312
Other long-term assets	268		25,473,604,481	25,766,372,481
TOTAL ASSETS (270 = 100 + 200)	270		2,564,279,427,614	2,805,815,833,103

The accompanying notes are an part of these consolidated interim financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated balance sheet as at 30 June 2014 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2014 VND	31/12/2013 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		1,634,330,936,910	1,888,334,348,278
Current liabilities	310		848,089,313,830	1,080,265,978,973
Short-term borrowings	311	16	343,944,466,619	478,290,058,679
Accounts payable – trade	312		67,611,951,813	109,602,109,423
Advances from customers	313	17	207,747,930,099	228,420,211,506
Taxes payable to State Treasury	314	18	38,996,305,416	28,913,488,080
Payables to employees	315		52,258,539,967	67,918,393,954
Accrued expenses	316	19	26,142,067,032	23,708,971,886
Other payables	319	20	109,702,586,696	136,887,652,266
Bonus and welfare fund	323	21	1,685,466,188	6,525,093,179
Long-term liabilities	330		786,241,623,080	808,068,369,305
Other long-term liabilities	333	22	177,164,396,238	185,196,226,578
Long-term borrowings	334	23	482,438,707,760	502,209,827,703
Unearned revenue	338	24	126,638,519,082	120,662,315,024
EQUITY (400 = 410)	400		730,712,905,153	741,609,750,122
Owners' equity	410	25	730,712,905,153	741,609,750,122
Share capital	411	26	249,955,730,000	249,955,730,000
Capital surplus	412		317,064,858,303	317,064,858,303
Treasury shares	414	26	(690,474,358)	(690,474,358)
Foreign exchange differences	416		5,093,483,305	5,093,483,305
Investment and development fund	417		19,411,235,561	19,172,474,946
Financial reserve	418		18,979,959,798	18,472,324,897
Retained profits	420		120,898,112,544	132,541,353,029
MINORITY INTEREST	439	27	199,235,585,551	175,871,734,703
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		2,564,279,427,614	2,805,815,833,103

The accompanying notes are an part of these consolidated interim financial statements

Saigon General Service Corporation and its subsidiaries
 Consolidated balance sheet as at 30 June 2014 (continued)

Form B 01a – DN/HN

OFF BALANCE SHEET ITEMS

	30/6/2014	31/12/2013
Foreign currency included in cash:		
USD	780	871
Goods held for third parties – denominated in VND	51,954,764,892	90,571,650,672

6 August 2014

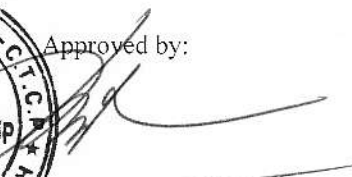
Prepared by:



Ngo Van Danh
 Chief Accountant



Approved by:



Nguyen Binh Minh
 General Director

Saigon General Service Corporation and its subsidiaries
Consolidated statement of income for the six-month period ended 30 June 2014

Form B 02a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2014 VND	30/6/2013 VND
Total revenue	01	28	3,391,618,137,029	2,972,084,690,893
Less revenue deductions	02	28	(2,890,947,514)	(8,981,881,975)
Net revenue (10 = 01 + 02)	10	28	3,388,727,189,515	2,963,102,808,918
Cost of sales	11	29	(3,162,535,456,618)	(2,765,851,878,858)
Gross profit (20 = 10 + 11)	20		226,191,732,897	197,250,930,060
Financial income	21	30	5,751,529,096	15,450,980,415
Financial expenses	22	31	(35,041,083,663)	(47,151,559,239)
<i>In which: Interest expense</i>	23		(31,682,854,190)	(47,304,542,981)
Selling expenses	24		(79,498,392,084)	(77,367,802,853)
General and administration expenses	25		(69,360,735,353)	(68,701,463,875)
Net operating profit (30 = 20 + 21 + 22 + 24 + 25)	30		48,043,050,893	19,481,084,508
Other income	31	32	23,577,070,035	30,671,084,964
Other expenses	32	33	(23,877,697,418)	(3,696,960,323)
Results of other activities (40 = 31 + 32)	40		(300,627,383)	26,974,124,641
Share of profit in associates	41	14	3,481,889,692	512,628,639
Profit before tax (50 = 30 + 40 + 41)	50		51,224,313,202	46,967,837,788
Income tax expense – current	51	34	(15,636,712,700)	(12,253,630,856)
Income tax expense – deferred	52	34	-	-
Net profit after tax (60 = 50 + 51 + 52)	60		35,587,600,502	34,714,206,932

The accompanying notes are an part of these consolidated interim financial statements

Saigon General Service Corporation and its subsidiaries
 Consolidated statement of income for the six-month period ended 30 June 2014 (continued)

Form B 02a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2014 VND	30/6/2013 VND
Net profit after tax (60 = 50 + 51 + 52)	60		35,587,600,502	34,714,206,932
Attributable to:				
Minority interest	61	27	15,942,842,402	13,690,551,233
Equity holders of the Company	62		19,644,758,100	21,023,655,699
Basic earnings per share	70	35	787	842

6 August 2014

Prepared by:



Ngo Van Danh
 Chief Accountant

Approved by:



Nguyen Binh Minh
 General Director

Saigon General Service Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2014
(Indirect method)

Form B 03a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2014 VND	30/6/2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		51,224,313,202	46,967,837,788
Adjustments for				
Depreciation and amortisation	02		22,102,929,500	23,941,202,865
Allowances and provisions	03		108,679,267	(1,007,283,766)
Gains on disposals of fixed assets	05		(1,564,589,517)	(579,999,715)
Dividends and interest income	05		(3,265,374,496)	(9,983,657,663)
Net gains on trading securities	05		(106,625,000)	(23,655,000)
Losses on disposal of other long-term investments	05		-	25,000,000
Losses from disposals of investments in associates			2,694,669,694	-
Income from associates			(3,481,889,692)	(512,628,639)
Interest expense	06		31,682,854,190	47,304,542,981
Operating profit before changes in working capital	08		99,394,967,148	106,131,358,851
Change in receivables and other current assets	09		108,458,193,202	38,430,130,864
Change in inventories	10		95,693,533,146	(43,973,678,649)
Change in payables and other liabilities	11		(132,010,940,348)	(45,869,109,035)
Change in prepayments	12		(6,433,131,446)	7,969,487,533
			165,102,621,702	62,688,189,564
Interest paid	13		(33,934,800,647)	(47,297,834,813)
Corporate income tax paid	14		(14,633,797,959)	(12,595,367,791)
Other payments for operating activities	16		(6,371,196,148)	(5,627,507,252)
Net cash flow from operating activities	20		110,162,826,948	(2,832,520,292)

The accompanying notes are an part of these consolidated interim financial statements

Saigon General Service Corporation and its subsidiaries
Consolidated statement of cash flows for the six-month period ended 30 June 2014
(Indirect method – continued)

Form B 03a – DN/HN

	Code	Note	Six-month period ended	
			30/6/2014 VND	30/6/2013 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(74,722,476,819)	(23,739,627,570)
Proceeds from disposals of fixed assets	22		4,011,647,273	3,205,272,729
Proceeds from disposals of other long-term investments			-	25,000,000
Proceeds from disposals of investments in securities			4,847,190,000	716,867,500
Payments for investments in other entities	25		(9,584,663,397)	(2,446,145,543)
Payments for other investment activities			-	(6,000,000,000)
Collection of investments in associate			174,199,983	-
Receipts in other non-current assets			292,768,000	4,672,793,310
Receipts of dividends and interest	27		3,265,374,496	6,788,930,968
Net cash flow from investing activities	30		(71,715,960,464)	(16,776,908,606)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term and long-term borrowings	33		1,631,581,617,540	1,222,540,023,795
Payments to settle loan principals	34		(1,785,246,400,643)	(1,234,655,130,898)
Proceeds from equity issued by subsidiaries to minority interest			18,070,000,000	3,200,000,000
Payments for financial lease liabilities	35		(451,928,900)	(452,008,800)
Payments of dividends to equity holders of the Company			(520,333,050)	-
Payments of dividends by subsidiaries to minority interest			(7,789,377,500)	(6,511,582,080)
Net cash flow from financing activities	40		(144,356,422,553)	(15,878,697,983)

The accompanying notes are an part of these consolidated interim financial statements

Saigon General Service Corporation and its subsidiaries
 Consolidated statement of cash flows for the six-month period ended 30 June 2014
 (Indirect method – continued)

Form B 03a – DN/HN

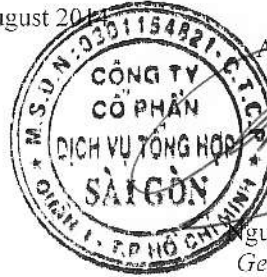
	Code	Note	Six-month period ended	
			30/6/2014 VND	30/6/2013 VND
Net cash flows during the period (50 = 20 + 30 + 40)	50		(105,909,556,069)	(35,488,126,881)
Cash and cash equivalents at the beginning of the period	60		187,157,793,659	222,128,381,716
Cash and cash equivalents at the end of the period (70 = 50 + 60)	70	5	81,248,237,590	186,640,254,835

Prepared by:



Ngo Van Danh
 Chief Accountant

6 August 2014



Approved by:



Nguyen Binh Minh
 General Director

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014

Form B 09 a– DN/HN

These notes form an integral part of, and should be read in conjunction with, the accompanying consolidated interim financial statements.

1. Reporting entity

Saigon General Service Corporation (“the Company”) was incorporated as a joint-stock company under Decision No. 3448/QD-UB issued by the Ho Chi Minh City People’s Committee on 9 July 2004 and amended by Decision No. 3449/QD-UB on the same day. The principal activities of the Company are:

- Services and trading: trading, distribution, repair and maintenance of cars, motorbikes and spare parts of Toyota, Ford, GM, Suzuki, Hyundai, SYM, Yamaha; trading jewelries, construction materials; providing bar and restaurant services;
- Real estate: trading real estate, land use rights; leasing warehouses, office, commercial centres; investing, developing real estate projects such as office buildings, apartments, villas and high-class resorts;
- Financial services: investing in subsidiaries, associates and in shares of other entities operating in trading and services, real estate and infrastructures.

The Company’s shares are listed on the Ho Chi Minh Stock Exchange.

The consolidated interim financial statements of the Group for the six-month period ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates.

As at 30 June 2014, the Group had 1,637 employees (31 December 2013: 1,791 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting currency

The financial statements are prepared and presented in Vietnam Dong (“VND”).

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

Form B 09a – DN/HN

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associate are eliminated against the investment to the extent of the Group's interest in the investee.

(b) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates of exchange ruling at the transaction dates.

All foreign exchange differences are recorded in the consolidated statement of income.

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

Form B 09a – DN/HN

(d) Short-term and long-term investments

Investments are stated at cost. An allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. The allowance is reversed if the recoverable amount is subsequently increased after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

Allowance for diminutions in the value of investments is made as follows:

- For listed securities, market price for provisioning purpose is the closing price on the day of appropriating the provision in accordance with Circular 228/2009/TT-BTC dated 7 December 2009.
- For unlisted securities, market price for provisioning purpose is the average price calculated according to prices quoted by at least three securities companies at the time of appropriating the provision in accordance with Circular 228/2009/TT-BTC dated 7 December 2009.
- For other long-term investments, the basis of making the allowance is the investees' financial statements for the year in accordance with Circular 89/2013/TT-BTC dated 28 June 2013.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis for real estate, cars, motorbikes and weighted average basis for spare parts and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

Saigon General Service Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	6 – 42 years
▪ machinery and equipment	4 – 8 years
▪ office equipment	2 – 10 years
▪ motor vehicles	5 – 6 years
▪ others	3 – 5 years

(h) Financial lease tangible fixed assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 3(g).

(i) Intangible fixed assets

(i) Land use rights

Land use rights with indefinite period of use are stated at cost. Land use rights with definite period of use are stated at cost less accumulated amortisation. The initial cost of land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 20 to 50 years.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 to 4 years.

(j) Construction in progress

Construction in progress represents the cost of construction which has not been fully completed. No depreciation is provided for construction in progress during the period of construction.

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(k) Investment property

(i) Cost

Investment property is stated at cost less accumulated depreciation. The initial cost of an investment property comprises its purchase price, cost of land use rights and any directly attributable expenditure of bringing the property to the condition necessary for it to be capable of operating in the manner intended by management. Expenditure incurred after investment property has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the period in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property, the expenditure is capitalised as an additional cost of the investment property.

(ii) Depreciation

Land use rights with indefinite period of use are not amortised. Land use rights with definite period of use are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

- land use rights 18 – 50 years
- buildings 5 – 36 years

(l) Long-term prepayments

(i) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 8 years.

(ii) Tools and supplies

Tools and supplies held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets (“Circular 45”). Cost of tools and supplies are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(m) Trade and other payables

Trade and other payables are stated at their cost.

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(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's consolidated financial position and consolidated results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

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Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group upon initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

Short-term and long-term investments are under the category of available-for-sale financial assets. All other financial assets on the consolidated balance sheet are under the category of loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

All financial liabilities on the consolidated balance sheet are under the category of financial liabilities carried at amortised cost.

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The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(p) Taxation

Income tax on the consolidated profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Equity funds

Allocations are made to equity funds from retained profits each period based on percentage decided by the shareholders in their annual ordinary general meeting.

(r) Revenue

(i) *Sales of real estate*

Revenue from transfers of land use rights is recognised in the consol statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. The transfer of significant risks and rewards is determined to be at the time of sales.

(ii) *Merchandise goods sold*

Revenue from the sale of merchandise goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

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(iii) Services rendered

Services mainly consist of repair and maintenance for cars and motorbikes.

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iv) Rental income

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(s) Financial income

(i) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(ii) Revenue from security trading

Revenue from security trading activities is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. Significant risks and rewards of ownership have been transferred upon the completion of trading transaction (for listed securities) or the completion of the agreement on transfer of assets (for non-listed securities).

(iii) Dividend income

Dividends income is recognised when the right to receive dividends is established.

(t) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(u) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

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(v) Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. The Group does not have any potentially dilutive ordinary shares.

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment. The Group operates in Vietnam, a single geographical segment.

(x) Related parties

Related companies include the investors and enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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4. Segment reporting

For the six-month period ended:

	Services and trading		Investment property services		Financial services		Total	
	30/6/2014 VND	30/6/2013 VND	30/6/2014 VND	30/6/2013 VND	30/6/2014 VND	30/6/2013 VND	30/6/2014 VND	30/6/2013 VND
Segment revenue	3,247,259,645,727	2,888,485,409,292	164,755,295,843	104,223,688,265	2,759,612,009	2,072,542,577	3,414,774,553,579	2,994,781,640,134
Direct and attributable expenses to segments	(3,211,313,676,586)	(2,862,055,203,498)	(150,811,570,129)	(95,158,106,717)	(869,719,908)	(1,859,394,610)	(3,362,994,966,623)	(2,959,072,704,825)
Segment profit during the period	35,945,969,141	26,430,205,794	13,943,725,714	9,065,581,548	1,889,892,101	213,147,967	51,779,586,956	35,708,935,309
Un-allocated income							6,763,124,759	14,955,862,802
Un-allocated expense							(7,318,398,513)	(3,696,960,323)
							51,224,313,202	46,967,837,788

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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	Services and trading		Investment property services		Financial services		Total	
	30/6/2014 VND	31/12/2013 VND	30/6/2014 VND	31/12/2013 VND	30/6/2014 VND	31/12/2013 VND	30/6/2014 VND	31/12/2013 VND
Assets								
Current assets	566,251,783,448	728,051,797,995	43,065,611,462	133,055,165,453	43,006,667,410	43,276,867,082	652,324,062,320	904,383,830,530
Non-current assets	338,158,346,774	277,956,477,420	1,569,869,762,208	1,619,548,268,841	1,257,814,000	1,257,814,000	1,909,285,922,982	1,898,762,560,261
Un-allocated assets	-	-	-	-	-	-	2,669,442,312	2,669,442,312
	904,410,130,222	1,006,008,275,415	1,612,935,373,670	1,752,603,434,294	44,264,481,410	44,534,681,082	2,564,279,427,614	2,805,815,833,103

Liabilities								
Current liabilities	534,375,561,132	599,095,088,451	298,945,309,714	453,339,548,291	14,768,442,984	27,831,342,231	848,089,313,830	1,080,265,978,973
Non-current liabilities	164,296,009,971	69,768,437,880	613,561,684,795	738,299,931,425	8,383,928,314	-	786,241,623,080	808,068,369,305
	698,671,571,103	668,863,526,331	912,506,994,509	1,191,639,479,716	23,152,371,298	27,831,342,231	1,634,330,936,910	1,888,334,348,278

For the six-month period ended:

	Services and trading		Investment property services		Financial services		Total	
	30/6/2014 VND	30/6/2013 VND	30/6/2014 VND	30/6/2013 VND	30/6/2014 VND	30/6/2013 VND	30/6/2014 VND	30/6/2013 VND
Depreciation and amortisation	9,970,053,639	11,345,341,184	12,132,875,861	12,595,861,681	-	-	22,102,929,500	23,941,202,865
Allowances and provisions	126,383,091	(101,920,201)	-	-	(17,703,824)	(905,363,565)	108,679,267	(1,007,283,766)
Capital expenditure	62,850,189,864	1,456,684,473	11,872,286,955	22,282,943,097	-	-	74,722,476,819	23,739,627,570

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5. Cash and cash equivalents

	30/6/2014	31/12/2013
	VND	VND
Cash on hand	7,217,259,267	7,572,387,045
Cash in banks	69,178,858,323	152,619,955,702
Cash in transits	-	534,705,750
Cash equivalents	4,852,120,000	26,430,745,162
	<hr/>	<hr/>
	81,248,237,590	187,157,793,659
	<hr/> <hr/>	<hr/> <hr/>

6. Short-term investments

	30/6/2014	31/12/2013
	VND	VND
Short-term investments in:		
▪ Listed shares	5,074,980,000	4,338,960,000
▪ Non-listed shares	54,617,228,543	57,617,228,543
	<hr/>	<hr/>
	59,692,208,543	61,956,188,543
Allowance for diminution in value of short-term investments	(17,479,416,864)	(19,280,834,639)
	<hr/>	<hr/>
	42,212,791,679	42,675,353,904
	<hr/> <hr/>	<hr/> <hr/>

Short-term investments represented investments in the following shares:

	30/6/2014	
	Quantity	VND
Equity instruments – short-term investments in shares of:		
- Vietnam Investment Construction and Trading Joint Stock Company	500,000	14,000,000,000
- Ho Chi Minh City Electric Power Trading Investment Corporation	1,350,000	13,500,000,000
- Viet Thai Joint Stock Company	650,760	8,042,676,000
- Ben Thanh Long Hai Joint Stock Company	691,126	6,772,500,000
- Toan Cau Insurance Company	180,000	6,300,000,000
- Ben Thanh Non Nuoc Joint Stock Company	60,000	6,000,000,000
- Ben Thanh Trading and Service Joint Stock Company	182,129	3,289,960,000
- Pha Lai Thermal Power Joint Stock Company	74,390	1,785,020,000
- Hai Phong Securities Joint Stock Company	812	2,052,543
	<hr/>	<hr/>
	3,689,217	59,692,208,543
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Notes to the consolidated interim financial statements for the six-month period ended 30
June 2014 (continued)

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Movements in the allowance for diminution in value of short-term investments during the period were as follows:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	19,280,834,639	41,920,000,000
Allowance utilised during the period	(1,350,000,000)	-
Written back	(451,417,775)	(200,812,500)
	<hr/>	<hr/>
Closing balance	17,479,416,864	41,719,187,500
	<hr/>	<hr/>

7. Accounts receivable – short-term and long-term

Prepayments to suppliers as of 30 June 2014 included amounts prepaid for acquisition of buildings and construction services of VND5,035 million (31 December 2013: VND96,773 million).

8. Inventories

	30/6/2014	31/12/2013
	VND	VND
Goods in transit	749,490,640	9,475,902,732
Materials and spare parts	27,545,076,006	5,675,989,846
Work in progress	2,771,107,281	2,293,214,671
Finished goods	57,101,919	8,202,267
Cars and motorbikes	257,981,005,141	312,210,430,040
Goods on consignment	-	195,700,133
	<hr/>	<hr/>
	289,103,780,987	329,859,439,689
Allowance for inventories	(2,690,879,259)	(2,564,496,168)
	<hr/>	<hr/>
	286,412,901,728	327,294,943,521
	<hr/>	<hr/>

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Notes to the consolidated interim financial statements for the six-month period ended 30
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Movements in the allowance for inventories during the period were as follows:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	2,564,496,168	3,583,556,613
Increase in allowance during the period	126,383,091	-
Written back	-	(101,920,201)
Closing balance	2,690,879,259	3,481,636,412

At 30 June 2014 inventories with carrying value of VND98,228 million (31 December 2013: VND169,770 million) were pledged with banks as security for loans granted to the Group.

Saigon General Service Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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9. Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Others VND	Total VND
Cost						
Opening balance	122,708,376,283	32,971,462,381	5,355,181,003	23,144,618,228	5,859,336,095	190,038,973,990
Additions	41,231,953,686	7,281,376,288	1,670,392,319	9,340,708,480	3,285,759,091	62,810,189,864
Disposals	-	-	-	(3,286,688,645)	-	(3,286,688,645)
Closing balance	163,940,329,969	40,252,838,669	7,025,573,322	29,198,638,063	9,145,095,186	249,562,475,209
Accumulated depreciation						
Opening balance	34,948,292,780	19,687,092,388	4,173,338,026	7,937,308,457	2,835,823,070	69,581,854,721
Charge for the period	4,308,013,461	2,129,866,824	339,498,938	1,914,386,171	338,401,014	9,030,166,408
Disposals	-	-	-	(839,630,889)	-	(839,630,889)
Closing balance	39,256,306,241	21,816,959,212	4,512,836,964	9,012,063,739	3,174,224,084	77,772,390,240
Net book value						
Opening balance	87,760,083,503	13,284,369,993	1,181,842,977	15,207,309,771	3,023,513,025	120,457,119,269
Closing balance	124,684,023,728	18,435,879,457	2,512,736,358	20,186,574,324	5,970,871,102	171,790,084,969

Included in the cost of tangible fixed assets were assets costing VND20,693 million which were fully depreciated as of 30 June 2014 (31 December 2013: VND20,311 million), but which are still in active use.

At 30 June 2014 tangible fixed assets with carrying value of VND41,194 million (31 December 2013: VND3,463 million) were pledged with banks as security for loans granted to the Group.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June
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10. Finance lease tangible fixed assets

	Office equipment VND
Cost	
Opening and closing balance	5,280,483,547
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Accumulated depreciation	
Opening balance	3,306,324,679
Charge for the period	434,853,510
	<hr/>
Closing balance	3,741,178,189
	<hr/>
Net book value	
Opening balance	1,974,158,868
Closing balance	1,539,305,358
	<hr/>

At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. The leased equipment secures the lease obligations.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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11. Intangible fixed assets

	Indefinite land use rights VND	Definite land use rights VND	Software VND	Total VND
Cost				
Opening balance	14,634,054,300	36,486,639,190	2,142,595,350	53,263,288,840
Additions	-	-	40,000,000	40,000,000
Closing balance	14,634,054,300	36,486,639,190	2,182,595,350	53,303,288,840
Accumulated amortisation				
Opening balance	-	6,945,762,028	1,883,256,809	8,829,018,837
Charge for the period	-	438,350,256	66,683,465	505,033,721
Closing balance	-	7,384,112,284	1,949,940,274	9,334,052,558
Net book value				
Opening balance	14,634,054,300	29,540,877,162	259,338,541	44,434,270,003
Closing balance	14,634,054,300	29,102,526,906	232,655,076	43,969,236,282

Included in the cost of intangible fixed assets were assets costing VND1,785 million which were fully depreciated as of 30 June 2014 (31 December 2013: VND548 million), but which are still in active use.

At 30 June 2014 intangible fixed assets with carrying value of VND28,220 million (31 December 2013: VND28,540 million) were pledged with banks as security for loans granted to the Group.

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12. Construction in progress

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	616,786,347,775	492,609,027,541
Additions during the period	18,042,491,729	22,227,906,955
Transfers to inventories	(54,937,874,444)	(1,534,142,737)
Transfers to investment property	(7,210,777,847)	-
	<hr/>	<hr/>
Closing balance	572,680,187,213	513,302,791,759
	<hr/>	<hr/>

Major constructions in progress were as follows:

	30/6/2014	31/12/2013
	VND	VND
Highway 13 Project	204,962,358,902	204,944,001,629
Tam Binh – Hiep Binh Phuoc Project	154,644,068,965	155,155,893,142
South Cam Le, Da Nang Project	72,534,178,668	77,229,210,858
Mecure Son Tra, Da Nang Project	82,033,116,171	75,632,214,523
CN4-3 Phu My Hung Project	-	54,937,738,080
104 Pho Quang Project	32,271,189,595	26,303,521,184
277 – 279 Ly Tu Trong Office Building Project	14,981,095,175	11,673,685,260
66 – 68 Nam Ky Khoi Nghia Project	10,671,041,016	10,670,213,016
Ho Tram, Xuyen Moc Project	239,870,083	239,870,083
Garage renovation for Toyota Phap Van, a branch of Toyota Giaai Phong Joint Venture Company (TGP)	264,720,696	-
Huyndai Gia Lai Branch (a branch of Savico Da Nang Corporation) Project	5,681,818	-
Others	72,866,124	-
	<hr/>	<hr/>
	572,680,187,213	616,786,347,775
	<hr/>	<hr/>

At 30 June 2014 construction in progress with carrying value of VND137,312 million (31 December 2013: VND42,864 million) was pledged with banks as security for loans granted to the Group.

During the period, borrowings costs capitalised into construction in progress amounted to VND6,170 million (2013: VND10,055 million).

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13. Investment property

	Land use rights VND	Buildings VND	Total VND
Cost			
Opening balance	133,201,140,041	720,839,626,254	854,040,766,295
Transfers from construction in progress	7,210,777,847	-	7,210,777,847
<hr/>			
Closing balance	140,411,917,888	720,839,626,254	861,251,544,142
<hr/>			
Accumulated depreciation			
Opening balance	14,263,776,705	73,986,044,561	88,249,821,266
Charge for the period	1,684,118,538	10,448,757,323	12,132,875,861
<hr/>			
Closing balance	15,947,895,243	84,434,801,884	100,382,697,127
<hr/>			
Net book value			
Opening balance	118,937,363,336	646,853,581,693	765,790,945,029
Closing balance	124,464,022,645	636,404,824,370	760,868,847,015
<hr/> <hr/>			

The Group's investment properties represented buildings and land use rights held for earning rental income.

The fair value of investment properties has not been determined as there were no recent market transactions for similar properties in the same location as the Group's investment properties and there is no active market for such properties.

Included in the cost of investment properties were assets costing VND12,746 million which were fully depreciated as of 30 June 2014 (31 December 2013: VND11,702 million), but which are still in active use.

At 30 June 2014 investment properties with carrying value of VND681,357 million (31 December 2013: VND691,559 million) were pledged with banks as security for loans granted to the Group.

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14. Long-term investments

	30/6/2014 VND	31/12/2013 VND
Long-term equity investments in associates	87,153,856,512	87,569,378,997
Other long-term investments	195,078,237,027	189,320,158,630
	<hr/> 282,232,093,539	<hr/> 276,889,537,627
Allowance for diminution in value of long-term investments	(3,372,547,962)	(2,938,834,011)
	<hr/> 278,859,545,577	<hr/> 273,950,703,616

Other long-term investments represented the Group's investments in real-estate business cooperation contracts with separate legal entities established.

Movements of investments in associates were as follows:

	Six-month period ended	
	30/6/2014 VND	30/6/2013 VND
Balance at the beginning of the period	87,569,378,997	92,508,120,585
Share of net profit in associates (net of income tax)	3,481,889,692	512,628,639
Dividends from associates	(1,028,542,500)	-
Disposals of associates	(8,909,369,677)	-
Deemed acquisition of an associate	6,040,500,000	-
	<hr/> 87,153,856,512	<hr/> 93,020,749,224

Movements in the allowance for diminution in value of long-term investments during the period were as follows:

	Six-month period ended	
	30/6/2014 VND	30/6/2013 VND
Opening balance	2,938,834,011	13,591,602,761
Increase in allowance during the period	433,713,951	-
Written back	-	(704,551,065)
	<hr/> 3,372,547,962	<hr/> 12,887,051,696

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Details of the investments in associates were as follows:

Name	Principal activity	Investment licence	% of ownership	30/6/2014 VND	31/12/2013 VND
ComfortDelgro Savico Taxi Company	Providing taxi transportation and related services in Vietnam.	Business Licence No. 824/GP-HCM issued by the People’s Committee of Ho Chi Minh City on 28 March 2005.	40.03%	31,313,250,192	31,869,886,914
Dana Joint Stock Company (DANA FORD) (a)	Trading FORD cars and spare parts, providing maintenance services.	Business Licence No. 044937 issued by the Planning and Investment Department of Da Nang City on 16 June 1998 and amended on 25 June 2007.	28.19%	7,088,383,626	6,602,937,626
Toyota East Saigon Joint Stock Company (TESC)	Trading TOYOTA cars and spare parts, providing maintenance services.	Business Licence No. 4103001903 issued by Ho Chi Minh City Planning and Investment Department on 3 November 2003 and amended on 14 July 2005 and 14 November 2007.	35.16%	48,059,658,432	45,223,981,109
Khanh Hoi Saigon General Service Co., Ltd. (b)	Trading, providing consultancy and tender real estate services, advertising.	Business Licence No. 0309535441 issued by Ho Chi Minh Planning and Investment Department on 4 January 2010.		-	1,189,007,367
Ben Thanh Savico General Trading & Services Co., Ltd.	Trading SYM motorbikes and spare parts, providing maintenance services.	Business Licence No. 4102036521 issued by Ho Chi Minh City Planning and Investment Department on 25 January 2006.	37.33%	692,564,262	1,566,141,297
Super Car Joint Stock Company (b)	Trading cars’ spare parts and interior decorative materials.	Business Licence No. 4103008825 issued by Ho Chi Minh City Planning and Investment Department on 21 December 2007 and amended on 6 March 2008.		-	1,117,424,684
				87,153,856,512	87,569,378,997

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- (a) As at 26 March 2014, the Company disposed an associate – Dana Joint Stock Company (DANA FORD). The Company signed a capital assignment agreement with Savico Da Nang Corporation, another shareholder in the associate, whereby the Company transferred all rights and the obligation arising from its shares in DANA FORD to Savico Da Nang Corporation since 3 January 2014.
- (b) During the period, the Group liquidated two associates – Super Car Joint Stock Company and Khanh Hoi Saigon General Service Co., Ltd.

Losses on disposal/liquidations of associates, included as financial expenses during the period, were as follows:

	Dana Joint Stock Company VND	Khanh Hoi Saigon General Service Co., Ltd. VND	Super Car Joint Stock Company VND
Proceeds from the disposal/liquidations of associates	6,040,500,000	174,199,983	-
Carrying amount of investments disposed	(6,602,937,626)	(1,189,007,367)	(1,117,424,684)
Losses on disposal/liquidation of associates	(562,437,626)	(1,014,807,384)	(1,117,424,684)

Summary of balance sheets and statements of income of associates are as follows:

	Total assets 30/6/2014 VND	Total liabilities 30/6/2014 VND	Owners' equity 30/6/2014 VND	Net profit/(loss) after tax Six-month period ended 30/6/2014 VND
ComfortDelgro Savico Taxi Company	93,818,423,428	15,593,966,292	78,224,457,136	(1,390,548,893)
Dana Joint Stock Company (DANA FORD)	36,272,619,140	18,670,474,550	17,602,144,590	2,602,144,590
Toyota East Saigon Joint Stock Company (TESC)	325,955,383,665	189,266,935,335	136,688,448,330	15,476,112,938
Ben Thanh Savico General Trading & Services Co., Ltd.	2,027,821,411	172,572,918	1,855,248,493	(2,346,236,484)

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	Total assets	Total liabilities	Owners' equity	Net profit/(loss) after tax Six-month period ended 30/6/2013
	31/12/2013 VND	31/12/2013 VND	31/12/2013 VND	30/6/2013 VND
ComfortDelgro Savico Taxi Company	107,635,623,993	28,020,617,964	79,615,006,029	(1,998,253,803)
Dana Joint Stock Company (DANA FORD)	36,553,255,155	21,553,255,155	15,000,000,000	3,831,996,116
Toyota East Saigon Joint Stock Company (TESC)	320,222,705,827	191,599,323,831	128,623,381,996	8,817,919,181
Khanh Hoi Saigon General Service Co., Ltd.	2,427,463,949	918,301	2,426,545,648	130,292,047
Ben Thanh Savico General Trading & Services Co., Ltd.	8,698,408,609	4,496,923,632	4,201,484,977	(307,746,094)
Super Car Joint Stock Company	254,356,952	421,025,621	(166,668,669)	-

15. Long-term prepayments

	30/6/2014 VND	31/12/2013 VND
Expenses prepaid in respect of Phan Van Tri Project	19,900,721,658	21,625,947,843
Tools and supplies	13,152,192,962	8,509,899,125
Prepaid land costs	5,339,228,175	7,129,577,909
Renovation expenses	5,887,488,234	4,713,180,364
Others	5,479,859,811	3,278,416,732
	49,759,490,840	45,257,021,973

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16. Short-term borrowings

	30/6/2014	31/12/2013
	VND	VND
Short-term borrowings denominated in VND	312,668,104,319	427,896,227,651
Current portion of long-term borrowings (Note 23)	31,276,362,300	50,393,831,028
	<hr/>	<hr/>
	343,944,466,619	478,290,058,679
	<hr/>	<hr/>

Included in short-term borrowings were VND115,699 million (31 December 2013: VND179,208 million) unsecured and VND196,969 million (31 December 2013: VND248,688 million) secured by inventories, tangible fixed assets and investment properties with carrying amounts of VND98,228 million, VND604 million and VND34,493 million, respectively (31 December 2013: secured by cash equivalents, inventories, tangible fixed assets and investment properties with carrying amounts of VND15,413 million, VND169,770 million, VND1,980 million and VND44,661 million, respectively).

These loans bore interest at rates ranging from 2.1% to 9.5% (2013: from 1.8% to 18%) per annum.

17. Advances from customers

Advances from customers mainly consist of the advances from the following customers to acquire land use rights in the real estate projects:

Customer	Project	30/6/2014	31/12/2013
		VND	VND
Dat Xanh Real Estate Construction and Service Corporation	Tam Binh – Hiep Binh Phuoc Project, Thu Duc District, Ho Chi Minh City	145,574,299,955	145,030,599,588
Landmark Real Estate Development Co., Ltd.	Sai Gon South Project, District 7, Ho Chi Minh City	-	23,650,040,000
		<hr/>	<hr/>

18. Taxes payable to State Treasury

	30/6/2014	31/12/2013
	VND	VND
Value added tax	3,846,418,360	4,695,785,030
Corporate income tax	8,462,300,897	7,459,386,156
Personal income tax	2,242,836,352	3,440,776,366
Other obligations	24,444,749,807	13,317,540,528
	<hr/>	<hr/>
	38,996,305,416	28,913,488,080
	<hr/>	<hr/>

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19. Accrued expenses

	30/6/2014	31/12/2013
	VND	VND
Interest on borrowings	1,857,919,303	4,109,865,760
Rental fees	424,423,669	360,965,451
Salary and related expenses	1,984,318,731	2,720,000,000
Professional service fees	9,254,824,750	9,515,595,775
Accruals for operating expenses	6,056,251,626	1,572,108,775
Others	6,564,328,953	5,430,436,125
	<hr/>	<hr/>
	26,142,067,032	23,708,971,886
	<hr/>	<hr/>

20. Other payables

	30/6/2014	31/12/2013
	VND	VND
Dividends payable	32,952,504,425	4,040,651,275
Borrowings from a related party (a)	2,020,000,000	6,541,734,555
Borrowings from third parties (b)	4,431,829,167	3,000,000,000
Payments on behalf for related parties	-	926,194,003
Payable to a customer	5,856,400,000	5,856,400,000
Short-term deposits received in relation to Tam Binh Project	48,712,742,800	42,442,208,800
Short-term deposit received from a customer in relation to Saigon South Project	-	54,887,738,080
Short-term unearned revenue	-	6,470,400,000
Payables to other contract partners in respect of Phan Van Tri Project	303,428,098	1,895,371,856
Payables related to used cars sold on behalf of customers	7,564,727,895	511,000,000
Contribution from other contract parties in respect of Car Supermarket Project	-	1,473,697,257
Insurance premium collected on behalf of insurance agencies	32,987,515	1,640,628,598
Sales consultant commission payables	123,186,211	253,000,000
Others	7,704,780,585	6,948,627,842
	<hr/>	<hr/>
	109,702,586,696	136,887,652,266
	<hr/>	<hr/>

- a. Borrowings from a related party as of 30 June 2014 bore interest at 9.5% (2013: 12%) per annum and is payable on 31 December 2014.
- b. Borrowings from third parties as of 30 June 2014 bore interest rates ranging from 7.5% to 9.5% (2013: rates ranging from 10.7% to 13%) per annum. These amounts are payable on 31 December 2014 and 19 February 2015.

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21. Bonus and welfare fund

Movements in bonus and welfare fund during the period were as follows:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	6,525,093,179	6,649,990,345
Appropriation from retained profits	838,189,157	744,872,249
Utilisation during the period	(5,677,816,148)	(4,986,069,675)
	<hr/>	<hr/>
Closing balance	1,685,466,188	2,408,792,919
	<hr/>	<hr/>

22. Other long-term liabilities

	30/6/2014	31/12/2013
	VND	VND
Long-term deposits received	53,558,460,792	61,400,248,429
Other long-term payables	123,605,935,446	123,795,978,149
	<hr/>	<hr/>
	177,164,396,238	185,196,226,578
	<hr/>	<hr/>

Other long-term payables, were interest free, represented amounts contributed by business corporation contract partners for participation in the Group's property projects according to respective business corporation contracts and a payable for other long-term contract as follows:

	30/6/2014	31/12/2013
	VND	VND
Binh An Project	19,532,917,434	19,532,917,434
Highway 13 Project	25,098,400,000	26,098,400,000
227-229 Ly Tu Trong Office Building Project	45,418,976,300	43,621,215,625
104 Pho Quang Project	14,549,119,468	14,549,119,468
Phan Van Tri Project	12,344,479,258	14,233,633,130
Land rental payable to land lessor	6,662,042,986	5,760,692,492
	<hr/>	<hr/>
	123,605,935,446	123,795,978,149
	<hr/>	<hr/>

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23. Long-term borrowings

	30/6/2014	31/12/2013
	VND	VND
Long-term borrowings denominated in VND	452,840,951,696	451,277,611,467
Long-term bonds issued	60,000,000,000	100,000,000,000
	<hr/>	<hr/>
	512,840,951,696	551,277,611,467
Finance lease liabilities (*)	874,118,364	1,326,047,264
	<hr/>	<hr/>
	513,715,070,060	552,603,658,731
Repayable within twelve months (Note 16)	(31,276,362,300)	(50,393,831,028)
	<hr/>	<hr/>
Repayable after twelve months	482,438,707,760	502,209,827,703
	<hr/> <hr/>	<hr/> <hr/>

Included in long-term borrowings were VND16,501 million of unsecured borrowings (31 December 2013: VND20,963 million) and VND436,340 million of borrowings (31 December 2013: VND430,315 million) secured by tangible fixed assets, construction in progress and investment properties with carrying amounts of VND39,185 million, VND94,448 million and VND645,680 million, respectively (31 December 2013: secured by cash equivalents and investment properties with carrying amounts of VND10,868 million and VND645,637 million, respectively).

These borrowings bore interest at rates ranging from 3.35% to 11.8% (2013: from 3% to 18%) per annum.

The long-term bonds were issued to Vietnam Maritime Commercial Joint Stock Bank (Maritime Bank) in July 2010 at its nominal value. The bonds will mature in July 2015 and are redeemable at its nominal value. In January 2014, the Company signed a Bond Purchase Agreement with Maritime Bank to repurchase 40 bonds amounting to VND40,000 million. This transaction was completed in January 2014. The bonds are secured by tangible fixed assets, intangible fixed assets, construction in progress and investment properties with carrying amounts of VND1,405 million, VND28,220 million, VND42,864 million and VND1,184 million, respectively (31 December 2013: secured by tangible fixed assets, intangible fixed assets, construction in progress and investment properties with carrying amounts of VND1,483 million, VND28,540 million, VND42,864 million and VND1,261 million, respectively), and bore interest at 12.7% (2013: 14.5%) per annum.

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(*) The future minimum lease payments under non-cancellable finance leases were:

	30/6/2014			31/12/2013		
	Payments	Interest	Principal	Payments	Interest	Principal
Within one year	956,704,577	82,586,213	874,118,364	1,032,498,125	128,480,525	904,017,600
From two to five years	-	-	-	435,250,591	13,220,927	422,029,664
	<u>956,704,577</u>	<u>82,586,213</u>	<u>874,118,364</u>	<u>1,467,748,716</u>	<u>141,701,452</u>	<u>1,326,047,264</u>

24. Unearned revenue

	30/6/2014	31/12/2013
	VND	VND
Building rental income	112,389,984,215	109,727,200,000
Warranty and customer care services	12,861,154,616	10,508,238,412
Others	1,387,380,251	426,876,612
	<u>126,638,519,082</u>	<u>120,662,315,024</u>

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25. Changes in owners' equity

	Share capital VND	Capital surplus VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 January 2013	249,955,730,000	317,064,858,303	(690,474,358)	5,093,483,305	18,718,976,700	17,802,254,521	125,093,079,758	733,037,908,229
Net profit for the period	-	-	-	-	-	-	21,023,655,699	21,023,655,699
Appropriation to equity funds	-	-	-	-	91,208,817	439,736,537	(530,945,354)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(684,084,037)	(684,084,037)
Dividends	-	-	-	-	-	-	(24,975,507,000)	(24,975,507,000)
Board of Management fee and bonus	-	-	-	-	-	-	(238,513,767)	(238,513,767)
Other decreases	-	-	-	-	-	-	(166,349,330)	(166,349,330)
Balance at 1 July 2013	249,955,730,000	317,064,858,303	(690,474,358)	5,093,483,305	18,810,185,517	18,241,991,058	119,521,335,969	727,997,109,794

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	Share capital VND	Capital surplus VND	Treasury shares VND	Foreign exchange differences VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Total VND
Balance at 1 July 2013	249,955,730,000	317,064,858,303	(690,474,358)	5,093,483,305	18,810,185,517	18,241,991,058	119,521,335,969	727,997,109,794
Net profit for the period	-	-	-	-	-	-	20,148,414,049	20,148,414,049
Appropriation to equity funds	-	-	-	-	362,289,429	230,333,839	(592,623,268)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(5,019,713,429)	(5,019,713,429)
Dividends	-	-	-	-	-	-	-	-
Board of Management fee and bonus	-	-	-	-	-	-	(1,352,716,445)	(1,352,716,445)
Other decreases	-	-	-	-	-	-	(163,343,847)	(163,343,847)
Balance at 1 January 2014	249,955,730,000	317,064,858,303	(690,474,358)	5,093,483,305	19,172,474,946	18,472,324,897	132,541,353,029	741,609,750,122
Net profit for the period	-	-	-	-	-	-	19,644,758,100	19,644,758,100
Appropriation to equity funds	-	-	-	-	238,760,615	507,634,901	(746,395,516)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(611,767,103)	(611,767,103)
Dividends (Note 37)	-	-	-	-	-	-	(29,970,608,400)	(29,970,608,400)
Other increases	-	-	-	-	-	-	40,772,434	40,772,434
Balance at 30 June 2014	249,955,730,000	317,064,858,303	(690,474,358)	5,093,483,305	19,411,235,561	18,979,959,798	120,898,112,544	730,712,905,153

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26. Share capital

	30/6/2014		31/12/2013	
	Number of shares	VND	Number of shares	VND
Authorised share capital	24,995,573	249,955,730,000	24,995,573	249,955,730,000
Issued ordinary shares	24,995,573	249,955,730,000	24,995,573	249,955,730,000
Treasury ordinary shares	(20,066)	(690,474,358)	(20,066)	(690,474,358)
Ordinary shares currently in circulation	24,975,507	249,265,255,642	24,975,507	249,265,255,642

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

There were no movements in share capital during the period.

27. Minority interest

	Six-month period ended	
	30/6/2014 VND	30/6/2013 VND
Balance at the beginning of the period	175,871,734,703	169,423,686,070
Earnings attributable to minority interest during the period	15,942,842,402	13,690,551,233
Capital contribution during the period	18,070,000,000	3,200,000,000
Dividends	(10,606,697,500)	(6,511,582,080)
Share of bonus and welfare fund	(226,422,054)	(60,788,212)
Others	184,128,000	(863,008,336)
Balance at the end of the period	199,235,585,551	178,878,858,675

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28. Total revenue

Total revenue represented the gross value of goods sold and services rendered exclusive of value added tax.

Net revenue comprised of:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Total revenue		
▪ Sales of merchandise goods	3,082,839,756,704	2,695,294,390,186
▪ Services rendered	158,229,030,382	199,687,712,179
▪ Rental income	74,147,802,771	76,016,113,766
▪ Sales of real estate	76,401,547,172	1,086,474,762
	<hr/>	<hr/>
	3,391,618,137,029	2,972,084,690,893
Less revenue deductions	(2,890,947,514)	(8,981,881,975)
	<hr/>	<hr/>
Net revenue	3,388,727,189,515	2,963,102,808,918
	<hr/> <hr/>	<hr/> <hr/>

29. Cost of sales

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Merchandise goods sold	2,943,905,464,112	2,592,339,832,099
Services rendered	151,432,859,110	159,483,962,542
Depreciation charge of investment property	12,132,875,861	12,595,861,681
Net book value of sold real estate	54,937,874,444	1,534,142,737
Allowance for inventories	126,383,091	(101,920,201)
	<hr/>	<hr/>
	3,162,535,456,618	2,765,851,878,858
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30. Financial income

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Interest income from deposits	956,213,496	4,690,819,493
Income from security trading	191,750,000	23,655,000
Dividends	2,309,161,000	5,292,838,170
Foreign exchange gains	382,977,432	349,543,064
Other financial income	1,911,427,168	5,094,124,688
	<hr/>	<hr/>
	5,751,529,096	15,450,980,415
	<hr/>	<hr/>

31. Financial expenses

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Interest expense	31,682,854,190	47,304,542,981
Losses on security trading	85,125,000	-
Losses from disposals of investments in associates	2,694,669,694	-
Reversal of allowance for short-term and long-term investments	(17,703,824)	(905,363,565)
Security trading expenses	23,337,114	10,397,891
Foreign exchange losses	119,698,120	225,725,207
Other financial expenses	453,103,369	516,256,725
	<hr/>	<hr/>
	35,041,083,663	47,151,559,239
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Saigon General Service Corporation and its subsidiaries
Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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32. Other income

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Support from Vinaland Investments Limited during construction period of Savico-Vinaland Project	-	10,400,000,000
Deduction in payables granted by suppliers	7,662,226,695	9,425,993,705
Commission received from other parties	2,132,118,580	6,289,228,457
Proceeds from disposals of tangible fixed assets	4,011,647,273	3,205,272,729
Compensation received from customers for cancellation of contracts	19,600,001	276,000,000
Compensation received from a party for cancellation of agreement (*)	7,000,000,000	-
Others	2,751,477,486	1,074,590,073
	23,577,070,035	30,671,084,964

(*) This income represented the compensation received from Khanh Hoi Export – Import Joint Stock Company (Khahomex) for breach of the agreement dated 25 September 2013 to purchase apartments of 56 Ben Van Don Project. This compensation has been agreed between two parties according to the cancellation agreement dated 9 January 2014.

33. Other expenses

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Tax penalties	16,559,298,905	-
Carrying value of tangible fixed assets disposed	2,447,057,756	2,625,273,014
Carrying value of tools and equipments disposed	3,074,373,238	-
Others	1,796,967,519	1,071,687,309
	23,877,697,418	3,696,960,323

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34. Income tax

(a) Recognised in the balance sheet

	30/6/2014 VND	31/12/2013 VND
Deferred tax assets		
Allowances and provisions	27,282,888	27,282,888
Accrued expenses	2,642,159,424	2,642,159,424
	2,669,442,312	2,669,442,312

(b) Recognised in the statement of income

	Six-month period ended 30/6/2014 VND	30/6/2013 VND
Current tax expense		
Current period	14,878,638,871	12,180,872,222
Under provision in prior periods	758,073,829	72,758,634
	15,636,712,700	12,253,630,856

(c) Reconciliation of effective tax rate

	Six-month period ended 30/6/2014 VND	30/6/2013 VND
Profit before tax	51,224,313,202	46,967,837,788
Tax at income rate applicable to the Company	11,269,348,904	11,741,959,447
Non-deductible expenses	4,175,836,895	1,717,026,955
Non-taxable income	(1,328,358,186)	(1,911,607,995)
Deferred tax assets not recognised	989,771,862	633,493,815
Tax losses utilised	(227,960,604)	-
Under provision in prior periods	758,073,829	72,758,634
Income tax expense	15,636,712,700	12,253,630,856

Deferred tax assets have not been recognised by certain subsidiaries in respect of their tax losses because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits therefrom.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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(d) Applicable tax rate

The Company and its subsidiaries have an obligation to pay the government income tax at the rate that is generally applied for companies in Vietnam, which is currently at 22%. On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

35. Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Net profit to ordinary shareholders of Saigon General Service Corporation for the period	19,644,758,100	21,023,655,699

(ii) Weighted average number of ordinary shares

	Six-month period ended	
	30/6/2014	30/6/2013
	Number of shares	Number of shares
Weighted average number of ordinary shares at the beginning and the end of the period	24,975,507	24,975,507

As of 30 June 2014, the Group did not have potentially dilutive ordinary shares.

36. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

The Company's Board of Management oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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(i) Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30/6/2014 VND	31/12/2013 VND
Cash in banks and cash equivalents	(ii)	74,030,978,323	179,585,406,614
Trade and other receivables – short-term and long-term	(iii)	168,837,722,428	215,732,014,699
		242,868,700,751	395,317,421,313

(ii) Cash in banks and cash equivalents

The cash and cash equivalents in banks of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(iii) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivables are due within 30 days from the date of billing. Debtors with balances that are more than 30 days outstanding are requested to settle the balances before further credit is granted. No collateral is collected from the customers.

Trade and other receivables – short-term and long-term – that are neither past due nor impaired are mostly companies with good collection track records with the Group. Management believes that those receivables are of high credit quality.

The aging of trade and other receivables – short-term and long-term – at the balance sheet date was as follows:

	Gross 30/6/2014 VND	Allowance for doubtful debts 30/6/2014 VND	Gross 31/12/2013 VND	Allowance for doubtful debts 31/12/2013 VND
Not past due	157,292,887,255	-	205,782,930,152	-
Past due 0 – 30 days	9,243,612,495	-	3,482,247,187	-
Past due 31 – 180 days	1,992,723,492	-	6,321,104,019	13,927,195
Past due over 180 days	322,844,946	14,345,760	174,792,401	15,131,865
	168,852,068,188	14,345,760	215,761,073,759	29,059,060

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Movements in the allowance for doubtful debts during the period were as follows:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Opening balance	29,059,060	541,621,193
Allowance utilised during the period	(14,713,300)	-
Closing balance	14,345,760	541,621,193

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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The financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

30 June 2014

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	Over 5 years VND
Short-term borrowings	343,944,466,619	346,497,123,636	346,497,123,636	-	-	-
Trade and other payables	177,314,538,509	177,314,538,509	177,314,538,509	-	-	-
Payables to employees	52,258,539,967	52,258,539,967	52,258,539,967	-	-	-
Accrued expenses	26,142,067,032	26,142,067,032	26,142,067,032	-	-	-
Long-term bonds issued	60,000,000,000	68,022,166,666	7,725,833,333	60,296,333,333	-	-
Long-term borrowings and finance lease liabilities	422,438,707,760	570,827,488,826	56,637,988,634	137,391,371,751	300,851,258,884	75,946,869,557
Other long-term liabilities	177,164,396,238	177,164,396,238	112,170,712,968	12,925,779,850	-	52,067,903,420
	1,259,262,716,125	1,418,226,320,874	778,746,804,079	210,613,484,934	300,851,258,884	128,014,772,977

Saigon General Service Corporation and its subsidiaries

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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31 December 2013

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	Over 5 years VND
Short-term borrowings	478,290,058,679	419,496,407,629	419,496,407,629	-	-	-
Trade and other payables	246,489,761,689	339,478,087,247	339,478,087,247	-	-	-
Payables to employees	67,918,393,954	67,918,393,954	67,918,393,954	-	-	-
Accrued expenses	23,708,971,886	23,708,971,886	23,708,971,886	-	-	-
Long-term bonds issued	100,000,000,000	119,133,333,333	12,470,833,333	106,662,500,000	-	-
Long-term borrowings and finance lease liabilities	402,209,827,703	580,523,861,908	68,815,820,665	110,515,945,439	283,787,434,532	117,404,661,272
Other long-term liabilities	185,196,226,578	185,196,226,578	123,277,170,713	11,648,913,120	-	50,270,142,745
	1,503,813,240,489	1,735,455,282,535	1,055,165,685,427	228,827,358,559	283,787,434,532	167,674,804,017

The Group manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term investments.

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(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on investments that are denominated in a currency other than the accounting currency of Group, the VND. The currency in which these transactions primarily are denominated is USD.

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

Exposure to currency risk

The Group had the following net monetary liability position exposed to currency risk:

	30/6/2014	31/12/2013
	USD	USD
Cash	780	871
Other long-term liabilities	(223,800)	(341,300)
	<hr/>	<hr/>
	(223,020)	(340,429)
	<hr/> <hr/>	<hr/> <hr/>

The following was the significant exchange rate applied by the Group:

	Exchange rate as at	
	30/6/2014	31/12/2013
	VND	VND
USD1	21,300	21,085
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The possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 30 June 2014, is not significant.

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Notes to the consolidated interim financial statements for the six-month period ended 30 June 2014 (continued)

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(ii) Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	30/6/2014 VND	31/12/2013 VND
Fixed rate instruments		
Cash equivalents	4,852,120,000	26,430,745,162
Short-term borrowings	(129,892,684,000)	(104,845,278,076)
Other payables	-	(5,000,000,000)
Long-term borrowings	(422,438,707,760)	(402,209,827,703)
	<hr/>	<hr/>
	(547,479,271,760)	(485,624,360,617)
	<hr/>	<hr/>
Variable rate instruments		
Cash in banks	69,178,858,323	152,619,955,702
Short-term borrowings	(214,051,782,619)	(373,444,780,603)
Other payables	(3,000,000,000)	(3,000,000,000)
Long-term bonds issued	(60,000,000,000)	(100,000,000,000)
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	(207,872,924,296)	(323,824,824,901)
	<hr/>	<hr/>

No policy in place pertaining to the mitigation of any potential volatility of the interest rate. An increase of 100 basis points in interest rates would have decreased the net profit of the Group for the six-month period ended 30 June 2014 by VND811 million (for six-month period ended 30 June 2013: VND1,214 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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(e) **Fair values**

(i) *Fair values versus carrying amounts*

The carrying amounts of financial assets and liabilities shown in the balance sheet are as follows:

		Carrying amount	
		30/6/2014	31/12/2013
		VND	VND
Available-for-sale financial assets:			
Short-term investments	(**)	42,212,791,679	42,675,353,904
Long-term investments	(**)	278,859,545,577	273,950,703,616
Categorised as loans and receivables:			
Cash and cash equivalents	(*)	81,248,237,590	187,157,793,659
Trade and other receivables – short-term and long-term	(**)	168,837,722,428	215,732,014,699
Categorised as liabilities at amortised cost:			
Short-term borrowings	(**)	(343,944,466,619)	(478,290,058,679)
Trade and other payables	(**)	(177,314,538,509)	(246,489,761,689)
Payables to employees	(**)	(52,258,539,967)	(67,918,393,954)
Accrued expenses	(**)	(26,142,067,032)	(23,708,971,886)
Long-term bonds issued	(**)	(60,000,000,000)	(100,000,000,000)
Long-term borrowings and finance lease liabilities	(**)	(422,438,707,760)	(402,209,827,703)
Other long-term liabilities	(**)	(177,164,396,238)	(185,196,226,578)
		<hr/>	<hr/>
		(688,104,418,851)	(784,297,374,611)
		<hr/>	<hr/>

(ii) *Basis for determining fair values*

(*) As at 30 June 2014 and 2013, the fair values of cash and cash equivalents were equal to their carrying values.

(**) The Group has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting. There fair values of these financial instruments may differ from their carrying amounts.

37. Dividends

The General Meeting of Shareholders of the Company on 28 March 2014 resolved to distribute dividends of 2013 amounting to VND29,971 million, which is equal to 12% of par value of shares in circulation at that time.

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38. Significant transactions with related parties

Identity of related parties

The Group has controlled related party relationships with its subsidiaries and has related relationship with its associates, and with its key management personnel. The Group has the following subsidiaries:

Subsidiary name	Principal activity	Investment licence	% of ownership
Saigon Ford Co., Ltd. (SAIGON FORD)	Trading FORD cars and spare parts, providing maintenance services.	Business Registration Certificate No. 4102001544 issued by Ho Chi Minh City Planning and Investment Department on 30 June 2000, amended on 5 March 2003, 22 October 2003, 26 April 2005, 9 October 2010 and 22 July 2013.	52.05%
Toyota Giai Phong Joint Venture Company (TGP)	Trading TOYOTA cars and spare parts, providing maintenance services.	Business Licence No. 14/GP-HN issued by the People's Committee of Hanoi City on 22 January 1998.	51%
East City Co., Ltd.	Trading GM cars and spare parts, providing maintenance services.	Business Registration Certificate No. 4102014294 issued by Ho Chi Minh City Planning and Investment Department on 5 March 2003 and amended on 22 October 2003 and 5 December 2011 and 2 August 2012.	55%
City Automobile Corporation	Trading HYUNDAI cars and spare parts, providing maintenance services.	Business Registration Certificate No. 0309553786 issued by Ho Chi Minh City Planning and Investment Department on 3 November 2009 and amended on 2 February 2010, 24 September 2012 and 21 March 2013.	51%
Saigon Service Trading Limited Company (YAMAHA Can Tho)	Trading YAMAHA motorbikes and spare parts, providing maintenance services.	Business Registration Certificate No. 5702001169 issued by Can Tho City Planning and Investment Department on 11 August 2006 and amended on 23 June 2011.	63.64%

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Subsidiary name	Principal activity	Investment licence	% of ownership
Saigon Star Corporation	Trading SUZUKI, HONDA and YAMAHA automobile and motorbikes and spare parts, providing maintenance services.	Business Licence No. 4103007242 issued by the Ho Chi Minh City Planning and Investment Department on 9 July 2007 and amended on 28 May 2008.	55%
Savico Hanoi Corporation	Operating business centre, providing hotel services; civil construction, industrial projects; agents and consignment; import and export activities; trading and maintaining automobile; providing engine rental, transportation and car parking services.	Business Registration Certificate No. 0103018056 issued by Hanoi City Planning and Investment Department on 19 June 2007 and amended on 28 October 2009 and 6 October 2010.	70%
Toyota Can Tho Company Limited	Trading TOYOTA cars and spare parts, providing maintenance services.	Investment Licence No. 571022000005 issued by the People's Committee of Can Tho City on 18 April 2007 and amended on 9 September 2009 and 4 May 2012.	51%
Savico Da Nang Corporation (*)	Trading real estate; providing workshops and office rental services; providing consulting and real estate brokerage services; trading automobile and spare parts; providing maintenance and repairing service; providing transportation services.	Business Registration Certificate No. 0401581979 issued by Da Nang City Planning and Investment Department on 3 January 2014.	70%
Savico Vinh Long Company Limited	Trading automobile, motorbikes and spare parts; providing maintenance and repairing services.	Business Registration Certificate No. 1500764333 issued by Vinh Long Province Planning and Investment Department on 30 June 2011 and amended on 28 December 2011 and 6 December 2012.	51%
Savico-Mekong General Trade Service Limited Company	Trading automobile, motorbikes and spare parts; providing maintenance and repairing services.	Business Registration Certificate No. 1801231071 issued by Can Tho City Planning and Investment Department on 31 December 2011 and amended on 13 January 2012.	51%

(*) During the period, the Company contributed 70% capital of Savico Da Nang Corporation and took control over this company.

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Transactions with key management personnel

Total remuneration and business allowances to key management personnel were as follows:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND	VND
Board of Management	1,337,680,000	1,284,500,000
Board of Directors	308,690,000	381,000,000
Supervisory Board	287,290,000	149,000,000
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	1,933,660,000	1,814,500,000
	<hr/> <hr/>	<hr/> <hr/>

Other related party transactions

During the period there were the following significant transactions with other related parties:

Related party	Relationship	Nature of transaction	Six-month period ended	
			30/6/2014	30/6/2013
			VND	VND
ConfortDelgro Taxi Savico Company	Associate	Rental charged to associate	1,051,800,000	1,051,800,000
		Electricity expense charged to associate	389,392,491	173,738,595
Ben Thanh Savico General Trading & Services Co., Ltd.	Associate	Commission received from associate	464,528,000	708,211,445
		Dividends	-	168,000,000
		Purchases of equipment	260,000,000	-
Toyota East Saigon Joint Stock Company (TESC)	Associate	Dividends	1,028,542,500	2,057,085,000
		Loan received from associate	-	5,000,000,000
		Other financial expenses	12,750,000	315,381,944
		Loan granted to associate	10,000,000,000	-
		Purchases of fixed assets	1,129,090,909	-
			<hr/>	<hr/>

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39. Lease commitment

The future minimum lease payments under non-cancellable operating leases were:

	30/6/2014 VND	31/12/2013 VND
Within one year	27,534,791,993	35,080,647,220
From two to five years	67,565,949,491	85,632,134,485
Over five years	65,663,696,803	90,231,479,437
	160,764,438,287	210,944,261,142

40. Post balance sheet event

Subsequent new long-term investments in associate

The General Meeting of Board of Management of the Company on 18 June 2014 resolved to acquire 27.5% of the contributed capital in Binh Duong New City Auto Service Corporation amounting to VND8,250 million. This company was established by Business Registration Certificate No.3702287077 dated 16 July 2014 issued by Binh Duong Province Planning and Investment Department.

41. Trading and business costs by element

	Six-month period ended	
	30/6/2014 VND	30/6/2013 VND
Cost of real estate sold	54,937,874,444	1,534,142,737
Cost of merchandise goods	2,959,347,292,087	2,636,411,022,597
Labour costs and staff costs	98,603,891,089	98,621,878,266
Depreciation and amortisation	22,102,929,500	23,941,202,865
Outside services	74,071,755,418	79,650,306,325
Other expenses	41,416,494,391	31,700,392,836

6 August 2014

Prepared by:



Ngo Van Danh
Chief Accountant

Approved by:



Nguyen Binh Minh
General Director