KPMG

Tien Phong Plastic Joint Stock Company

Consolidated Financial Statements for
the year ended 31 December 2013

Tien Phong Plastic Joint Stock Company
Corporate Information

Business Registration Certificate No.	0203001195	30 December 2004

The Company's business certificate has been amended several times, the most recent of which is dated 4 September 2013. The business registration certificate was issued by the Haiphong Department of Planning and Investment.

Board of Management	Mr. Tran Ba Phuc	Chairman
	Mr Nguyen Chi Thanh	Vice Chairman *(from 6 October 2013)*
	Mr Ngo Viet Son	Vice Chairman *(until 5 October 2013)*
	Mr. Nguyen Quoc Truong	Member
	Mr. Nguyen Trung Kien	Member
	Mr. Dang Quoc Dung	Member
	Mr. Sakchai Patiparnpreechavud	Member (*from 13 April 2013*)
Supervisory Board	Ms. Nguyen Thi Quynh Huong	Head of Supervisory Board
	Mr. Pham Van Bang	Member
	Mr. Praween Wirotpan	Member (*from 13 April 2013*)
	Ms. Nguyen Thi Bich Thuy	Member (*until 21 March 2013*)
Board of Directors	Mr. Nguyen Quoc Truong	General Director (*from 2 May 2013*)
	Mr. Pham Van Vien	General Director (*until 1 May 2013*)
	Mr. Nguyen Trung Kien	Deputy General Director
	Mr. Chu Van Phuong	Deputy General Director
	Mr. Tran Ngoc Bao	Chief Accountant
Registered Office	No. 2 An Da Road Lach Tray Ward, Ngo Quyen District Haiphong City Vietnam	
Auditors	KPMG Limited Vietnam	

Tien Phong Plastic Joint Stock Company
Statement of the Board of Directors

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

(a) the consolidated financial statements set out on pages 5 to 38 give a true and fair view of the consolidated financial position of Tien Phong Plastic Joint Stock Company (individually referred to as "the Company") and its subsidiary (together referred to as "the Company and its subsidiary") as at 31 December 2013, and of the consolidated results of operations and the consolidated cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting; and

(b) at the date of this statement, there are no reasons to believe that the Company and its subsidiary will not be able to pay their debts as and when they fall due.

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

On behalf of the Board of Directors

Nguyen Quoc Truong
General Director

Haiphong, 25 March 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Tien Phong Plastic Joint Stock Company

We have audited the accompanying consolidated financial statements of Tien Phong Plastic Joint Stock Company ("the Company") and its subsidiary ("the Company and its subsidiary"), which comprise the consolidated balance sheet as at 31 December 2013, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 25 March 2014, as set out on pages 5 to 38.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

KPMG Limited, a Vietnamese limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Audit Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Tien Phong Plastic Joint Stock Company and its subsidiary as at 31 December 2013 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to financial reporting.

Other Matter

The consolidated financial statements of the Company for the year ended 31 December 2012 were audited by another firm of auditors whose report dated 30 March 2013 expressed an unqualified opinion on those statements.

KPMG Limited
Vietnam
Investment Certificate No.: 011043000345
Review Report No.: 13-02-134-b

Tran Anh Quan
Practicing Auditor Registration
Certificate No.: 0306-2013-007-1
Deputy General Director

Hanoi, 25 March 2014

Nguyen Tam Anh
Practicing Auditor Registration
Certificate No.: 0651-2013-007-1

Tien Phong Plastic Joint Stock Company
Consolidated Balance sheet as at 31 December 2013

Form B 01 – DN/HN

	Code	Note	31/12/2013 VND	31/12/2012 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	**100**		**882,653,563,858**	**878,311,567,083**
Cash and cash equivalents	**110**	4	**29,343,739,671**	**98,035,825,035**
Cash	111		14,343,739,671	17,535,825,035
Cash equivalents	112		15,000,000,000	80,500,000,000
Account receivables – short-term	**130**	5	**454,021,248,991**	**465,205,640,713**
Account receivable – trade	131		454,783,283,480	466,860,366,630
Prepayment to suppliers	132		13,890,047,743	10,464,479,442
Other receivables	135		1,780,267,019	4,313,143,892
Allowance for doubtful debts	139		(16,432,349,251)	(16,432,349,251)
Inventories	**140**	6	**391,937,400,423**	**305,810,186,721**
Inventories	141		392,881,731,371	306,736,034,139
Allowance for inventories	149		(944,330,948)	(925,847,418)
Other current assets	**150**		**7,351,174,773**	**9,259,914,614**
Short-term prepayments	151		2,582,720,013	-
Deductible value added tax	152		1,187,845,347	7,498,674,319
Taxes and other receivables from State Treasury	154	7	2,643,871,496	1,082,514,762
Other current assets	158		936,737,917	678,725,533
Long-term assets (200 = 220 + 250 + 260)	**200**		**928,337,642,414**	**781,776,984,864**
Fixed assets	**220**		**805,712,336,956**	**661,499,494,821**
Tangible fixed assets	221	8	653,994,430,332	464,286,241,021
Cost	222		1,026,593,061,439	769,823,609,647
Accumulated depreciation	223		(372,598,631,107)	(305,537,368,626)
Intangible fixed assets	227	9	39,789,086,667	-
Cost	228		40,531,233,018	-
Accumulated depreciation	229		(742,146,351)	-
Construction in progress	230	10	111,928,819,957	197,213,253,800
Long-term investments	**250**	11	**99,320,351,582**	**102,456,535,544**
Investments in associates, joint-ventures	252		97,720,351,582	100,856,535,544
Other long-term investments	258		1,600,000,000	1,600,000,000
Other long-term assets	**260**		**23,304,953,876**	**17,820,954,499**
Long-term prepayments	261	12	23,304,953,876	17,820,954,499
TOTAL ASSETS (270 = 100 + 200)	270		**1,810,991,206,272**	**1,660,088,551,947**

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

Form B 01 – DN/HN

	Code	Note	31/12/2013 VND	31/12/2012 VND
RESOURCES				
LIABILITIES (300 = 310)	**300**		**584,942,516,578**	**546,204,523,749**
Current liabilities	**310**		**584,942,516,578**	**546,204,523,749**
Short-term borrowings and liabilities	311	13	366,450,255,227	356,999,127,633
Accounts payable – trade	312	14	81,024,357,830	47,669,162,984
Advances from customers	313		1,290,881,644	2,260,938,042
Taxes payable to State Treasury	314	15	36,084,221,270	52,590,247,322
Payables to employees	315		29,380,879,592	24,128,478,767
Accrued expenses	316	16	54,914,626,169	51,858,009,258
Other short-term payables	319	17	11,899,150,259	10,691,060,483
Bonus and welfare funds	323		3,898,144,587	7,499,260
EQUITY (400 = 410)	**400**	**18**	**1,226,048,689,694**	**1,113,884,028,198**
Owners' equity	**410**		**1,226,048,689,694**	**1,113,884,028,198**
Share capital	411	19	433,379,960,000	433,379,960,000
Other capital	412		-	1,263,974,235
Investment and development fund	417	21	483,745,809,343	347,134,076,608
Financial reserve	418	21	43,337,996,000	43,337,996,000
Retained profits	420		265,584,924,351	288,768,021,355
TOTAL RESOURCES (440 = 300 + 400)	**440**		**1,810,991,206,272**	**1,660,088,551,947**

OFF BALANCE SHEET ITEMS

	Currency	31/12/2013	31/12/2012
Foreign currencies	USD	10,678	44,461

Luu Thi Mai
General Accountant

Tran Ngoc Bao
Chief Accountant

Nguyen Quoc Truong
General Director

25 March 2014

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

Tien Phong Plastic Joint Stock Company
Consolidated Statement of income for the year ended 31 December 2013

Form B 02 – DN/HN

	Code	Note	2013 VND	2012 VND
Total revenue	01		2,489,090,155,885	2,363,895,016,496
Less revenue deductions	02	22	8,357,408,316	3,599,773,266
Net revenue (10 = 01 - 02)	10	22	2,480,732,747,569	2,360,295,243,230
Cost of sales	11	23	1,606,454,372,157	1,577,991,316,463
Gross profit (20 = 10 - 11)	20		874,278,375,412	782,303,926,767
Financial income	21	24	4,354,527,573	2,526,664,224
Financial expenses	22	25	24,071,088,440	41,232,332,808
In which: Interest expense	23		*20,893,764,749*	*39,842,528,66*
Selling expenses	24		381,453,081,533	296,447,001,923
General and administration expenses	25		100,813,521,575	82,680,836,316
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		372,295,211,437	364,470,419,944
Other income	31		1,603,987,812	13,281,784,520
Other expenses	32		2,869,926,055	1,186,700,470
Results of other activities (40 = 31 - 32)	40		(1,265,938,243)	12,095,084,050
Share of profit in associates and jointly controlled entities	41		13,616,379,603	8,425,141,058
Profit before tax (50 = 30 + 40 + 41)	50		384,645,652,797	384,990,645,052
Income tax expense – current	51	26	95,067,125,456	91,185,844,164
Income tax expense – deferred	52	26	-	2,520,224,932
Net profit after tax (60 = 50 - 51)	60		289,578,527,341	291,284,575,956
Basic earnings per share (VND/share)	70	27	6,681	6,721

Luu Thi Mai	Tran Ngoc Bao	Nguyen Quoc Truong
General Accountant	*Chief Accountant*	*General Director*

25 March 2014

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

Tien Phong Plastic Joint Stock Company
Consolidated Statement of cash flows for the year ended 31 December 2013
(Indirect method)

Form B 03 – DN/HN

	Code	2013 VND	2012 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	**01**	**384,645,652,797**	**384,990,645,052**
Adjustments for			
Depreciation and amortisation	02	75,428,625,828	64,636,424,421
Allowances and provisions	03	18,483,530	3,311,963,286
Unrealised foreign exchange gains	04	-	120,350,114
Profits from investing activities	05	(15,360,035,913)	(9,723,436,525)
Interest expense	06	20,893,764,749	39,842,528,866
Operating profit before changes in working capital	**08**	**465,626,490,991**	**483,178,475,214**
Change in receivables and other current assets	09	13,293,131,563	(54,622,409,129)
Change in inventories	10	(86,145,697,232)	146,384,330,599
Change in payables and other liabilities	11	42,030,356,615	(32,408,375,043)
Change in prepayments	12	(3,537,500,423)	2,321,523,152
		431,266,781,514	**544,853,544,793**
Interest paid	13	(21,158,883,015)	(38,821,518,202)
Income tax paid	14	(96,424,011,172)	(70,973,098,258)
Other payments for operating activities	16	(20,679,032,578)	(22,224,065,647)
Net cash flows from operating activities	**20**	**293,004,854,749**	**412,834,862,686**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(223,959,787,872)	(220,166,067,863)
Receipts of interests and dividends	27	4,115,477,265	10,025,891,693
Net cash flows from investing activities	**30**	**(219,844,310,607)**	**(210,140,176,170)**

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

Tien Phong Plastic Joint Stock Company
Consolidated Statement of cash flows for the year ended 31 December 2013
(Indirect method - continued)

Form B 03 – DN/HN

	Code	2013 VND	2012 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	33	1,393,664,357,632	1,194,445,193,656
Payments to settle short-term borrowing principals	34	(1,383,834,001,138)	(1,218,545,069,503)
Payments of dividends	36	(151,682,986,000)	(130,013,588,000)
Net cash flows from financing activities	**40**	**(141,852,629,506)**	**(154,113,463,847)**
Net cash flows during the year (50 = 20 + 30 + 40)	**50**	**(68,692,085,364)**	**48,581,222,669**
Cash and cash equivalents at the beginning of the year	**60**	**98,035,825,035**	**49,454,713,518**
Currency translation differences	**61**	**-**	**(111,152)**
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 4)	**70**	**29,343,739,671**	**98,035,825,035**

Luu Thi Mai	Tran Ngoc Bao	Nguyen Quoc Truong
General Accountant	*Chief Accountant*	*General Director*

25 March 2014

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

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

1. Reporting entity

Tien Phong Plastic Joint Stock Company ("the Company") was formerly a state-owned enterprise which was equitized pursuant to Decree No. 64/2002/ND-CP dated 19 June 2002 issued by the Government on promulgating the restructuring of State owned enterprise to joint stock company. The equitization of the Company was implemented in accordance with Decision No. 80/2004/QD-BCN dated 17 August 2004 issued by the Minister of the Ministry of Industry and Trade of Vietnam.

After equitization, the Company is a joint stock company incorporated under the Law on Enterprises of Vietnam pursuant to the Business Registration Certificate No. 0203001195 issued by the Haiphong Department of Planning and Investment on 30 December 2004. The Company's Business Registration Certificate has been amended several times, the most recent of which is dated 25 March 2011.

The activities of the Company according to its Business Registration Certificate are:

- Manufacturing and trading plastic products for civil consumption, usage in construction, industry, agriculture, fisheries and transportation;
- Construction of apartment buildings, infrastructures, high quality housing, offices for lease, trade centres and market buildings;
- Construction of other civil engineering works;
- Providing financial services and monetary financial intermediary services;
- Financial leasing and financial investments;
- Providing warehouse and storage services, road transportation and other supporting services for transportation; and
- Trading real estate and land use rights.

During the year, the principal activities of the Company and its subsidiary are to manufacture and trade plastic products for civil consumption and usage in construction, industrials, agriculture, fisheries and transportation.

The Company's shares are listed on the Hanoi Stock Exchange.

Details of the Company's subsidiary as of 31 December 2013 are as follows:

Name of subsidiary	Principal activities	31/12/2013		31/12/2012	
		Registered ownership	Interest and voting rights	Registered ownership	Interest and voting rights
Tien Phong Central Plastic Company	Manufacturing and trading plastic products for civil consumption, usage in construction, industry, agriculture, fisheries and transportation	100%	100%	100%	100%

The subsidiary is incorporated in Vietnam.

As at 31 December 2013, the Company and its subsidiary had 1,286 employees (31/12/2012: 1,152 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accruals 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 Company is from 1 January to 31 December.

(d) Accounting currency

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

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Company and its subsidiary have significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Company and its subsidiary have joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Company's and its subsidiary's share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Company and its subsidiary, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's and its subsidiary's share of losses exceeds its interest in an equity accounted investee, 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 Company and its subsidiary have an obligation or have made payments on behalf of the investee.

In case the Company's and its subsidiary's share of accumulated losses exceeds their interest in an equity accounted investee, the Company and its subsidiary may only recognise their profit when the entire accumulated losses are recovered.

(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 equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee.

(b) Foreign currency

(i) 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 year 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.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to VND at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the balance sheet under the caption "Foreign exchange differences" in equity.

(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.

(d) 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 (except the losses incurred in the plan made before an investment is made). The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring 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.

(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 weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company and its subsidiary apply 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.

(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 and structures	5 – 25 years
▪ Plant and equipment	3 – 10 years
▪ Motor vehicles	3 – 10 years
▪ Office equipment	3 – 5 years

(h) Intangible fixed assets

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises the value of the right as stated in 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 45 years.

(i) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepayments

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND 30 million and therefore not qualified for recognition as fixed assets under Circular No. 45/2012/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 instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provision

A provision is recognised if, as a result of a past event, the Company and its subsidiary have 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.

(m) Share capital

Share capital is classified as equity. Incremental costs directly attributable to issue of share capital are recognised as a deduction from equity.

(n) Equity funds

Equity funds were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders.

(o) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the financial position and results of operations of the Company and its subsidiary and the nature and extent of risk arising from financial instruments, the Company and its subsidiary classify 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 Company and its subsidiary 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 Company and its subsidiary have the positive intention and ability to hold to maturity, other than:

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

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 Company and its subsidiary intend 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 Company and its subsidiary upon initial recognition designate as available-for-sale; or
- for which the Company and its subsidiary may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

(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 Company and its subsidiary 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.

The above described classification of financial instruments is solely for presentation and disclosure purposes 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 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 years.

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 the 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) Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in the 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.

(ii) Dividend income

Dividend income is recognized when the right to receive dividend is established.

(r) 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.

(s) 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.

(t) Earnings per share

The Company and its subsidiary present basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The Company does not have dilutive potential shares.

(u) Segment reporting

A segment is a distinguishable component of the Company and its subsidiary 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 primary format for segment reporting of the Company and its subsidiary is based on business segments and the Company and its subsidiary currently operates in one single business segment, which is plastic products for civil consumption, usage in construction industrials, agriculture, fisheries and transportation. At present, the Board of Directors is of the opinion that the Company and its subsidiary operate in one single geographical segment, which is Vietnam.

(v) Related parties

The parties are considered to be related if one party has the ability to control, directly or indirectly, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if the parties are subject to common control or significant influence.

4. Cash and cash equivalents

	31/12/2013 VND	31/12/2012 VND
Cash on hand	608,018,006	202,880,554
Cash in banks	13,735,721,665	17,332,944,481
Cash equivalents	15,000,000,000	80,500,000,000
	29,343,739,671	98,035,825,035

5. Accounts receivable – short-term

Accounts receivable – short-term include the following amounts due from related parties:

	31/12/2013 VND	31/12/2012 VND
Amounts due from related companies		
Trade	144,617,101,571	139,014,614,766

The trade related amounts due from related companies are unsecured, interest free and receivable on demand.

Included in accounts receivable – short-term are other short-term receivables, which comprised:

	31/12/2013 VND	31/12/2012 VND
Personal income tax paid on behalf of employees	343,459,976	2,788,536,274
Others	1,436,807,043	1,524,607,618
	1,780,267,019	4,313,143,892

6. Inventories

	31/12/2013 VND	31/12/2012 VND
Goods in transit	38,893,460,214	12,125,930,086
Raw materials	195,480,221,556	156,495,796,045
Tools and supplies	4,015,626,828	4,719,600,253
Work in progress	33,439,149,445	26,964,520,821
Finished goods	121,053,273,328	106,430,186,934
	392,881,731,371	306,736,034,139
Allowance for inventories	(944,330,948)	(925,847,418)
	391,937,400,423	305,810,186,721

Movements in the allowance for inventories during the year were as follows:

	2013 VND	2012 VND
Opening balance	925,847,418	288,777,030
Increase in allowance during the year	18,483,530	925,847,418
Written back	-	(288,777,030)
Closing balance	944,330,948	925,847,418

As at 31 December 2013 inventories with a carrying value of VND391,937 million (31/12/2012: VND305,810 million) were pledged with local banks as security for loans granted to the Company and its subsidiary (Note 13).

7. Taxes and other receivables from State Treasury

Taxes and other receivables from State Treasury mainly represent foreign contractor withholding tax overpaid by the Company and its subsidiary and provisionally paid land rental.

8. Tangible fixed assets

	Buildings and structures VND	Plant and equipment VND	Motor Vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	311,957,929,114	400,986,838,349	41,978,319,470	14,900,522,714	769,823,609,647
Transfer from construction in progress (Note 10)	225,755,703,593	17,560,791,680	19,166,914,228	1,425,667,555	263,909,077,056
Adjusting value of assets as per final cost settlement	(3,296,697,827)	(11,036,327)	-	-	(3,307,734,154)
Additions	-	7,904,176,228	-	207,469,567	8,111,645,795
Disposal	-	(1,382,229,763)	(285,855,123)	(4,126,005,356)	(5,794,090,242)
Written off	(149,650,288)	(692,772,265)	(24,785,000)	(1,752,937,824)	(2,620,145,377)
Reclassification (*)	(23,835,841)	(1,996,672,808)	(65,385,523)	(1,443,407,114)	(3,529,301,286)
Closing balance	534,243,448,751	422,369,095,094	60,769,208,052	9,211,309,542	1,026,593,061,439
Accumulated depreciation					
Opening balance	39,750,437,961	246,611,446,728	11,585,573,958	7,589,909,979	305,537,368,626
Charge for the year	28,731,949,861	37,310,773,029	6,583,392,654	2,060,363,933	74,686,479,477
Disposal	-	(1,361,248,972)	(285,855,123)	(1,775,165,192)	(3,422,269,287)
Written off	(149,650,288)	(692,772,265)	(24,785,000)	(1,752,937,824)	(2,620,145,377)
Reclassification (*)	(5,561,496)	(741,648,477)	-	(835,592,359)	(1,582,802,332)
Others	75,933,399	(143,674,481)	66,300,525	1,440,557	-
Closing balance	68,403,109,437	280,982,875,562	17,924,627,014	5,288,019,094	372,598,631,107
Net book value					
Opening balance	272,207,491,153	154,375,391,621	30,392,745,512	7,310,612,735	464,286,241,021
Closing balance	465,840,339,314	141,386,219,532	42,844,581,038	3,923,290,448	653,994,430,332

(*) The reclassification represents net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets as regulated in Article 3 of Circular 45, i.e. costing VND30 million or more. These assets are reclassified to Long-term Prepayments (Note 12).

Included in the cost of tangible fixed assets were assets costing VND192,659 million which were fully depreciated as of 31 December 2013 (31/12/2012: VND175,820 million), but which are still in active use.

As at 31 December 2013, tangible fixed assets with cost of VND844,379 million (31/12/2012: VND769,824 million) were pledged with local banks as security for loans granted to the Company and its subsidiary (Note 13).

The Company is in the process of relocating its production plants to new premises in Hung Dao Ward, Duong Kinh District, Haiphong City, Vietnam. During the year, the Company has completed and put into use certain tangible fixed assets at the new premise and it still continues with its investments in other items of tangible fixed assets which are currently recorded in construction in progress (Note 10).

For the current premises at No. 2 An Da Road, Lach Tray Ward, Haiphong City, Vietnam, the Company obtained Official Letters No. 375/UBND-XD dated 18 January 2008 and No. 2460/UBND-CN dated 12 May 2010 from the Haiphong People's Committee allowing the Company to undertake the development of a building complex comprising of residential apartments and offices for lease. The Haiphong People's Committee has requested other related Government agencies to report a detailed plan of the building complex project. Accordingly, the Company might have to return the current leased land at the current premises to the Haiphong People's Committee or to change its usage after a detailed plan is completed and approved by related local authorities. The buildings and structures on the current premises might have to be terminated or changed its usage after detailed plan for the building complex project is completed and the Company completed the process of moving to the new premises. Since no final plan has been approved, the Company and its subsidiary continue to depreciate related buildings and structures on the current premises as usual. The Company's management believes that the effect of the changes in the remaining useful lives of the related assets, if any, is immaterial to the consolidated financial statements of the Company and its subsidiary.

9. Intangible fixed assets

	Software VND	Land use rights VND	Total VND
Cost			
Opening balance	-	-	-
Additions	77,400,000	-	77,400,000
Transfer from construction in progress (Note 10)	-	40,453,833,018	40,453,833,018
Closing balance	77,400,000	40,453,833,018	40,531,233,018
Accumulated amortisation			
Opening balance	-	-	-
Charge for the period	6,450,000	735,696,351	742,146,351
Closing balance	6,450,000	735,696,351	742,146,351
Net book value			
Opening balance	-	-	-
Closing balance	70,950,000	39,718,136,667	39,789,086,667

At 31 December 2013, intangible fixed assets with a carrying value of VND34,179 million (31/12/2012: Nil) were pledged with banks as security for loans granted to the Company and its subsidiary (Note 13).

10. Construction in progress

	2013 VND	2012 VND
Opening balance	197,213,253,800	157,098,769,090
Additions	219,042,476,231	261,279,567,459
Transfer to tangible fixed assets (Note 8)	(263,873,077,056)	(221,165,082,749)
Transfer to intangible fixed assets (Note 9)	(40,453,833,018)	-
Closing balance	111,928,819,957	197,213,253,800

Constructions in progress were as follows:

	31/12/2013 VND	31/12/2012 VND
Production plant at the new premises	102,819,366,580	120,235,427,529
Plant for Tien Phong Central Plastic Company	49,994,000	75,002,877,725
Others	9,059,459,377	1,974,948,546
	111,928,819,957	197,213,253,800

As at 31 December 2013, construction in progress with a carrying value of VND111,929 million (31/12/2012: VND122,210 million) were pledged with local banks as security for loans granted to the Company and its subsidiary (Note 13).

11. Long-term investments

	31/12/2013			31/12/2012		
	% of equity owned	% of voting rights	VND	% of equity owned	% of voting rights	VND
Long-term investments in:						
i. Associates						
Tien Phong South Plastic Joint Stock Company (a)	37.78%	37.78%	64,230,833,316	37.78%	37.78%	53,210,450,259
Tien Phong Packaging Joint Stock Company (b)	49.98%	49.98%	10,267,206,755	49.98%	49.98%	8,822,371,550
ii. Joint-venture						
Tien Phong - SMP Plastic Joint Venture Company Limited (c)	51%	51%	23,222,311,511	83.36%	83.36%	38,823,713,735
iii. Other long-term investments						
Golden Bridge Vietnam Securities Joint Stock Company			1,500,000,000			1,500,000,000
Precision Tools and CNC Machinery Joint Stock Company – PTM			100,000,000			100,000,000
			99,320,351,582			102,456,535,544

Detailed movements in the investments in associates and joint-ventures are as follows:

Year ended 31/12/2013	Tien Phong South Plastic Joint Stock Company VND	Tien Phong Packaging Joint Stock Company VND	Tien Phong - SMP Plastic Joint Venture Company Limited VND	Total VND
Opening balance	53,210,450,259	8,822,371,550	38,823,713,735	100,856,535,544
Decrease during the year	-	-	(16,752,563,565)	(16,752,563,565)
Share of profits in associates and joint-ventures during the year	11,020,383,057	1,444,835,205	1,151,161,341	13,616,379,603
Closing balance	64,230,833,316	10,267,206,755	23,222,311,511	97,720,351,582

Year ended 31/12/2012	Tien Phong South Plastic Joint Stock Company VND	Tien Phong Packaging Joint Stock Company VND	Tien Phong - SMP Plastic Joint Venture Company Limited VND	Total VND
Opening balance	53,771,396,736	7,793,971,681	14,800,866,504	76,366,234,921
Additions	-	-	24,214,934,565	24,214,934,565
Share of profits/(loss) in associates and joint-ventures during the year	7,089,053,523	1,528,174,870	(192,087,335)	8,425,141,058
Dividends received	(7,650,000,000)	(499,775,000)	-	(8,149,775,000)
Closing balance	53,210,450,259	8,822,371,551	38,823,713,734	100,856,535,544

(a) Tien Phong South Plastic Joint Stock Company was incorporated in accordance with the Business Registration Certificate No. 4603000404 issued by the Department of Planning and Investment of Binh Duong Province on 24 September 2007. This associate's head office is located at Dong An II Industrial Zone, Hoa Loi Commune, Ben Cat District, Binh Duong Province. The main activities of the associate are manufacturing and trading plastic products for civil and industrial usage.

(b) Tien Phong Packaging Joint Stock Company was incorporated in accordance with the Business Registration Certificate No. 0203000880 issued by the Department of Planning and Investment of Haiphong City on 1 July 2004. The associate is located at No. 2 An Da Road, Lach Tray Ward, Ngo Quyen District, Haiphong City. The main activities of the associate are manufacturing PP plastic packages, cement packages, paper types, membrane complexes and other plastic products.

(c) Tien Phong – SMP Plastic Joint Venture Company Limited ("the Joint venture") was incorporated under the Foreign Investment Registration Certificate No. 222/BKH-DTRNN issued by the Ministry of Planning and Investment on 5 March 2009 and the Investment Certificated No. 032/IB.VC issued by the Vientiane Department of Domestics and Foreign Investment on 17 April 2008 by the two parties which are SMP Trade Import and Export Company Limited ("SMP Company") and the Company. Originally, the Company holds 51% and SMP Company holds 49% in the Joint venture capital. The Joint venture's main activities are manufacturing and selling plastic pipes products, spare part and other plastic products.

According to the Board of Directors' meeting minutes of the Joint venture on 7 February 2012, the Board of Directors approved a plan to convert the balance due by the Joint venture to the Company, amounting to USD357,000 (equivalent to VND7,462,371,000), into the Company's addition capital contribution to the Joint venture. Accordingly, in order to maintain original ownership interest ratio between the two parties, SMP Company would provide addition capital contribution in cash. On 12 March 2012, the Joint venture received the Amended Business Registration Certificates No. 0420 issued by the Ministry of Planning and Investment of the Laos People's Democratic Republic for the increase of the capital of the Joint venture.

On 10 August 2012, the Board of Directors of the Joint venture approved a plan to swap the amount due by SMP Company to the Company by ownership interest held by SMP Company in the Joint venture. Accordingly, the Company's contributed capital in the Joint venture increased by USD743,392.81, resulting in an increase of the Company's ownership interest in the Joint venture from 51% to 83.36% and a decrease of SMP Company's ownership interest from 49% to 16.84%.

Also on 10 August 2012, the Company and SMP Company signed a Memorandum providing SMP Company the priority right to re-purchase the ownership interest previously held by SMP Company in the Joint venture at cost within 12 months starting from 10 August 2012.

On 28 December 2012, SMP Company sent to the Company an official letter requesting for re-purchase of the ownership interest holding by the Company which was previously held by SMP Company. In 2013 SMP Company fully paid the amount of USD743,392.81. The Joint venture has conducted official procedures for transfer of this ownership interest. Therefore, the ownership percentage of the Company in the Joint venture fell back to 51%.

According to the latest plan, the Company plans to reduce its ownership interest in the Joint venture to below 50% in the near future.

12. Long-term prepayments

	31/12/2013 VND	31/12/2012 VND
Tools and instruments (*)	16,440,595,062	12,753,560,201
Major fixed assets overhaul	1,366,960,631	4,232,169,570
Others	5,497,398,183	835,224,728
	23,304,953,876	17,820,954,499

(*) Reclassification from fixed assets represents the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible fixed assets during the period (Note 8). The remaining net book values of fixed assets are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

13. Short-term borrowings and liabilities

	31/12/2013 VND	31/12/2012 VND
Short-term borrowings	366,450,255,227	356,999,127,633

Details of the outstanding short-term borrowings are as follows:

	Currency	Annual interest rate	31/12/2013 VND	31/12/2012 VND
Bank loan 1	VND	6.2% - 6.5%	213,818,942,805	145,012,027,028
Bank loan 2	USD	4%	2,541, 652,529	46,239,898,050
Bank loan 3	VND	5.7%	10,178,013,700	70,402,862,102
Bank loan 4	USD	4%	-	695,221,000
Bank loan 5	VND	5.8% - 6.5%	-	14,444,649,700
Bank loan 6	VND	4%	-	16,028,382,600
Bank loan 7	VND	6.2%	7,383,137,000	22,236,303,057
Bank loan 8	VND	6.4%	66,583,382,874	41,939,784,096
Bank loan 9	USD	6.2%	49,616,399,619	-
Bank loan 10	USD	6.3%	16,328,726,700	-
			366,450,255,227	356,999,127,633

The bank loans are secured by all assets of the Company with a carrying value of VND1,790,535 million as at 31 December 2013 (31/12/2012: VND1,651,487 million) including inventories (Note 6), tangible fixed assets (Note 8), intangible fixed assets (Note 9), construction in progress (Note 10) and all other assets.

14. Accounts payable – trade

Accounts payable – trade include the following amounts due to related parties:

	31/12/2013 VND	31/12/2012 VND
Amounts due to the associates	11,755,388,283	7,715,362,860

The trade related amounts due to the associates were unsecured, interest free and are payable on demand.

15. Taxes payable to State Treasury

	31/12/2013 VND	31/12/2012 VND
Value added tax	6,939,291,973	19,153,928,491
Import-export tax	357,552,402	354,321,961
Corporate income tax	25,643,692,927	26,646,707,201
Personal income tax	3,143,683,968	6,435,289,669
	36,084,221,270	52,590,247,322

16. Accrued expenses

	31/12/2013 VND	31/12/2012 VND
Accrued expenses for distributors	48,760,032,289	45,749,428,128
Payables to contractors	1,140,910,000	1,552,261,000
Transportation expenses	2,889,284,801	2,574,860,251
Accrued interest	755,892,398	1,021,010,664
Others	1,368,506,681	960,449,215
	54,914,626,169	51,858,009,258

17. Other short-term payables

	31/12/2013 VND	31/12/2012 VND
Short-term deposits and collateral received	7,594,429,000	7,085,429,000
Trade union fees	1,432,529,990	2,165,472,739
Others	2,872,191,269	1,440,158,744
	11,899,150,259	10,691,060,483

18. Changes in owners' equity

	Share capital VND	Investment and development fund VND	Financial reserve VND	Retained profits VND	Other capital VND	Total VND
Balance at 1 January 2012	433,379,960,000	175,139,331,251	40,208,144,516	280,761,794,137	-	929,489,229,904
Net profit for the year	-	-	-	291,284,575,956	-	291,284,575,956
Appropriation to equity funds (Note 21)	-	171,994,745,357	3,129,851,484	(175,124,596,841)	-	-
Appropriation to bonus and welfare funds	-	-	-	(18,292,107,250)	-	(18,292,107,250)
Dividends (Note 20)	-	-	-	(86,675,992,000)	-	(86,675,992,000)
Compensation to Board of Management, Board of Directors and Supervisory Board	-	-	-	(2,590,300,000)	-	(2,590,300,000)
Other changes	-	-	-	-	1,263,974,235	1,263,974,235
Balance at 31 December 2012	433,379,960,000	347,134,076,608	43,337,996,000	288,768,021,355	1,263,974,235	1,113,884,028,198
Balance at 1 January 2013	433,379,960,000	347,134,076,608	43,337,996,000	288,768,021,355	1,263,974,235	1,113,884,028,198
Net profit for the year	-	-	-	289,578,527,341	-	289,578,527,341
Appropriation to investment and development fund (Note 21)	-	136,611,732,735	-	(136,611,732,735)	-	-
Appropriation to bonus and welfare funds	-	-	-	(20,369,677,905)	-	(20,369,677,905)
Dividends (Note 20)	-	-	-	(151,682,986,000)	-	(151,682,986,000)
Compensation to Board of Management, Board of Directors and Supervisory Board	-	-	-	(4,000,000,000)	-	(4,000,000,000)
Other changes	-	-	-	(97,227,705)	(1,263,974,235)	(1,361,201,940)
Balance at 31 December 2013	433,379,960,000	483,745,809,343	43,337,996,000	265,584,924,351	-	1,226,048,689,694

19. Share capital

	31/12/2013		31/12/2012	
	Number of shares	VND	Number of shares	VND
Authorised share capital	43,337,996	433,379,960,000	43,337,996	433,379,960,000
Issued share capital				
Ordinary shares	43,337,996	433,379,960,000	43,337,996	433,379,960,000
Shares in circulation				
Ordinary shares	43,337,996	433,379,960,000	43,337,996	433,379,960,000

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 receiving dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's and its subsidiary's residual assets.

20. Dividends

The shareholders of the Company on 13 April 2013 and 15 November 2013 resolved to distribute dividends amounting to VND86,675,992,000 (equals to VND2,000 per share) and VND64,592,927,250 (equals to VND1,500 per share), respectively. In prior year, the shareholders of the Company on 26 April 2012 resolved to distribute dividends amounting to VND86,675,592,000 on 26 April 2012 (VND2,000 per share of dividends).

21. Equity funds

During the year, the shareholders of the Company resolved to appropriate from retained profits of the Company VND136,611 million to Investment and Development Fund (year ended 31 December 2012: VND175,125 million to Investment and Development Fund and Financial Reserve) (Note 18).

22. Total revenue

Total revenue represents the gross value of goods sold exclusive of value added tax.

Net sales comprised:

	2013 VND	2012 VND
Total revenue		
▪ Sales	2,489,090,155,885	2,363,895,016,496
In which: sales of finished goods	*2,399,515,218,304*	*2,326,697,524,911*
Sales deductions		
▪ Sales allowances	(8,357,408,316)	(3,599,773,266)
Net sales	2,480,732,747,569	2,360,295,243,230

23. Cost of sales

Cost of sales mainly comprise of cost of finished goods and materials sold.

24. Financial income

	2013 VND	2012 VND
Interest income from deposits	4,115,477,265	1,476,296,693
Realised foreign exchange gains	239,050,308	1,050,367,531
	4,354,527,573	2,526,664,224

25. Financial expenses

	2013 VND	2012 VND
Interest expense	20,893,764,749	39,842,528,866
Realised foreign exchange losses	3,132,015,920	1,260,359,083
Unrealised foreign exchange losses	45,307,771	120,350,114
Others	-	9,094,745
	24,071,088,440	41,232,332,808

26. Income tax

(a) Recognized in the statement of income

	2013 VND	2012 VND
Current tax expense	95,067,151,456	91,185,844,164
Deferred tax	-	2,520,224,932
Income tax expense	95,067,151,456	93,706,069,096

(b) Reconciliation of effective tax rate

	2013 VND	2012 VND
Profit before tax	384,645,652,797	384,990,645,052
Tax at the Company's tax rate	96,161,413,199	96,247,661,263
Non-deductible expenses	1,632,594,583	2,063,856,790
Tax exempt income	(3,404,094,901)	(4,846,929,811)
Deferred tax not recognised	677,238,575	(2,278,744,078)
Deferred tax recognised	-	2,520,224,932
Income tax expense	95,067,151,456	93,706,069,096

(c) Applicable tax rates

The income tax rate applicable to the Company is 25% of taxable profits. 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.

27. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2013 was based on the profit attributable to ordinary shareholders of VND384,645,652,797 (2012: VND384,990,645,052) and a weighted average number of ordinary shares outstanding of 43,337,996 shares (2012: 43,337,996 shares).

28. Financial instruments

(a) Financial instruments

(i) Overview

The Company and its subsidiary have exposure to the following risks from their use of financial instruments:

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

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

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

(ii) Risk management framework

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

The Company's and its subsidiary's risk management policies are established to identify and analyse the risks faced by the Company and its subsidiary, 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 Company's and its subsidiary's activities. The Company and its subsidiary, through their 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 Company and its subsidiary if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's and its subsidiary's receivables from customers.

Exposure to credit risk

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

	Note	31/12/2013 VND	31/12/2012 VND
Cash and cash equivalents	(i)	28,735,721,665	97,832,944,481
Trade and other receivables	(ii)	456,563,550,499	454,741,161,271
		485,299,272,164	552,574,105,752

(i) Cash and cash equivalents

The cash and cash equivalents at bank of the Company and its subsidiary is mainly held with well-known financial institutions. The Board of Directors 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 Company and its subsidiary.

(ii) Trade and other receivables

The Company's and its subsidiary's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the management of the Company and its subsidiary have established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's and its subsidiary's standard payment and delivery terms and conditions are offered. Credit purchase limit is established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors. No collateral is collected from the customers.

Trade and other receivables that are neither past due nor impaired are mostly due from companies with good collection track records with the Company and its subsidiary. The Board of Directors believes that those receivables are of high credit quality.

The aging of trade and other receivables as at 31/12/2013 and 31/12/2012 is as follows:

	31/12/2013 VND	31/12/2012 VND
Not past due	439,270,950,348	453,880,910,371
Past due more than 180 days	860,250,900	860,250,900
	440,131,201,248	454,741,161,271

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

	2013 VND	2012 VND
Opening balance	16,432,349,251	13,757,456,353
Increase in allowance during the year	-	2,674,892,898
Closing balance	16,432,349,251	16,432,349,251

(c) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary will not be able to meet its financial obligations as they fall due. The Company's and its subsidiary'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 Company's and its subsidiary's reputation.

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

31/12/2013	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Trade and other payables	143,320,466,155	143,320,466,155	143,320,466,155
Short-term borrowings	366,450,255,227	371,907,098,445	371,907,098,445
	509,770,721,382	515,227,564,600	515,227,564,600

31/12/2012	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Trade and other payables	97,361,699,503	97,361,699,503	97,361,699,503
Short-term borrowings	356,999,127,633	360,403,925,936	360,403,925,936
	454,360,827,136	457,765,625,439	457,765,625,439

(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 Company's and its subsidiary's results of operations or the value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Company and its subsidiary are exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective accounting currencies of the Company and its subsidiary, primarily US dollars (USD).

The Company's and its subsidiary'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 Company and its subsidiary had the following net monetary asset/liability positions exposed to currency risk:

	31/12/2013 USD	31/12/2012 USD
Cash and cash equivalents	10,678	44,461
Accounts payable – trade	(2,078,776)	(512,260)
Short-term borrowings	(120,543)	(3,024,910)
	(2,188,641)	(3,492,709)

The followings are the significant exchange rates applied by the Company and its subsidiary:

	Exchange rate as at 31/12/2013	31/12/2012
USD/VND	21,085	20,855

Below is an analysis of the possible impact on the net profit of the Company and its subsidiary, after taking into account the current level of exchange rates and the historical volatility as well as market expectations. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases:

	Effect to net profit VND
31/12/2013	
USD (3% strengthening)	(1,038,318,648)
31/12/2012	
USD (5% strengthening)	(2,731,516,732)

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Company and its subsidiary.

(ii) Interest rate risk

At the reporting date, the interest rate profile of the Company's and its subsidiary's interest-bearing financial instruments was:

	Carrying amount 31/12/2013 VND	31/12/2012 VND
Fixed rate instruments		
Financial assets	28,735,721,665	97,832,944,481
Financial liabilities	(366,450,255,227)	(356,999,127,633)
	(337,714,533,562)	(259,166,183,152)

(e) Fair values

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31/12/2013		31/12/2012	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Categorised as loans and receivables:				
- Cash and cash equivalents	29,343,739,671	29,343,739,671	98,035,825,035	98,035,825,035
- Trade and other receivables	456,563,550,499	456,563,550,499	471,173,510,522	471,173,510,522
Categorised as liabilities at amortised cost:				
- Trade and other payables	(145,630,905,022)	(145,630,905,022)	(108,052,759,986)	(108,052,759,986)
- Short-term borrowings	(366,450,255,227)	(366,450,255,227)	(356,999,127,633)	(356,999,127,633)
	(26,173,870,079)	(26,173,870,079)	98,416,159,170	98,416,159,170

(ii) Basis for determining fair values

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value of the instruments is determined for disclosure purposes only.

Financial liabilities at amortised cost

Fair value, which is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

29. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Company and its subsidiary had the following significant transactions with related parties during the year:

	Transaction value	
	2013 VND	2012 VND
Associates		
Tien Phong South Plastic Joint Stock Company		
Sale of goods	52,175,504,543	37,941,165,844
Purchase of goods and services	151,526,286,803	102,895,059,807
Dividends received	2,998,800,000	7,650,000,000
Tien Phong Packaging Joint Stock Company		
Purchase of goods and services	4,248,582,240	3,317,235,800
Dividends received	-	899,595,000
Warehouse rentals	-	148,036,361
Joint venture		
Tien Phong - SMP Plastic Joint Venture Company Limited		
Sale of goods	10,184,010,262	10,053,208,708
Other related parties		
Minh Hai Import and Export Co., Ltd.		
Sale of goods	465,001,546,304	234,980,063,176
Members of Board of Management and Board of Directors		
Compensation	11,136,268,399	11,538,282,056

30. Commitments

As at 31 December 2013 the Company and its subsidiary had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2013 VND	31/12/2012 VND
Approved and contracted	53,165,387,796	-
Approved but not contracted	-	91,456,212,994
	53,165,387,796	91,456,212,994

Form B 09 – DN/HN

31. Production and business costs by element

	2013 VND	2012 VND
Raw material costs included in production costs	1,430,051,428,022	1,337,513,551,265
Labour costs and staff costs	167,211,615,860	163,139,707,310
Depreciation and amortisation	75,428,625,828	64,636,424,421
Expenses for distributors	253,082,585,534	169,719,462,159
Outside services	138,054,932,570	128,231,475,832
Other expenses	50,219,676,497	43,245,718,132

Luu Thi Mai
General Accountant

Tran Ngoc Bao
Chief Accountant

Nguyen Quoc Truong
General Director

25 March 2014