

**Investment and Trading of Real Estate  
Joint Stock Company**

Interim separate financial statements

30 June 2014

# Investment and Trading of Real Estate Joint Stock Company

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# Investment and Trading of Real Estate Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Investment and Trading of Real Estate Joint Stock Company ("the Company") is a shareholding company established in Vietnam in accordance with the Business Registration Certificate No. 4103000250 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 December 2000, as amended. The Company has emerged from the equitization of Investment and Trading of Real Estate Company, which was a wholly owned subsidiary of Saigon Real Estate Corporation.

The Company was listed on the Ho Chi Minh Stock Exchange with trading code as ITC in accordance with Decision No. 115/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

The current principal activities of the Company are to invest and trade real estate properties and provide related services; to execute civil construction works and industrial projects and interior decoration; to construct infrastructure of urban areas and industrial parks, site levelling, bridges and roads and water drainage system; to invest in construction of public projects, tourist and entertainment areas; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company's head office is located at 18 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

### SIGNIFICANT EVENT

In 2014, the Company entered into an agreement with a local investor to transfer land which is located at 146 Nguyen Van Troi Street and 223 Hoang Van Thu Street, Phu Nhuan District, Ho Chi Minh City and the associated assets ("the Project") at the contract price of VND 260,000,000,000 inclusive of Value Added Tax. As at the date of this report, the risks and rewards of this project's ownership have been transferred to the new investor.

### BOARD OF DIRECTORS

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

Mr. Nguyen Thuc Quang	Chairman
Mr. Truong Minh Thuan	Member
Mr. Le Tuan	Member
Ms. Duong Thanh Thuy	Member
Ms. Le Thi Khanh Xuong	Member

### BOARD OF SUPERVISION

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

Ms. Phan Thi Hong Lien	Head of the Board of Supervision
Mr. Le Quang Son	Member
Ms. Ho Thi Luu	Member

# Investment and Trading of Real Estate Joint Stock Company

## GENERAL INFORMATION (continued)

### MANAGEMENT

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

Mr. Truong Minh Thuan	General Director
Mr. Nguyen Ba Dai	Deputy General Director
Mr. Doan Huu Chi	Deputy General Director cum Chief Accountant

### LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Truong Minh Thuan.

### AUDITORS

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

# Investment and Trading of Real Estate Joint Stock Company

## REPORT OF MANAGEMENT

Management of Investment and Trading of Real Estate Joint Stock Company ("the Company") is pleased to present its report and the interim separate financial statements of the Company for the six-month period ended 30 June 2014.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

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

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

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

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

### STATEMENT BY MANAGEMENT

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

The Company is the parent company of a subsidiary listed in Note 12.1 to the interim separate financial statements and it is in the process of preparing the interim consolidated financial statements of the Company and its subsidiary ("the Group") for the six-month period ended 30 June 2014 to meet the prevailing regulatory reporting requirements.

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

For and on behalf of management: 



Trương Minh Thuận  
General Director

26 August 2014

Reference: 60792124/16997733

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

**To: The Shareholders of Investment and Trading of Real Estate Joint Stock Company**

We have reviewed the interim separate financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") as set out on pages 5 to 39 which comprise the interim separate balance sheet as at 30 June 2014, and the interim separate income statement and interim separate cash flow statement for the six-month period then ended and the notes thereto.

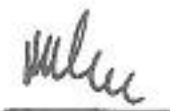
The preparation and presentation of these interim separate financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim separate financial statements based on our review.

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

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

Without modifying our conclusion, we draw attention to Note 2.1 of the interim separate financial statements. The Company is a parent company with a subsidiary and it is in the process of preparing the interim consolidated financial statements of the Company and its subsidiary ("the Group") for the six-month period ended 30 June 2014 to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

**Ernst & Young Vietnam Limited**



Mai Viet Hung Tran  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 0048-2013-004-1



To Phuong Vu  
Auditor  
Audit Practicing Registration Certificate  
No. 2267-2013-004-1

Ho Chi Minh City, Vietnam

26 August 2014

INTERIM SEPARATE BALANCE SHEET  
as at 30 June 2014

VND

Code	ASSETS	Notes	30 June 2014	31 December 2013
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,891,617,953,472</b>	<b>1,896,489,067,708</b>
<b>110</b>	<b>I. Cash</b>	<b>4</b>	<b>3,088,331,089</b>	<b>2,174,440,899</b>
111	1. Cash		3,088,331,089	2,174,440,899
<b>130</b>	<b>II. Current accounts receivable</b>		<b>161,309,539,457</b>	<b>214,981,095,874</b>
131	1. Trade receivables	5	40,688,963,377	50,558,358,177
132	2. Advances to suppliers	6	84,895,911,981	94,130,793,127
135	3. Other receivables	7	47,061,872,727	81,729,153,198
139	4. Provision for doubtful debts	5, 7	(11,337,208,628)	(11,437,208,628)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>1,722,095,399,826</b>	<b>1,674,373,047,835</b>
141	1. Inventories		2,045,898,042,888	1,998,175,690,897
149	2. Provision for inventories		(323,802,643,062)	(323,802,643,062)
<b>150</b>	<b>IV. Other current assets</b>		<b>5,124,683,100</b>	<b>4,960,483,100</b>
158	1. Other current assets		5,124,683,100	4,960,483,100
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>439,600,332,100</b>	<b>446,465,593,460</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>55,289,373,486</b>	<b>56,015,216,426</b>
221	1. Tangible fixed assets	9	17,716,295,236	18,442,138,176
222	Cost		35,936,166,201	35,936,166,201
223	Accumulated depreciation		(18,219,870,965)	(17,494,028,025)
227	2. Intangible fixed assets	10	37,573,078,250	37,573,078,250
228	Cost		37,610,778,250	37,610,778,250
229	Accumulated amortisation		(37,700,000)	(37,700,000)
<b>240</b>	<b>II. Investment properties</b>	<b>11</b>	<b>73,562,104,596</b>	<b>77,279,816,603</b>
241	1. Cost		89,061,214,369	91,381,942,544
242	2. Accumulated depreciation		(15,499,109,773)	(14,102,125,941)
<b>250</b>	<b>III. Long-term investments</b>	<b>12</b>	<b>309,600,867,033</b>	<b>311,945,790,639</b>
251	1. Investment in a subsidiary	12.1	34,000,000,000	34,000,000,000
252	2. Investments in associates	12.2	239,448,938,645	239,448,938,645
258	3. Other long-term investments	12.3	47,755,320,000	49,955,320,000
259	4. Provision for long-term investments	12.2, 12.3	(11,603,391,612)	(11,458,468,006)
<b>260</b>	<b>IV. Other long-term assets</b>		<b>1,147,986,985</b>	<b>1,224,769,792</b>
261	1. Long-term prepaid expenses		51,572,283	104,974,650
262	2. Deferred tax assets	26.2	1,034,414,702	1,057,795,142
268	3. Other long-term assets		62,000,000	62,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,331,218,285,572</b>	<b>2,342,954,661,168</b>


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

VND

Code	RESOURCES	Notes	30 June 2014	31 December 2013
300	<b>A. LIABILITIES</b>		<b>861,795,583,147</b>	<b>864,313,286,720</b>
310	<i>I. Current liabilities</i>		<b>706,593,543,520</b>	<b>693,324,904,867</b>
311	1. Short-term loans and borrowings	14	232,462,072,264	258,526,721,800
312	2. Trade payables	15	67,616,635,011	70,151,820,814
313	3. Advances from customers	16	302,760,672,174	255,814,472,625
314	4. Statutory obligations	17	43,109,186,171	50,141,668,424
316	5. Accrued expenses	18	7,118,111,490	16,040,004,701
319	6. Other payables	19	46,150,057,226	33,935,458,916
320	7. Short-term provision		1,533,181,819	1,533,181,819
338	8. Unearned revenue		6,118,261,883	7,319,910,286
323	9. Bonus and welfare fund		(274,634,518)	(138,334,518)
330	<i>II. Non-current liabilities</i>		<b>155,202,039,627</b>	<b>170,988,381,853</b>
333	1. Other long-term liabilities		4,895,737,294	4,971,079,520
334	2. Long-term loans	20	150,306,302,333	166,017,302,333
400	<b>B. OWNERS' EQUITY</b>		<b>1,469,422,702,425</b>	<b>1,478,641,374,448</b>
410	<i>I. Capital</i>	21.1	<b>1,469,422,702,425</b>	<b>1,478,641,374,448</b>
411	1. Share capital		690,866,880,000	690,866,880,000
412	2. Share premium		974,114,436,600	974,114,436,600
414	3. Treasury shares		(9,825,117,611)	(9,825,117,611)
417	4. Investment and development fund		30,640,486,547	30,640,486,547
418	5. Financial reserve fund		26,907,517,340	26,907,517,340
420	6. Accumulated losses		(243,281,500,451)	(234,062,828,428)
440	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,331,218,285,572</b>	<b>2,342,954,661,168</b>



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

26 August 2014



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

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
01	1. Revenue from sale of goods and rendering of services	22.1	51,556,210,241	148,747,701,862
02	2. Deductions		-	-
10	3. Net revenue from sale of goods and rendering of services	22.1	51,556,210,241	148,747,701,862
11	4. Cost of goods sold and services rendered	23	(53,365,503,173)	(125,464,740,983)
20	5. Gross (loss) profit from sale of goods and rendering of services		(1,809,292,932)	23,282,960,879
21	6. Finance income	22.2	8,302,729,690	2,258,888,468
22	7. Finance expenses	24	(15,355,698,537)	(20,969,331,160)
23	In which: Interest expense		(15,076,442,931)	(19,183,858,861)
24	8. Selling expenses		(87,095,248)	(132,578,265)
25	9. General and administration expenses		(7,006,263,762)	(13,844,003,745)
30	10. Operating loss		(15,955,620,789)	(9,404,063,823)
31	11. Other income	25	7,301,825,414	1,837,387,842
32	12. Other expenses	25	(541,496,208)	(3,244,648,468)
40	13. Other profit (loss)	25	6,760,329,206	(1,407,260,626)
50	14. Loss before tax		(9,195,291,583)	(10,811,324,449)
51	15. Current corporate income tax expense	26.1	-	-
52	16. Deferred income tax expense	26.2	(23,380,440)	(55,590,956)
60	17. Net loss after tax		(9,218,672,023)	(10,866,915,405)

  
Pham Van Khanh  
Preparer

  
Doan Huu Chi  
Chief Accountant



  
Trương Minh Thuận  
General Director

26 August 2014

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

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Loss before tax		(9,195,291,583)	(10,811,324,449)
	Adjustments for:			
02	Depreciation	9,11	2,492,429,942	2,385,579,585
03	Provisions		44,923,606	5,123,395,178
05	Profits from investing activities		(8,271,272,692)	(1,336,407,425)
06	Interest expense	24	15,076,442,931	19,183,858,861
08	Operating profit before changes in working capital		147,232,204	14,545,101,760
09	Decrease in receivables		53,441,756,417	73,022,307,759
10	Increase in inventories		(45,771,226,986)	(48,427,097,664)
11	Increase (decrease) in payables		65,637,527,352	(4,493,650,326)
12	Decrease in prepaid expenses		53,402,367	123,457,322
13	Interest paid		(34,615,649,860)	(19,751,898,472)
14	Corporate income tax paid	26.1	(6,704,074,460)	(10,615,224,780)
16	Other cash outflows from operating activities		(136,300,000)	(433,673,944)
20	Net cash from operating activities		32,052,667,034	3,969,321,665
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
22	Proceeds from disposals of fixed assets	25	-	954,545,454
26	Proceeds from sale of investments in other entities		9,693,546,000	13,835,000,000
27	Interest and dividends received		943,326,692	1,497,434,468
30	Net cash flows from investing activities		10,636,872,692	16,286,979,922
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		14,300,000,000	123,344,153,085
34	Repayment of borrowings		(56,075,649,536)	(148,149,281,095)
36	Dividends paid		-	(285,000)
40	Net cash flows used in financing activities		(41,775,649,536)	(24,805,413,010)

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

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
50	Net increase (decrease) in cash		913,890,190	(4,549,111,423)
60	Cash at beginning of period	4	2,174,440,899	11,694,354,209
70	Cash at end of period	4	3,088,331,089	7,145,242,786



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant




Trương Minh Thuận  
General Director

26 August 2014

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS  
as at and for the six-month period ended 30 June 2014

**1. CORPORATE INFORMATION**

Investment and Trading of Real Estate Joint Stock Company ("the Company") is a shareholding company established in Vietnam in accordance with the Business Registration Certificate No. 4103000250 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 December 2000, as amended. The Company has emerged from the equitization of Investment and Trading of Real Estate Company, which was a wholly owned subsidiary of Saigon Real Estate Corporation.

The Company was listed on the Ho Chi Minh Stock Exchange with trading code as ITC in accordance with Decision No. 115/QĐ-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

The current principal activities of the Company are to invest and trade real estate properties and provide related services; to execute civil construction works and industrial projects and interior decoration; to construct infrastructure of urban areas and industrial parks, site levelling, bridges and roads and water drainage system; to invest in construction of public projects, tourist and entertainment areas; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company's head office is located at 18 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

The number of the Company's employees as at 30 June 2014 was 118 (31 December 2013: 125).

**2. BASIS OF PREPARATION**

**2.1 Accounting standards and system**

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

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

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

The Company is the parent company of a subsidiary listed in Note 12.1 ("the Group") and it is in the process of preparing the interim consolidated financial statements of the Group for the six-month period ended 30 June 2014 to meet the prevailing regulatory reporting requirements.

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**2. BASIS OF PREPARATION (continued)**

**2.2 Applied accounting documentation system**

The Company's applied accounting documentation system is the Journal Voucher system.

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash**

Cash comprise cash on hand and cash in banks.

**3.2 Inventories**

*Inventory properties*

Inventory properties, comprising mainly real estate properties, acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value.

Cost includes:

- Land use rights
- Construction and development costs
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the balance sheet date and discounted for the time value of money, if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognized in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

*Other inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

- |                  |   |
|------------------|---|
| Raw materials    | - cost of purchase on a weighted average basis.   |
| Work-in-progress | - cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity. |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Inventories (continued)**

*Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, work-in-progress, and other inventories owned by the Company, based on appropriate evidence of impairment available at balance sheet date.

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

**3.3 Receivables**

Receivables are presented in the interim separate financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the interim separate income statement.

**3.4 Fixed assets**

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and amortisation.

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised and expenditures for maintenance and repairs are charged to the interim separate income statement as incurred. When fixed assets are sold or retired, their cost and accumulated depreciation or amortisation are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

*Land use rights*

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

**3.5 Depreciation and amortisation**

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

Buildings and structures	10 – 25 years
Machinery and equipment	2 – 10 years
Motor vehicles	5 – 10 years
Office equipment	3 – 5 years
Computer software	3 years

The useful life of the fixed assets and depreciation and amortisation rates are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 *Investment properties***

Investment properties are stated at cost including transaction costs less accumulated depreciation.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company.

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

Buildings	25 – 50 years
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Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the interim separate income statement.

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

**3.7 *Borrowing costs***

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the period in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

**3.8 *Prepaid expenses***

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

**3.9 *Investment in a subsidiary***

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.10 *Investments in associates*

Investments in associates over which the Company has significant influence are accounted for under the cost method of accounting.

Distributions from the accumulated net profits of the associates arising subsequent to the date of acquisition by the Company are recognized as income in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

#### 3.11 *Provision in investments in a subsidiary and associates*

Provision is made for any loss-making operations of the subsidiary and associates at the balance sheet date representing the excess of the acquisition cost over the collectible investment value at that date in accordance with the guidance under Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013 that is amending and supplementing Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Increases and decreases to the provision balance are recorded as finance expenses in the interim separate income statement.

#### 3.12 *Investments in securities and other investments*

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

#### 3.13 *Payables and accruals*

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

#### 3.14 *Accrual for severance pay*

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

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

#### 3.15 *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.16 *Treasury shares*

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

#### 3.17 *Appropriation of net profit*

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

##### *Financial reserve fund*

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

##### *Investment and development fund*

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

##### *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits.

#### 3.18 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

##### *Construction contract*

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

##### *Rental income*

Rental income receivable under operating leases is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management is reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognized in the interim separate income statement when they arise.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.18 Revenue recognition (continued)

##### *Sale of completed property*

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognized only when all the significant conditions are satisfied.

##### *Interest*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

##### *Dividends*

Income is recognised when the Company's entitlement as an investor to receive the dividend is established.

#### 3.19 Taxation

##### *Current income tax*

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

Current income tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the deferred current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to off-set current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Deferred income tax*

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.20 *Financial instruments*

##### *Financial instruments – initial recognition and presentation*

###### Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the interim separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

The Company's financial assets include cash, trade and other receivables and unquoted financial instruments.

###### Financial liabilities

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

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

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

##### *Financial instruments – subsequent re-measurement*

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the interim separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 4. CASH

	VND	
	30 June 2014	31 December 2013
Cash on hand	1,995,677,907	824,576,999
Cash in banks	<u>1,092,653,182</u>	<u>1,349,863,900</u>
<b>TOTAL</b>	<b><u>3,088,331,089</u></b>	<b><u>2,174,440,899</u></b>

## 5. TRADE RECEIVABLES

	VND	
	30 June 2014	31 December 2013
Receivables from provision of construction services	12,714,382,876	13,712,421,950
Receivables from sale of land lots and apartments (*)	12,674,835,205	21,490,127,209
Receivables from Hai Au Concrete Joint Stock Company	9,826,095,208	9,826,095,208
Others	<u>5,473,650,088</u>	<u>5,529,713,810</u>
<b>TOTAL</b>	<b><u>40,688,963,377</u></b>	<b><u>50,558,358,177</u></b>
Provision for doubtful debts	<u>(8,676,148,628)</u>	<u>(8,776,148,628)</u>
<b>NET</b>	<b><u>32,012,814,749</u></b>	<b><u>41,782,209,549</u></b>

(\*) Receivables from sale of land lots and apartments mainly represent the remaining 5% - 10% of the contract price pending for the completion of the legal procedure to hand over ownership rights to the customers. Details by projects are as follows:

	VND	
	30 June 2014	31 December 2013
An Khang building	4,854,385,681	5,810,857,333
Phong Phu Project	2,948,826,700	3,872,903,450
Thinh Vuong building	2,798,099,824	6,628,507,281
Lot 7 - 6B Project	1,665,841,000	3,177,212,920
Binh Hoa Project	407,682,000	1,309,698,225
An Cu building	-	690,948,000
<b>TOTAL</b>	<b><u>12,674,835,205</u></b>	<b><u>21,490,127,209</u></b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**6. ADVANCES TO SUPPLIERS**

Advances to suppliers represent non-interest bearing advances to sub-contractors related to the following real estate projects:

	VND	
	30 June 2014	31 December 2013
Lot 6 & 7 - 6B Project	26,889,125,181	32,240,233,431
Thien Phu, Dak Nong Project	20,200,000,248	20,000,000,000
Long Binh Ward – District 9 Project	19,899,197,600	19,899,197,600
Related party (Note 27)	749,053,406	570,253,406
Others	17,158,535,546	21,421,108,690
<b>TOTAL</b>	<b><u>84,895,911,981</u></b>	<b><u>94,130,793,127</u></b>

**7. OTHER RECEIVABLES**

	VND	
	30 June 2014	31 December 2013
Withdrawal of investments in real estate projects of the following entities:		
Saigon Cho Lon Investment & Real Estate Joint Stock Company	35,250,000,000	48,050,000,000
May Thang Long Joint Stock Company	17,850,000,000	18,850,000,000
Tan Tao Construction & Trading Co., Ltd.	12,000,000,000	12,000,000,000
Saigon Infrastructure Development Joint Stock Company	5,400,000,000	7,200,000,000
-	-	10,000,000,000
Receivable from related parties (Note 27)	1,677,594,655	1,955,059,831
Receivable from selling Tang Nhon Phu Project – phase 1	809,640,000	24,044,636,422
Others	9,324,638,072	7,679,456,945
<b>TOTAL</b>	<b><u>47,061,872,727</u></b>	<b><u>81,729,153,198</u></b>
Provision for doubtful debts	(2,661,060,000)	(2,661,060,000)
<b>NET</b>	<b><u>44,400,812,727</u></b>	<b><u>79,068,093,198</u></b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 8. INVENTORIES

	VND	
	30 June 2014	31 December 2013
Real estate properties and construction projects in progress (*)	2,045,898,042,888	1,998,175,690,897
Provision for diminution in value of inventories (**)	<u>(323,802,643,062)</u>	<u>(323,802,643,062)</u>
<b>NET</b>	<b><u>1,722,095,399,826</u></b>	<b><u>1,674,373,047,835</u></b>

(\*) Real estate properties and construction projects in process included costs incurred for the following on-going real estate and construction projects:

	VND	
	30 June 2014	31 December 2013
Long Thoi - Nha Be Project (i)	833,719,563,975	793,074,400,703
146 Nguyen Van Troi and 223 Hoang Van Thu, Phu Nhuan Project (ii)	557,017,938,081	551,953,828,474
106 Ly Chinh Thang Project (iii)	216,029,368,996	211,165,668,290
6A Project	125,932,763,654	125,865,922,342
Long Phuoc, District 9 Project	114,950,492,919	128,041,872,919
Lot 4, 6 & 8 - 8B Project	78,718,702,536	78,738,329,225
Tang Nhon Phu Project	33,726,755,232	30,735,986,018
Binh Trung Dong – District 2 Project	28,848,790,056	28,848,790,056
Others	<u>56,953,667,439</u>	<u>49,750,892,870</u>
<b>TOTAL</b>	<b><u>2,045,898,042,888</u></b>	<b><u>1,998,175,690,897</u></b>

(i) Land use right of 39,228 square meters on total land of 155,365 square meters at Long Phuoc, District 9 Project was pledged to obtain the loan from Gia Dinh Development Investment Corporation (Note 14).

(ii) Land use right at No. 146 Nguyen Van Troi Street and 223 Hoang Van Thu Street, Phu Nhuan District were pledged to obtain the loan from Saigon Thuong Tin Commercial Joint Stock Bank – District 4 branch (Note 20).

(iii) Land use right at No. 106 Ly Chinh Thang Street, District 3 was pledged to obtain the loan from Bank for Investment and Development of Vietnam JSC (Notes 14 and 20).

(\*\*) Included in the provision of inventories, there is a loss provision amounting to VND 310,145,210,809 made for 146 Nguyen Van Troi, Phu Nhuan Project representing the difference between the carrying value and net realisable value of this project. The net realisable value was determined based on the Company's Arrangement with a local investor to transfer the land and associated assets of the said project for a total consideration of VND 260,000,000,000 including Value Added Tax Payable.

# Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
<b>Cost:</b>					
As at 31 December 2013 and 30 June 2014	<u>30,007,311,638</u>	<u>378,456,812</u>	<u>4,254,115,509</u>	<u>1,296,282,242</u>	<u>35,936,166,201</u>
<b>Accumulated depreciation:</b>					
As at 31 December 2013	<u>13,443,075,564</u>	<u>340,931,926</u>	<u>2,502,034,842</u>	<u>1,207,965,693</u>	<u>17,494,028,025</u>
Depreciation for the period	<u>513,739,116</u>	<u>10,631,220</u>	<u>170,490,252</u>	<u>30,962,352</u>	<u>725,842,940</u>
As at 30 June 2014	<u>13,956,814,680</u>	<u>351,563,146</u>	<u>2,672,525,094</u>	<u>1,238,968,045</u>	<u>18,219,870,965</u>
<b>Net carrying amount:</b>					
As at 31 December 2013	<u>16,564,236,074</u>	<u>37,524,886</u>	<u>1,752,080,667</u>	<u>88,296,549</u>	<u>18,442,138,176</u>
As at 30 June 2014	<u>16,050,496,958</u>	<u>26,893,666</u>	<u>1,581,590,415</u>	<u>57,314,197</u>	<u>17,716,295,236</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 10. INTANGIBLE FIXED ASSET

			VND
	<i>Indefinite land use rights (*)</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
As at 31 December 2013 and 30 June 2014	<u>37,573,078,250</u>	<u>37,700,000</u>	<u>37,610,778,250</u>
<b>Accumulated amortisation:</b>			
As at 31 December 2013 and 30 June 2014	<u>-</u>	<u>37,700,000</u>	<u>37,700,000</u>
<b>Net carrying amount:</b>			
As at 31 December 2013	<u>37,573,078,250</u>	<u>-</u>	<u>37,573,078,250</u>
As at 30 June 2014	<u>37,573,078,250</u>	<u>-</u>	<u>37,573,078,250</u>

(\*) Land use rights at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1 and No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1 with carrying value of VND 26,471,477,820 and VND 11,101,600,430, respectively, were pledged to obtain the loans from commercial banks (Note 14).

## 11. INVESTMENT PROPERTIES

			VND
	<i>Buildings</i>	<i>Houses</i>	<i>Total</i>
<b>Cost:</b>			
As at 31 December 2013	89,723,082,708	1,658,859,836	91,381,942,544
Decrease	<u>(2,320,728,175)</u>	<u>-</u>	<u>(2,320,728,175)</u>
As at 30 June 2014	<u>87,402,354,533</u>	<u>1,658,859,836</u>	<u>89,061,214,369</u>
<b>Accumulated depreciation:</b>			
As at 31 December 2013	12,443,266,105	1,658,859,836	14,102,125,941
Depreciation for the period	1,766,587,002	-	1,766,587,002
Decrease	<u>(369,603,170)</u>	<u>-</u>	<u>(369,603,170)</u>
As at 30 June 2014	<u>13,840,249,937</u>	<u>1,658,859,836</u>	<u>15,499,109,773</u>
<b>Net carrying amount:</b>			
As at 31 December 2013	<u>77,279,816,603</u>	<u>-</u>	<u>77,279,816,603</u>
As at 30 June 2014	<u>73,562,104,596</u>	<u>-</u>	<u>73,562,104,596</u>

The fair value of the investment properties had not yet been formally assessed and determined as at 30 June 2014. However, given that these properties are currently leased out and income generating, it is management's assessment that these properties' market values are still higher than their carrying value as at balance sheet date.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 12. LONG-TERM INVESTMENTS

	VND	
	30 June 2014	31 December 2013
Investment in a subsidiary	34,000,000,000	34,000,000,000
Investments in associates	239,448,938,645	239,448,938,645
Other long-term investments	47,755,320,000	49,955,320,000
<i>Long-term securities</i>	47,755,320,000	49,955,320,000
Provision for long-term investments	<u>(11,603,391,612)</u>	<u>(11,458,468,006)</u>
<b>TOTAL</b>	<b><u>309,600,867,033</u></b>	<b><u>311,945,790,639</u></b>

### 12.1 Investment in a subsidiary

Investment in a subsidiary represents the Company's investment in Intresco Construction Joint Stock Company ("IC") which is a shareholding company established in accordance with Business Registration Certificate No. 0310526100 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 February 2011. IC's registered office is located at 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. IC's principal activities are to construct civil and industrial projects; and to invest and construct infrastructure of residential areas and construction-related services. As at 30 June 2014, the Company hold 85% equity share in IC.

### 12.2 Investments in associates

Name	30 June 2014		31 December 2013	
	Amount (VND)	% of interest	Amount (VND)	% of interest
Pham Gia Construction Limited Company	150,968,925,000	46.19	150,968,925,000	46.19
Saigon Binh Duong Joint stock Company	67,480,013,645	22.49	67,480,013,645	22.49
Long Binh Construction – Trading – Producing JS Company	<u>21,000,000,000</u>	36.36	<u>21,000,000,000</u>	36.36
	<b>239,448,938,645</b>		<b>239,448,938,645</b>	
Provision for long-term investments	<u>(2,678,391,612)</u>		<u>(2,533,468,006)</u>	
<b>NET</b>	<b><u>236,770,547,033</u></b>		<b><u>236,915,470,639</u></b>	

Pham Gia Construction Limited Company ("PG") is a limited liability company established in accordance with the Business Registration Certificate No. 0302535114 issued by the Department of Planning and Investment of Ho Chi Minh City on 29 January 2002. PG's registered office is located at E7/189A High Way 50, Da Phuoc Commune, Binh Chanh District, Ho Chi Minh City, Vietnam. PG's principal activities are to construct civil and industrial projects, to manufacture construction materials; and trade housing and related services.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 12. LONG-TERM INVESTMENTS (continued)

### 12.2 Investments in associates (continued)

Saigon Binh Duong Joint Stock Company ("SGBD") is a shareholding company established in accordance with the Business Registration Certificate No. 3701647922 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 November 2009. SGBD's registered office is located at 11 Ngo Van Tri Street, Ward 2, Thu Dau Mot Town, Binh Duong Province, Vietnam. SGBD's principal activities are to manufacture and sell construction materials; to trade real estate properties and related services.

Long Binh Construction – Trading – Producing Joint Stock Company ("LB") is a shareholding company established in accordance with the Business Registration Certificate No. 4103001780 issued by the Department of Planning and Investment of Ho Chi Minh City on 28 April 1999, as amended. LB's registered office is located at 918-920 Nguyen Trãi Street, Ward 14, District 5, Ho Chi Minh City, Vietnam. LB's principal activities are to manufacture and sell construction materials; to trade real estate properties and related services; and to provide warehousing and forwarding services.

### 12.3 Other long-term investments

	30 June 2014		31 December 2013	
	Number of shares	Amounts (VND)	Number of shares	Amounts (VND)
Gia Dinh Development Investment Corporation	2,125,000	34,000,000,000	2,125,000	34,000,000,000
Bac Trung Nam Housing Development Corporation	54,665	5,466,500,000	54,665	5,466,500,000
Saigon Construction & Development Corporation	50,000	5,000,000,000	50,000	5,000,000,000
Saigon Mangden Joint Stock Company	310,000	3,100,000,000	310,000	3,100,000,000
Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	18,882	188,820,000	18,882	188,820,000
Saigon Infrastructure Development Joint Stock Company	-	-	22,000	2,200,000,000
<b>TOTAL</b>		<b>47,755,320,000</b>		<b>49,955,320,000</b>
Provision for diminution in value of investments		(8,925,000,000)		(8,925,000,000)
<b>NET</b>		<b>38,830,320,000</b>		<b>41,030,320,000</b>

## 13. BORROWING COSTS

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
Interest expense (Note 24)	15,076,442,931	19,183,858,861
Capitalized as part of cost of real estate projects	10,541,813,719	13,799,731,290
<b>TOTAL</b>	<b>25,618,256,650</b>	<b>32,983,590,151</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 14. SHORT-TERM LOANS

	<i>VND</i>	
	<i>30 June 2014</i>	<i>31 December 2013</i>
Bank loans	77,025,143,138	78,525,142,674
Loans from other organizations	56,000,000,000	57,000,000,000
Loans from individuals	14,733,564,000	16,430,214,000
Current portion of long-term loans (Note 20)	<u>84,703,365,126</u>	<u>106,571,365,126</u>
<b>TOTAL</b>	<b><u>232,462,072,264</u></b>	<b><u>258,526,721,800</u></b>

Details of bank loans are as follows:

<i>Lenders</i>	<i>30 June 2014</i>	<i>Principal repayment term</i>	<i>Purpose</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>VND</i>			<i>% p.a.</i>	
<b>Bank for Investment and Development of Vietnam JSC</b>					
Loan Contract No. 71/2012/HD/93512 dated 10 August 2012	3,025,143,138	From 4 August 2014 to 26 January 2015	To finance working capital	11	Land use right at No. 106 Ly Chinh Thang Street, District 3, Ho Chi Minh City (Note 8)
<b>Lien Viet Post Joint Stock Commercial Bank</b>					
Loan Contract No. 092-12/HDHMTD-LienvietPostBank-HCM dated 7 June 2012	37,000,000,000	From 29 July 2014 to 12 February 2015	To finance working capital	10.5 to 12.5	Land use right at No. 16 Nguyen Dinh Chieu Street, DaKao Ward, District 1, Ho Chi Minh City (Note 10)
<b>Vietnam Bank for Agriculture and Rural Development</b>					
Loan Contract No. 6220-LAV-201100116/HDTD dated 17 February 2011	37,000,000,000	From 2 October 2014 to 21 November 2014	To finance working capital	11.5	Land use right at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 10)
<b>TOTAL</b>	<b><u>77,025,143,138</u></b>				

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

14. SHORT-TERM LOANS (continued)

Details of loans from other organizations are as follows:

Lenders	30 June 2014	Principal repayment term	Purpose	Interest rate	Description of collateral
	VND			% p.a.	
<b>Salgon Trading Group (SATRA)</b>					
Financial Investment Cooperation Contract No. 33/2008 dated 4 April 2008 and appendix 327/2013 dated 30 December 2013	6,000,000,000	1 July 2014	To finance working capital	12	Unsecured
<b>Gia Dinh Development Investment Corporation</b>					
Loan contract No. 376/DTKDN/HDVV dated 20 June 2011 and appendix 340/DTKDN/HDVV dated 21 June 2013	50,000,000,000	20 December 2014	To finance the compensation for Long Thoi project	10.5	Land use right at Long Phuoc, District 9 Project (Note 8)
<b>TOTAL</b>	<b><u>56,000,000,000</u></b>				

Loans from individuals represent unsecured short-term loans obtained from fourteen (14) individuals for the purpose of financing the land compensation of Long Thoi - Nha Be residential project for a period twelve (12) months and bear interest at the rate of 14% per annum.

15. TRADE PAYABLES

	VND	
	30 June 2014	31 December 2013
Related party (Note 27)	42,919,165,318	41,848,285,110
Third parties	<u>24,697,469,693</u>	<u>28,303,535,704</u>
<b>TOTAL</b>	<b><u>67,616,635,011</u></b>	<b><u>70,151,820,814</u></b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**16. ADVANCES FROM CUSTOMERS**

Advances from customers are the amounts received on the sale of apartment units and land lots of the following projects:

	VND	
	30 June 2014	31 December 2013
6A Project	103,384,029,000	103,384,029,000
Lot 4, 6, 7 & 8 - 6B Project	87,658,022,636	92,462,253,696
146 Nguyen Van Troi, Phu Nhuan Project	64,694,520,548	5,000,000,000
Binh Trung Dong Project – District 2	10,082,708,000	10,082,708,000
Nhon Duc Commune, Nha Be District residential project	-	11,000,000,000
Others	36,941,391,990	33,885,481,929
<b>TOTAL</b>	<b><u>302,760,672,174</u></b>	<b><u>255,814,472,625</u></b>

**17. STATUTORY OBLIGATIONS**

	VND	
	30 June 2014	31 December 2013
Value-added tax	25,712,214,482	25,604,099,230
Corporate income tax (Note 26.1)	14,854,608,754	21,558,683,214
Personal income tax	195,443,999	189,266,198
Other taxes	2,346,918,936	2,789,619,782
<b>TOTAL</b>	<b><u>43,109,186,171</u></b>	<b><u>50,141,668,424</u></b>

**18. ACCRUED EXPENSES**

	VND	
	30 June 2014	31 December 2013
Interest expense	6,882,611,490	15,880,004,701
Others	235,500,000	160,000,000
<b>TOTAL</b>	<b><u>7,118,111,490</u></b>	<b><u>16,040,004,701</u></b>

**19. OTHER PAYABLES**

	VND	
	30 June 2014	31 December 2013
Land compensation for Long Thoi – Nha Be project payable to residents	15,501,650,298	3,450,875,298
Maintenance fees collected on behalf of apartment's management committee	10,509,878,005	15,354,516,088
Deposits received	7,188,926,017	6,623,318,344
Dividends payable	3,164,892,924	3,164,892,924
Others	9,784,709,982	5,341,856,262
<b>TOTAL</b>	<b><u>46,150,057,226</u></b>	<b><u>33,935,458,916</u></b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 20. LONG-TERM LOANS

	VND	
	30 June 2014	31 December 2013
Loan from banks	<u>235,009,667,459</u>	<u>272,588,667,459</u>
<i>In which:</i>		
<i>Current portion (Note 14)</i>	84,703,365,126	106,571,365,126
<i>Non-current portion</i>	150,306,302,333	166,017,302,333

Details of long-term bank loans are as follows:

Lenders	30 June 2014	Principal repayment term	Purpose	Interest rate	Description of collateral
	VND			% p.a.	
<b>Saigon Thuong Tin Commercial Joint Stock Bank, District 4 Branch</b>					
Long-term loan agreement No. LDC731600005	140,315,000,000	12 November 2027	To finance purchase of houses and land at No. 146 Nguyen Van Troi street and No. 223 Hoang Van Thu street, Ho Chi Minh City and development and construction of building	Interest deposit for period of 13 months plus 0.45	Land use rights at No. 146 Nguyen Van Troi street and No. 223 Hoang Van Thu, Phu Nhuan District, Ho Chi Minh City (Note 8)
<b>Bank for Investment and Development of Vietnam JSC</b>					
Loan Contract No. 01/2011/HĐ/935 12 dated 18 July 2011	94,694,667,459	From 17 June 2015 to 23 May 2016	To finance Long Thoi – Nha Be project	11 to 12	Land use right at No. 106 Ly Chinh Thang street, District 3, Ho Chi Minh City (Note 8)
<b>TOTAL</b>	<u><b>235,009,667,459</b></u>				
<i>In which:</i>					
<i>Current portion</i>	84,703,365,126				

# Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 21. OWNERS' EQUITY

### 21.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings (Accumulated losses)	VND Total
<b>For the six-month period ended 30 June 2013</b>							
As at 31 December 2012	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	63,264,795,544	1,775,620,947,913
Net loss for the period	-	-	-	-	-	(10,868,915,405)	(10,868,915,405)
Profit appropriation	-	-	-	-	348,050,507	(348,050,507)	-
As at 30 June 2013	<u>690,866,880,000</u>	<u>974,114,436,600</u>	<u>(9,825,117,611)</u>	<u>30,640,486,547</u>	<u>26,907,517,340</u>	<u>52,049,829,632</u>	<u>1,764,754,032,508</u>
<b>For the six-month period ended 30 June 2014</b>							
As at 31 December 2013	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,907,517,340	(234,062,828,428)	1,478,641,374,448
Net loss for the period	-	-	-	-	-	(9,218,672,023)	(9,218,672,023)
As at 30 June 2014	<u>690,866,880,000</u>	<u>974,114,436,600</u>	<u>(9,825,117,611)</u>	<u>30,640,486,547</u>	<u>26,907,517,340</u>	<u>(243,281,500,451)</u>	<u>1,469,422,702,425</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 21. OWNERS' EQUITY (continued)

## 21.2 Capital transactions with owners and distribution of dividends and profits

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
Contributed share capital	<u>690,866,880,000</u>	<u>690,866,880,000</u>
Dividends declared	-	-
Dividends paid	-	1,589,100

## 21.3 Shares – ordinary shares

	30 June 2014	31 December 2013
	Shares	Shares
Shares authorised to be issued	69,086,688	69,086,688
Shares issued and fully paid	68,646,328	68,646,328
<i>Ordinary shares</i>	69,086,688	69,086,688
<i>Treasury shares</i>	(440,360)	(440,360)

## 22. REVENUE

## 22.1 Revenue from sale of goods and rendering of services

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
Net revenue	<u>51,556,210,241</u>	<u>148,747,701,862</u>
<i>Of which:</i>		
<i>Revenue from construction contracts</i>	31,832,047,333	28,557,589,284
<i>Sale of real estate properties</i>	11,195,922,527	111,968,974,214
<i>Revenue from other services</i>	8,528,240,381	8,221,138,364

## 22.2 Finance income

	VND	
	For the six-month period ended 30 June 2014	For the six-month period ended 30 June 2013
Gain from disposal of investments	5,632,000,000	-
Profits shared from an associates which has been dissolved	1,861,546,000	-
Dividends received	772,062,000	1,919,323,000
Interest income	5,664,692	9,311,468
Others	31,456,998	330,254,000
<b>TOTAL</b>	<u><b>8,302,729,690</b></u>	<u><b>2,258,888,468</b></u>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

## 23. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
Cost of construction	30,982,154,750	27,750,271,812
Cost of real estate properties	18,611,023,789	92,694,591,757
Cost of services rendered	3,772,324,634	5,019,877,414
<b>TOTAL</b>	<b><u>53,365,503,173</u></b>	<b><u>125,464,740,983</u></b>

## 24. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
Interest expense (Note 13)	15,076,442,931	19,183,858,861
Provision for diminution in value of investments	144,923,606	463,999,419
Loss from disposal of investment	-	1,300,000,000
Others	134,332,000	21,472,880
<b>TOTAL</b>	<b><u>15,355,698,537</u></b>	<b><u>20,969,331,160</u></b>

## 25. OTHER INCOME AND EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
<b>Other income</b>	<b>7,301,825,414</b>	<b>1,837,387,842</b>
Penalty for late payment and cancellation of sale contracts	6,854,498,527	486,756,169
Proceeds from disposal of fixed assets	-	954,545,454
Others	447,326,887	396,086,219
<b>Other expenses</b>	<b>(541,496,208)</b>	<b>(3,244,648,468)</b>
Loss due to change in project master plan	-	(2,089,114,681)
Net book value of disposed fixed assets	-	(435,592,497)
Others	(541,496,208)	(719,941,290)
<b>NET</b>	<b><u>6,760,329,206</u></b>	<b><u>(1,407,260,626)</u></b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**26. CORPORATE INCOME TAX**

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits.

The tax returns filed by Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the interim separate financial statements could change at a later date upon final determination by the tax authorities.

**26.1 Current CIT**

The current tax payable is based on taxable profit for the period. The taxable profit (tax loss) of the Company for the period differs from the profit (loss) as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at balance sheet date.

A reconciliation between the accounting (loss) profit before tax and estimated current (tax loss) taxable profit is presented below:

	<i>VND</i>	
	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
<b>Loss before tax</b>	<b>(9,195,291,583)</b>	<b>(10,811,324,449)</b>
<b>Adjustments:</b>		
Non-deductible expenses	11,533,094,585	14,377,168,658
Dividends received	(772,062,000)	(1,919,323,000)
Profits shared from an associate which has been dissolved	(1,861,546,000)	-
Provision for diminution in value of investments	144,923,606	463,999,419
Change in provision of severance allowance	(106,274,726)	(222,363,827)
Change in provision for doubtful debts	(100,000,000)	-
<b>Estimated current (tax loss) taxable profit</b>	<b>(357,156,118)</b>	<b>1,888,156,801</b>
Tax loss carried forward	-	(1,888,156,801)
<b>Estimated CIT expense</b>	<b>-</b>	<b>-</b>
CIT payable at beginning of period	21,558,683,214	40,407,003,933
CIT paid during the period	(6,704,074,460)	(10,615,224,760)
Provisional CIT made	-	(2,800,000)
<b>CIT payable at end of period</b>	<b>14,854,608,754</b>	<b>29,788,979,173</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

26. CORPORATE INCOME TAX (continued)

26.2 *Deferred CIT*

The following are the deferred tax assets recognized by the Company, and the movements thereon, during the current and previous period:

	<i>Interim separate balance sheet</i>		<i>Credit to interim separate income statement</i>	
	<i>30 June 2014</i>	<i>31 December 2013</i>	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
	VND			
Internal unrealised profit	410,296,029	410,296,029	-	-
Accrual for severance pay	624,118,673	647,499,113	(23,380,440)	(55,590,956)
<i>Deferred income tax assets</i>	<u>1,034,414,702</u>	<u>1,057,795,142</u>		
<i>Net deferred income tax</i>			<u>(23,380,440)</u>	<u>(55,590,956)</u>

26.3 *Tax losses carried forward*

The Company is eligible to carry tax losses forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. At 30 June 2014, the Company has accumulated tax losses of VND 35,892,027,575 (31 December 2013: VND 35,534,871,454) available for offset against future taxable profits. Details are as follows:

<i>Originating year</i>	<i>Can be utilized up to</i>	<i>Tax loss amount</i>	<i>Utilized up to 30 June 2014</i>	<i>Forfeited</i>	<i>Unutilized at 30 June 2014</i>
2011	2016	42,298,623,050	(9,363,011,821)		32,935,611,229
2013	2018	2,599,260,225			2,599,260,225
For the six-month period ended 30 June 2014	2019	357,156,121	-	-	357,156,121
<b>TOTAL</b>		<u>45,255,039,396</u>	<u>(9,363,011,821)</u>	<u>-</u>	<u>35,892,027,575</u>

Estimated tax loss as per the Company's enterprise income tax declaration for the six-month period ended 30 June 2014 has not been audited by the local tax authorities as of the date of these interim separate financial statements.

No deferred income tax assets were recognised in respect of the accumulated tax losses because future taxable profit cannot be ascertained at this stage.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

27. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
Intresco Construction Joint Stock Company	Subsidiary	Rendering of construction services	7,649,962,844
		Expenses paid on behalf	108,797,376
Gia Dinh Development Investment Corporation	Related party	Dividends received	743,750,000
		Interest expense	3,135,388,889

Amounts due to and due from related parties at the interim separate balance sheet date were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
<i>Advances to supplier</i>			
Intresco Construction Joint Stock Company	Subsidiary	Advance for rendering of construction service	<u>749,053,406</u>
<i>Other receivables</i>			
Intresco Construction Joint Stock Company	Subsidiary	Expenses paid on behalf	84,693,048
Sai Gon Binh Duong Joint stock Company	Associate	Interest income	1,592,901,607
			<u>1,677,594,655</u>
<i>Trade payable</i>			
Intresco Construction Joint Stock Company	Subsidiary	Rendering of construction service	<u>(42,919,165,318)</u>
<i>Loan</i>			
Gia Dinh Development Investment Corporation	Related party	Loan	<u>(50,000,000,000)</u>

Remuneration to members of the Board of Directors and Management:

	<i>For the six-month period ended 30 June 2014</i>	<i>For the six-month period ended 30 June 2013</i>
Salaries and bonus	515,838,600d	439,409,000d

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**28. CAPITAL COMMITMENT**

As at 30 June 2014, the Company had outstanding commitment of VND 79,498,058,756 (31 December 2013: VND 81,241,220,833) principally relating to the outstanding construction contracts for development of infrastructure of the ongoing residential projects.

**29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

The Company is exposed to market risk, real estate risk, credit risk and liquidity risk.

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

*Market risk*

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

The sensitivity analyses in the following sections relate to the position as at 30 June 2014 and 31 December 2013.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's long-term debt obligations with floating interest rates.

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

*Interest rate sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings.

With all other variables held constant, the Company's profit before tax and balance sheet are affected through the impact on floating rate borrowings as follows:

	<i>Increase/decrease in basis points</i>	<i>Effect on profit before tax</i>	VND <i>Effect on balance sheet items</i>
<b>For the six-month period ended 30 June 2014</b>			
	+200	(3,635,416,689)	3,989,067,492
	-200	3,635,416,689	(3,989,067,492)
<b>For the six-month period ended 30 June 2013</b>			
	+200	(2,361,113,786)	1,814,184,474
	-200	2,361,113,786	(1,814,184,474)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Real estate risk*

The Company has identified the following risks associated with the real estate portfolio: (i) the cost of the development schemes may increase if there are delays in the planning process. The Company uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process; (ii) the exposure of the fair values of the portfolio to market and occupier fundamentals.

*Credit risk*

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

*Credit risks related to receivables resulting from the sale of inventory*

Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.

*Bank deposits*

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in Note 4. The Company evaluates the concentration of credit risk in respect to bank deposit as low.

*Liquidity risk*

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

The Company monitors its liquidity risk by maintaining a level of cash and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk (continued)*

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual discounted payments:

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND Total</i>
<b>30 June 2014</b>			
Loans and borrowings	232,462,072,264	150,306,302,333	382,768,374,597
Trade payables	67,616,635,011	-	67,616,635,011
Other payables and accrued expenses	55,327,002,955	-	55,327,002,955
	<u>355,405,710,230</u>	<u>150,306,302,333</u>	<u>505,712,012,563</u>
<b>31 December 2013</b>			
Loans and borrowings	258,526,721,800	166,017,302,333	424,544,024,133
Trade payables	70,151,820,814	-	70,151,820,814
Other payables and accrued expenses	52,003,365,356	-	52,003,365,356
	<u>380,681,907,970</u>	<u>166,017,302,333</u>	<u>546,699,210,303</u>

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

*Collateral*

The Company has pledged its fixed assets and inventories in order to fulfil the collateral requirements for the loans obtained from commercial banks (*Notes 14 and 20*). The banks and the organisation have obligations to return these assets to the Company. There are no other significant terms and conditions associated with the use of collateral.

The Company did not hold collateral at 30 June 2014 and 31 December 2013.

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## NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued) as at and for the six-month period ended 30 June 2014

### 30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Carrying amount			Fair value	
	30 June 2014	31 December 2013		30 June 2014	31 December 2013
	Cost	Provision	Cost	Provision	VND
<b>Financial assets</b>					
Trade receivables	40,688,963,377	(8,676,148,628)	50,558,358,177	(8,776,148,628)	32,012,814,749
Receivable from related parties	1,677,594,655	-	1,955,059,831	-	1,677,594,655
Other receivables	44,498,796,385	(2,661,060,000)	84,570,865,567	(2,661,060,000)	41,837,736,385
Other non-current financial assets	47,755,320,000	(8,925,000,000)	49,955,320,000	(8,925,000,000)	38,830,320,000
Cash	3,088,331,089	-	2,174,440,899	-	3,088,331,089
<b>TOTAL</b>	<b>137,709,005,506</b>	<b>(20,262,208,628)</b>	<b>189,214,044,474</b>	<b>(20,362,208,628)</b>	<b>117,446,796,878</b>
<b>Financial liabilities</b>					
Loans and borrowings	382,768,374,597	424,544,024,133	382,768,374,597	424,544,024,133	424,544,024,133
Payable to a related party	42,919,165,318	41,848,285,110	42,919,165,316	41,848,285,110	41,848,285,110
Trade payables	24,697,469,693	28,303,535,704	24,697,469,693	28,303,535,704	28,303,535,704
Other current liabilities	55,327,002,955	52,003,365,356	55,327,002,955	52,003,365,356	52,003,365,356
<b>TOTAL</b>	<b>505,712,012,563</b>	<b>546,699,210,303</b>	<b>505,712,012,563</b>	<b>546,699,210,303</b>	<b>546,699,210,303</b>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the six-month period ended 30 June 2014

**30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the financial assets and liabilities had not yet been formally assessed and determined as at 30 June 2014 and 31 December 2013. However, it is Management's assessment that the fair values of these financial assets and liabilities are approximately the same as their carrying value as at balance sheet date.

**31. EVENTS AFTER THE BALANCE SHEET DATE**

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim separate financial statements.



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

26 August 2014