



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

Separate financial statements

31 December 2012

Ernst & Young

 **ERNST & YOUNG**

# 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 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 in accordance with Decision No. 115/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

The Company's principal activities are to invest and trade real estate properties and 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 registered office is located at 18 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

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

Ms. Pham Thi Hong Lien	Head of the Board of Supervision	appointed on 9 July 2012
Ms. Pham Thi Anh Trang	Head of the Board of Supervision	resigned on 26 April 2012
Mr. Le Quang Son	Member	appointed on 26 April 2012
Ms. Nguyen Thi Lang	Member	resigned on 5 March 2013

### MANAGEMENT

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

Mr. Truong Minh Thuan	General Director
Mr. Nguyen Ba Dai	Deputy General Director
Mr. Le Van Truong	Deputy General Director

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year 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 separate financial statements of the Company for the year ended 31 December 2012.

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

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate state of affairs of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing those 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 separate financial statements; and
- ▶ prepare the 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 separate financial position of the Company and to ensure that the accounting records comply with the registered 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 has confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2012 and of the separate results of its operations and its separate cash flows for the year ended 31 December 2012 in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

The Company is the parent company of a subsidiary listed in Note 12.1 of Notes to the separate financial statements and it is in the process of completing the consolidated financial statements of the Company and its subsidiary ("the Group") as at 31 December 2012 and for the year then ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year then ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

For and on behalf of the management:



  
Trương Minh Thuan  
General Director

25 March 2013



Reference: 60792124/15503258

## INDEPENDENT AUDITORS' REPORT

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

We have audited the separate financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") as set out on pages 4 to 41 which comprise the separate balance sheet as at 31 December 2012, and the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

The preparation and presentation of these separate financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these separate financial statements based on our audit.

### *Basis of opinion*

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the review to obtain reasonable assurance about whether the separate financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate financial statements. We believe that our audit provides a reasonable basis for our opinion.


### *Opinion*

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2012, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

Without qualifying our opinion, we draw attention to Note 2.1 of the separate financial statements, which states that the Company is a parent company with a subsidiary and it is in the process of completing the consolidated financial statements of the Company and its subsidiary ("the Group") as at 31 December 2012 and for the year then ended to meet the prevailing regulatory reporting requirements. Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year then ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.



Ernst & Young Vietnam Limited

  
Narciso T. Torres Jr.  
Deputy General Director  
Certificate No. N.0868/KTV

Ho Chi Minh City, Vietnam

25 March 2013



Bui Xuan Vinh  
Auditor  
Certificate No. 0842/KTV

SEPARATE BALANCE SHEET  
as at 31 December 2012

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>2,171,598,559,745</b>	<b>2,203,106,595,608</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>11,694,354,209</b>	<b>15,898,380,006</b>
111	1. Cash		11,694,354,209	7,898,380,006
112	2. Cash equivalents		-	8,000,000,000
<b>130</b>	<b>II. Current accounts receivable</b>		<b>326,301,421,446</b>	<b>463,616,736,623</b>
131	1. Trade receivables	5	101,376,835,748	203,671,204,622
132	2. Advances to suppliers	6	158,653,169,824	202,125,150,889
135	3. Other receivables	7	70,388,168,743	61,937,133,981
139	4. Provision for doubtful debts	5	(4,116,752,869)	(4,116,752,869)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>1,833,158,890,562</b>	<b>1,723,242,282,838</b>
141	1. Inventories		1,916,054,847,304	1,834,827,911,960
149	2. Provision for obsolete inventories		(82,895,956,742)	(111,585,629,122)
<b>150</b>	<b>IV. Other current asset</b>		<b>443,893,528</b>	<b>349,196,141</b>
158	1. Other current assets		443,893,528	349,196,141
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>510,171,464,809</b>	<b>568,484,603,110</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>47,039,674,454</b>	<b>50,014,475,004</b>
221	1. Tangible fixed assets	9	47,039,674,454	50,006,368,526
222	Cost		64,845,327,137	65,876,226,324
223	Accumulated depreciation		(17,805,652,683)	(15,869,857,798)
227	2. Intangible fixed assets	10	-	8,106,478
228	Cost		37,700,000	37,700,000
229	Accumulated amortisation		(37,700,000)	(29,593,522)
<b>240</b>	<b>II. Investment properties</b>	<b>11</b>	<b>98,772,897,729</b>	<b>103,194,563,425</b>
241	1. Cost		110,541,642,390	110,541,642,390
242	2. Accumulated depreciation		(11,768,744,661)	(7,347,078,965)
<b>250</b>	<b>III. Long-term investments</b>	<b>12</b>	<b>343,608,580,986</b>	<b>386,418,280,986</b>
251	1. Investments in a subsidiary	12.1	34,000,000,000	34,000,000,000
252	2. Investments in associates	12.2	268,448,938,645	277,248,938,645
258	3. Other long-term investments	12.3	51,901,500,000	102,046,200,000
259	4. Provision for long-term investments	12	(10,741,857,659)	(26,876,857,659)
<b>260</b>	<b>IV. Other long-term assets</b>		<b>20,750,311,640</b>	<b>28,857,283,695</b>
261	1. Long-term prepaid expenses		2,084,742,131	2,106,895,597
262	2. Deferred tax assets	26.2	18,603,569,509	26,688,388,098
268	3. Other long-term assets		62,000,000	62,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,681,770,024,554</b>	<b>2,771,591,198,718</b>



SEPARATE BALANCE SHEET (continued)  
as at 31 December 2012

VND

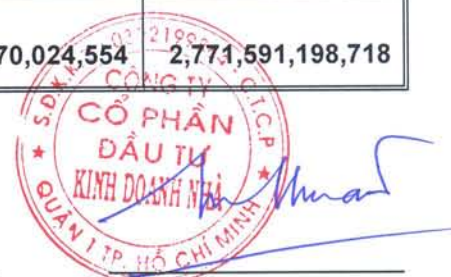
Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>906,149,076,641</b>	<b>971,187,109,210</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>647,121,680,676</b>	<b>792,579,199,494</b>
311	1. Short-term loans and borrowings	14	193,370,866,943	231,545,297,880
312	2. Trade payables	15	56,796,671,352	67,405,792,830
313	3. Advances from customers	16	274,996,391,797	320,904,875,240
314	4. Statutory obligations	17	65,864,151,685	85,183,242,584
315	5. Payables to employees		3,949,071	113,434,000
316	6. Accrued expenses	18	11,500,778,777	13,435,400,491
319	7. Other payables	19	34,651,731,864	63,373,917,816
320	8. Short-term provision		1,533,181,819	3,111,660,282
338	9. Unearned revenue		8,059,467,942	6,769,444,245
323	10. Bonus and welfare fund		344,489,426	736,134,126
<b>330</b>	<b>II. Non-current liabilities</b>		<b>259,027,395,965</b>	<b>178,607,909,716</b>
333	1. Other long-term liabilities		6,490,687,473	4,923,909,716
334	2. Long-term loans	20	252,536,708,492	173,684,000,000
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>1,775,620,947,913</b>	<b>1,800,404,089,508</b>
<b>410</b>	<b>I. Capital</b>	<b>21.1</b>	<b>1,775,620,947,913</b>	<b>1,800,404,089,508</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		26,559,466,833	26,559,466,833
420	6. Undistributed earnings		63,264,795,544	88,047,937,139
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,681,770,024,554</b>	<b>2,771,591,198,718</b>



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director


25 March 2013

SEPARATE INCOME STATEMENT  
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	22.1	123,972,104,789	142,734,087,161
10	2. Net revenue from sale of goods and rendering of services	22.1	123,972,104,789	142,734,087,161
11	3. Cost of goods sold and services rendered	23	(82,385,159,891)	(233,174,963,490)
20	4. Gross profit (loss) from sale of goods and rendering of services		41,586,944,898	(90,440,876,329)
21	5. Financial income	22.2	23,501,390,155	20,493,552,492
22 23	6. Financial expenses <i>In which: Interest expense</i>	24	(44,573,785,194) (43,510,635,023)	(68,842,941,134) (39,899,900,475)
24	7. Selling expenses		(714,176,375)	(465,727,338)
25	8. General and administration expenses		(19,388,678,590)	(25,934,177,185)
30	9. Operating profit (loss)		411,694,894	(165,190,169,494)
31	10. Other income	25	22,868,325,831	6,996,289,140
32	11. Other expenses	25	(5,655,179,731)	(4,138,164,301)
40	12. Other profit	25	17,213,146,100	2,858,124,839
50	13. Profit (loss) before tax		17,624,840,994	(162,332,044,655)
51	14. Current corporate income tax expense	26.1	-	-
52	15. Deferred income tax (expense) income	26.2	(8,084,818,589)	24,527,713,569
60	16. Net profit (loss) after tax		9,540,022,405	(137,804,331,086)


Pham Van Khanh  
Preparer

Doan Huu Chi  
Chief Accountant
  
Trương Minh Thuận  
General Director

25 March 2013



SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit (loss) before tax</b>		<b>17,624,840,994</b>	<b>(162,332,044,655)</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	9,10,11	7,450,916,064	7,679,706,093
03	Provisions		(28,689,672,380)	121,628,958,040
05	Profits from investing activities		(22,286,243,248)	(20,590,428,163)
06	Interest expense	24	43,510,635,023	39,899,900,475
08	<b>Operating profit (loss) before changes in working capital</b>		<b>17,610,476,453</b>	<b>(13,713,908,210)</b>
09	Decrease in receivables		137,220,617,790	220,959,526,070
10	Increase in inventories		(81,226,935,344)	(385,450,164,585)
11	(Decrease) increase in payables		(88,753,246,118)	106,985,763,750
12	Decrease (increase) in prepaid expenses		22,153,466	(1,203,088,268)
13	Interest paid		(43,529,949,796)	(35,522,091,935)
14	Corporate income tax paid	26.1	(16,767,580,148)	(13,000,000,000)
16	Other cash outflows from operating activities		(391,644,700)	-
20	<b>Net cash used in operating activities</b>		<b>(75,816,108,397)</b>	<b>(120,943,963,178)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase of fixed assets	9,11	(45,187,318)	(2,836,907,819)
22	Proceeds from disposal of fixed assets	25	211,676,818	173,636,364
25	Payments for investments in other entities		-	(4,269,600,000)
26	Proceeds from sale of investments in other entities		63,029,264,118	30,141,395,000
27	Interest and dividend received		1,855,002,312	13,287,486,799
30	<b>Net cash from investing activities</b>		<b>65,050,755,930</b>	<b>36,496,010,344</b>

SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	Capital redemption		-	(9,825,117,611)
33	Drawdown of borrowings		103,421,198,284	269,847,508,037
34	Repayment of borrowings		(62,742,920,729)	(224,583,547,208)
36	Dividends paid	21.2	(34,116,950,885)	(28,677,560)
<b>40</b>	<b>Net cash from financing activities</b>		<b>6,561,326,670</b>	<b>35,410,165,658</b>
<b>50</b>	<b>Net decrease in cash and cash equivalents</b>		<b>(4,204,025,797)</b>	<b>(49,037,787,176)</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>4</b>	<b>15,898,380,006</b>	<b>64,936,167,182</b>
<b>70</b>	<b>Cash and cash equivalents at end of year</b>	<b>4</b>	<b>11,694,354,209</b>	<b>15,898,380,006</b>



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Truong Minh Thuan  
General Director

25 March 2013



NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2012

## 1. CORPORATE INFORMATION

Investment and Trading of Real Estate Joint Stock Company ("the Company") is a shareholding company established in Vietnam in accordance with 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 in accordance with Decision No. 115/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

The Company's principal activities are to invest and trade real estate properties and 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 registered 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 31 December 2012 was 136 (31 December 2011: 152).

## 2. BASIS OF PREPARATION

### 2.1 *Accounting standards and system*

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

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

Accordingly, the accompanying separate balance sheet, separate income statement, 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 completing the consolidated financial statements of the Group as at 31 December 2012 and for the year ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

**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 starts on 1 January and ends on 31 December.

**2.4 Accounting currency**

The Company maintains its accounting records in VND.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Change in accounting policy and disclosures**

The accounting policies adopted by the Company in preparation of the separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2011 except for the change in the accounting policy in relation to foreign currency transactions.

For the year ended 31 December 2012, the Company adopts Circular No. 179/2012/TT-BTC providing guidance on recognition, measurement, treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 ("Circular 179") in addition to Vietnamese Accounting Standard No. 10 - Effects of Changes in Foreign Exchange Rates (the "VAS 10") adopted in prior years.

Following Circular 179, at the end of the year, monetary assets and liabilities denominated in foreign currencies are translated into VND using buying exchange rate announced by the commercial bank where the Company maintains bank accounts. In 2011, inter-bank exchange rates ruling at the balance sheet date was used for this translation.

Circular 179 is applied from 2012 on a prospective basis. Impact of the change from using interbank exchange rate to buying exchange rate announced by the commercial bank for the year end translation to the separate financial statement as at and for the year ended 31 December 2012 is immaterial as a whole.

**3.2 Cash**

Cash comprise cash on hand and cash in banks.

**3.3 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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

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

**3.3 Inventories** (continued)

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 on disposal 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-process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity.

*Provision for obsolete inventories*

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

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

**3.4 Receivables**

Receivables are presented in the separate financial statements at the carrying amounts due from customers and other debtors, along with the 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 administration expense in the separate income statement.

**3.5 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 separate income statement as incurred. When fixed assets are sold or retired, their cost and accumulated depreciation or amortization are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

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

#### 3.6 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible 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 rates are reviewed periodically to ensure that the method and the year of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

#### 3.7 *Investment properties*

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

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

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

Land use rights	25 – 50 years
Buildings	25 – 50 years

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

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.

#### 3.8 *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 year 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 year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

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

**3.9 Prepaid expenses**

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

**3.10 Investment in a subsidiary**

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

**3.11 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 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.

Provision is made for any loss-making operations of the 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. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Increases and decreases to the provision balance are recorded as finance expense in the separate income statement.

**3.12 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 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. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Increases and decreases to the provision balance are recorded as finance expense in the separate income statement.

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

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 42 of the Labour Code.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

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

#### 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.

#### 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 Group's expansion or upgrading of its operation.

##### *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. 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 year in which they are incurred.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

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

#### 3.18 *Revenue recognition* (continued)

##### *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 year 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, the directors are reasonably certain that the tenant will exercise that option.

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

##### *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 years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

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

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

##### *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 tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

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

#### 3.19 *Taxation* (continued)

##### *Deferred income tax* (continued)

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

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

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

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.

#### 3.20 *Financial instruments*

##### *Initial recognition and presentation*

##### Financial assets

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

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

The Company's financial assets include cash, 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 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 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 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	3,546,756,231	1,538,150,121
Cash in banks	8,147,597,978	6,360,229,885
Cash equivalents	-	8,000,000,000
<b>TOTAL</b>	<b><u>11,694,354,209</u></b>	<b><u>15,898,380,006</u></b>

5. TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from sales of land lots and apartments (*)	71,253,233,520	166,029,789,865
Receivables from provision of construction services	12,515,650,390	17,318,506,720
Receivables from Hai Au Concrete Joint Stock Company	9,826,095,208	11,041,808,707
Others	7,781,856,630	9,281,099,330
<b>TOTAL</b>	<b><u>101,376,835,748</u></b>	<b><u>203,671,204,622</u></b>
Provision for doubtful debts	<u>(4,116,752,869)</u>	<u>(4,116,752,869)</u>
<b>NET</b>	<b><u>97,260,082,879</u></b>	<b><u>199,554,451,753</u></b>

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
6B Project	28,188,960,346	41,271,767,131
Thinh Vuong building	17,550,336,090	44,351,264,035
An Khang building	15,594,914,814	63,926,156,062
Phong Phu Project	5,088,424,600	8,503,944,600
Binh Hoa Project	3,132,310,125	6,278,370,492
An Cu building	1,698,287,545	1,698,287,545
<b>TOTAL</b>	<b><u>71,253,233,520</u></b>	<b><u>166,029,789,865</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

5. **TRADE RECEIVABLES** (continued)

Details of movements of provision for doubtful debts are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Provision for doubtful debts at beginning of year	4,116,752,869	10,388,801,211
Less: Transfer the balance to a subsidiary	-	(6,061,478,342)
Reversal during the year	-	(210,570,000)
	<u>4,116,752,869</u>	<u>4,116,752,869</u>
Provision for doubtful debts at end of year	<u>4,116,752,869</u>	<u>4,116,752,869</u>

6. **ADVANCES TO SUPPLIERS**

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Binh Trung Dong Project	43,795,000,000	43,795,000,000
Lot E4 An Phu, An Khanh Project	27,505,000,000	27,505,000,000
Long Binh Ward – District 9 Project	19,899,197,600	19,899,197,600
Minh Khai Street – Hanoi Project	12,000,000,000	12,000,000,000
Nhon Duc Commune, Nha Be District Project	10,000,000,000	10,000,000,000
Related party ( <i>Note 27</i> )	1,904,153,406	3,185,399,100
6B Project	-	47,000,000,000
Others	43,549,818,818	38,740,554,189
<b>TOTAL</b>	<b><u>158,653,169,824</u></b>	<b><u>202,125,150,889</u></b>

7. **OTHER RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advance for Tang Nhon Phu project	42,270,218,428	-
Advance for land compensation	1,700,000,000	34,239,761,311
Advance for Dak Nong project	20,000,000,000	20,000,000,000
Receivable from a related party ( <i>Note 27</i> )	1,621,008,650	1,592,901,607
Others	4,796,941,665	6,104,471,063
<b>TOTAL</b>	<b><u>70,388,168,743</u></b>	<b><u>61,937,133,981</u></b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

## 8. INVENTORIES

	VND	
	Ending balance	Beginning balance
Real estate properties and construction projects in progress (*)	1,916,054,847,304	1,816,337,187,195
Properties for sale	-	18,490,724,765
<b>TOTAL</b>	<b>1,916,054,847,304</b>	<b>1,834,827,911,960</b>
Provision for obsolete inventories	(82,895,956,742)	(111,585,629,122)
<b>NET</b>	<b>1,833,158,890,562</b>	<b>1,723,242,282,838</b>

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

	VND	
	Ending balance	Beginning balance
Long Thoi - Nha Be Project (i)	758,714,495,842	632,025,863,632
146 Nguyen Van Troi, Phu Nhuan Project (ii)	545,835,672,062	529,961,279,721
106 Ly Chinh Thang Project (iii)	207,379,722,265	207,153,701,933
Long Phuoc, District 9 Project	124,232,665,279	150,662,450,479
6A Project	125,171,184,160	124,766,939,313
6B Project	72,032,633,865	71,298,803,865
Tang Nhon Phu Project	21,363,766,189	41,372,261,834
Others	61,324,707,642	59,095,886,418
<b>TOTAL</b>	<b>1,916,054,847,304</b>	<b>1,816,337,187,195</b>

(i) Land use right of 24,047 square meters on total land of 484,814 square meters at Long Thoi – Nha Be Project was pledged to obtain the loan from Gia Dinh Development Investment Corporation (Note 14).

(ii) Land use rights at No. 146 Nguyen Van Troi Street, Phu Nhuan District and 223 Hoang Van Thu Street, Phu Nhuan District were pledged to obtain the loan from Saigon 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 (Notes 14 and 20).

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

	VND	
	Current year	Previous year
Provision for obsolete inventories at beginning of year	111,585,629,122	13,657,432,253
Add: Provision created during the year	-	97,928,196,869
Less: Reversal during the year	(28,689,672,380)	-
Provision for obsolete inventories at end of year	<b>82,895,956,742</b>	<b>111,585,629,122</b>

## Investment and Trading of Real Estate Joint Stock Company

B09-DN

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

### 9. TANGIBLE FIXED ASSETS

	Buildings and structures (*)	Machinery and equipment	Motor vehicles	Office equipment	Total	VND
<b>Cost:</b>						
Beginning balance	56,756,951,958	437,095,156	5,926,061,185	2,756,118,025	65,876,226,324	
Newly purchased	-	-	-	91,499,818	91,499,818	
Adjustment	-	(46,312,500)	-	-	(46,312,500)	
Disposal	-	-	(349,528,556)	(726,557,949)	(1,076,086,505)	
Ending balance	56,756,951,958	390,782,656	5,576,532,629	2,121,059,894	64,845,327,137	
<i>In which:</i>						
Fully depreciated	208,068,806	284,470,513	844,310,602	988,352,789	2,325,202,710	
<b>Accumulated depreciation:</b>						
Beginning balance	10,418,218,184	319,995,412	2,848,062,111	2,283,582,091	15,869,857,798	
Depreciation for the year	2,263,523,126	21,262,429	476,878,290	259,480,045	3,021,143,890	
Adjustment	-	(9,262,500)	-	-	(9,262,500)	
Disposal	-	-	(349,528,556)	(726,557,949)	(1,076,086,505)	
Ending balance	12,681,741,310	331,995,341	2,975,411,845	1,816,504,187	17,805,652,683	
<b>Net carrying amount:</b>						
Beginning balance	46,338,733,774	117,099,744	3,077,999,074	472,535,934	50,006,368,526	
Ending balance	44,075,210,648	58,787,315	2,601,120,784	304,555,707	47,039,674,454	

(\*) Included in Buildings and structures is land use right at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1 with carrying value of VND 26,471,477,820 which was pledged to obtain the short-term loan from Lien Viet Post Bank (Note 14).



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

## 10. INTANGIBLE FIXED ASSET

	VND
	<i>Computer software</i>
<b>Cost:</b>	
Beginning and ending balances	<u>37,700,000</u>
<b>Accumulated amortisation:</b>	
Beginning balance	29,593,522
Amortization for the year	<u>8,106,478</u>
Ending balance	<u>37,700,000</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>8,106,478</u>
Ending balance	<u>-</u>

## 11. INVESTMENT PROPERTIES

	Buildings	Houses	VND Total
<b>Cost:</b>			
Beginning and ending balances	<u>97,781,182,124</u>	<u>12,760,460,266</u>	<u>110,541,642,390</u>
<b>Accumulated depreciation:</b>			
Beginning balance	6,198,637,540	1,148,441,425	7,347,078,965
Depreciation for the year	<u>3,911,247,285</u>	<u>510,418,411</u>	<u>4,421,665,696</u>
Ending balance	<u>10,109,884,825</u>	<u>1,658,859,836</u>	<u>11,768,744,661</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>91,582,544,584</u>	<u>11,612,018,841</u>	<u>103,194,563,425</u>
Ending balance	<u>87,671,297,299</u>	<u>11,101,600,430</u>	<u>98,772,897,729</u>

Included in Houses is the land use right at No. 20 Nguyen Binh Khiem street, Da Kao Ward, District 1 which was pledged to obtain short-term loan from Vietnam Bank for Agriculture and Rural Development (*Notes 14 and 20*).

The fair value of the investment properties had not yet been formally assessed and determined as at 31 December 2012. However, given that these properties are currently rented 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 SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

**12. LONG-TERM INVESTMENTS**

	VND	
	Ending balance	Beginning balance
Investment in a subsidiary	34,000,000,000	34,000,000,000
Investments in associates	268,448,938,645	277,248,938,645
Other long-term investments	51,901,500,000	102,046,200,000
<i>Long-term securities</i>	49,766,500,000	99,911,200,000
<i>Other long-term investments</i>	2,135,000,000	2,135,000,000
Provision for long-term investments	<u>(10,741,857,659)</u>	<u>(26,876,857,659)</u>
<b>TOTAL</b>	<b><u>343,608,580,986</u></b>	<b><u>386,418,280,986</u></b>

**12.1 Investment in a subsidiary**

Name	31 December 2012	
	Amount (VND)	% of interest (%)
Intresco Construction Joint Stock Company	<u>34,000,000,000</u>	85

Intresco Construction Joint Stock Company ("IC") is a shareholding company established in accordance with Business Registration Certificate No. 0310626100 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.

**12.2 Investments in associates**

Name	Ending balance		Beginning balance	
	Amount		Amount	
	(VND)	%	(VND)	%
Pham Gia Construction Limited Company	150,968,925,000	46.19	150,968,925,000	46.19
Saigon Binh Duong Joint stock Company	80,480,013,645	26.83	80,480,013,645	26.83
Long Binh Construction – Trading – Producing JS Company	21,000,000,000	36.36	21,000,000,000	36.36
An Dong Liksin Investment Joint Stock Company	16,000,000,000	40.00	16,000,000,000	40.00
Hai Au Concrete JS Company	-	-	8,800,000,000	40.00
<b>TOTAL</b>	<b><u>268,448,938,645</u></b>		<b><u>277,248,938,645</u></b>	
Provision for diminution in value of investments	<u>(1,816,857,659)</u>		<u>(10,616,857,659)</u>	
<b>NET</b>	<b><u>266,632,080,986</u></b>		<b><u>266,632,080,986</u></b>	



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

**12. LONG-TERM INVESTMENTS** (continued)

**12.2 Investments in associates** (continued)

Pham Gia Construction Limited Company ("PG") is a limited liability company with two or more members established in accordance with Business Registration Certificate No. 0302535114 issued by the Department of Planning and Investment of Ho Chi Minh City on 29 January 2002, as amended. 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.

Saigon Binh Duong Joint Stock Company ("SGBD") is a shareholding company established in accordance with 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. SGBS's principal activities are to manufacture and sell construction materials and 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 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 Trai 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.

An Dong Liksin Investment Joint Stock Company ("AD") is a shareholding company established in accordance with Business Registration Certificate No. 4103007548 issued by the Department of Planning and Investment of Ho Chi Minh City on 11 August 2007. AD's registered office is located at 51A-53A An Duong Vuong Street, Ward 8, District 5, Ho Chi Minh City, Vietnam. AD's principal activities are to trade real estate properties; to invest in and construct the infrastructure of residential areas; and to manufacture and sell construction materials, interior decoration products and construction equipment.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

12. LONG-TERM INVESTMENTS (continued)

12.3 Other long-term investments

	Ending balance		Beginning balance	
	Number of shares	Amount (VND)	Number of shares	Amount (VND)
Gia Dinh Development Investment Corporation		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 Electronic Investment – Construction 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
Saigon Infrastructure Joint Stock Company	22,000	2,200,000,000	22,000	2,200,000,000
SSI Fund	-	-	3,000,000	30,000,000,000
Chanh Phu Hoa Investment – Construction Corporation	-	-	2,014,470	20,144,700,000
Others	-	2,135,000,000	-	2,135,000,000
<b>TOTAL</b>		<b>51,901,500,000</b>		<b>102,046,200,000</b>
Provision for diminution in value of investments		(8,925,000,000)		(16,260,000,000)
<b>NET</b>		<b>42,976,500,000</b>		<b>85,786,200,000</b>

13. BORROWING COSTS

	VND	
	Current year	Prior year
Interest expense (Note 24)	43,510,635,023	39,899,900,475
Capitalized as part of cost of real estate projects	28,656,397,752	32,351,289,365
<b>TOTAL</b>	<b>72,167,032,775</b>	<b>72,251,189,840</b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

#### 14. SHORT-TERM LOANS

	VND	
	Ending balance	Beginning balance
Bank loans	80,067,301,943	125,870,172,880
Loans from other organizations	77,000,000,000	65,000,000,000
Loans from individuals	24,724,565,000	29,096,125,000
Current portion of long-term loan (Note 20)	11,579,000,000	11,579,000,000
<b>TOTAL</b>	<b><u>193,370,866,943</u></b>	<b><u>231,545,297,880</u></b>

Details of bank loans are as follows:

Lenders	Ending balance	Principal repayment term	Interest rate	Description of collateral
VND				
<b>Bank for Investment and Development of Vietnam</b>				
Loan Contract No. 01/2011/HD/93512 dated 18 July 2011	21,567,301,943	12 months from the withdrawal date to 26 December 2013	13%p.a.	Land use right at No. 106 Ly Chinh Thang Street, District 3, Ho Chi Minh City (Note 8)
<b>Vietnam Bank for Agriculture and Rural Development</b>				
Loan Contract No. No 6220-LAV-201100116/HDTD dated 17 February 2011	46,000,000,000	12 months from the withdrawal to date 25 October 2013	15%p.a.	Land use rights at 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City (Note 11)
<b>Lien Viet Post Bank</b>				
Loan Contract No. 092-12/HDHMTD-LienvietPostBank-HCM dated 7 June 2012	12,500,000,000	9 months from the withdrawal date to 7 June 2013	15%p.a.	Land use right at 16 Nguyen Dinh Chieu Street, DaKao Ward, District 1, Ho Chi Minh City (Note 9)
<b>TOTAL</b>	<b><u>80,067,301,943</u></b>			

The Company obtained these loans to support its real estate project development and working capital requirement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

14. **SHORT-TERM LOANS** (continued)

Details of loans from other organizations are as follows:

<i>Lenders</i>	<i>Ending balance</i>	<i>Principal repayment term</i>	<i>Purpose</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND				
<b>Gia Dinh Development Investment Corporation (Note 27)</b>					
Loan contract no 376/DTKDN/HDVV dated 20 June 2011	50,000,000,000	20 June 2013	To finance the land compensation for Long Thoi project	15%p.a.	Land use right at Long Thoi residential area, Nhon Duc Commune, Nha Be District, Ho Chi Minh City (Note 8)
<b>An Dong Liksin Investment Joint Stock Company (Note 27)</b>					
Loan contract No. 179/DTKDN/HDVV dated 15 March 2012	15,000,000,000	12 April 2013	To finance for Long Thoi project	14%p.a.	Unsecured
<b>Saigon Trading Group (SATRA)</b>					
Financial Investment Cooperation Contract No 33/2008 dated 4 April 2008 and appendix 179A/2012 dated 20 November 2012	12,000,000,000	15 January 2013	To finance working capital	17%p.a.	Right to buy An Khang apartments at the price of 80% market price
<b>TOTAL</b>	<b><u>77,000,000,000</u></b>				

Loans from individuals represent unsecured short-term loans amounting to VND 24,724,565,000 obtained from twenty two (22) individuals for the purpose of financing the land compensation of Long Thoi - Nha Be residential project for a period twelve (12) months at the interest rate ranging from 14% to 18% per annum.

15. **TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Related party (Note 27)	44,333,038,138	33,352,664,754
Third parties	<u>12,463,633,214</u>	<u>34,053,128,076</u>
<b>TOTAL</b>	<b><u>56,796,671,352</u></b>	<b><u>67,405,792,830</u></b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

**16. ADVANCES FROM CUSTOMERS**

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
6A Project	103,984,029,000	104,884,029,000
6B Project	94,309,481,128	134,102,301,657
Binh Trung Dong Project	11,126,908,000	11,126,908,000
Nhon Duc Commune, Nha Be District project	11,000,000,000	11,000,000,000
House of No. 26 Phung Khac Khoan street	20,000,000,000	20,000,000,000
Others	34,575,973,669	39,791,636,583
<b>TOTAL</b>	<b><u>274,996,391,797</u></b>	<b><u>320,904,875,240</u></b>

**17. STATUTORY OBLIGATIONS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Value-added tax	22,647,004,373	28,500,038,802
Corporate income tax (Note 26.1)	40,407,003,933	55,285,502,539
Personal income tax	104,309,455	35,393,152
Other taxes	2,705,833,924	1,362,308,091
<b>TOTAL</b>	<b><u>65,864,151,685</u></b>	<b><u>85,183,242,584</u></b>

**18. ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Interest expense	11,200,778,777	7,705,195,947
Construction-related expenses	-	5,204,454,544
Others	300,000,000	525,750,000
<b>TOTAL</b>	<b><u>11,500,778,777</u></b>	<b><u>13,435,400,491</u></b>

**19. OTHER PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land compensation for Long Thoi – Nha Be project payable to residents	6,054,539,298	39,827,195,091
Apartment building maintenance	13,810,771,291	9,514,214,500
Dividends payable	3,166,482,024	2,960,268,909
Deposits received	2,213,000,000	3,778,245,327
Additional land use fees of land lot No.7 – 6B project and 13E project	1,250,597,025	-
Related party	-	1,000,020,000
Others	8,156,342,226	6,293,973,989
<b>TOTAL</b>	<b><u>34,651,731,864</u></b>	<b><u>63,373,917,816</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

## 20. LONG-TERM LOANS

	Ending balance	Beginning balance
Loans from bank	<u>264,115,708,492</u>	<u>185,263,000,000</u>
<i>In which:</i>		
Current portion (Note 14)	11,579,000,000	11,579,000,000
Non-current portion	252,536,708,492	173,684,000,000

Details of long-term bank loan are as follows:

Lender	Ending balance	Principal repayment term	Purpose	Interest rate	Description of collateral
	VND				
<b>Saigon Commercial Joint Stock Bank, District 4 Branch</b>					
Long-term loan agreement No LDC731600005	173,684,000,000	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%p.a.	Land use rights at No. 146 Nguyen Van Troi street and No. 223 Hoang Van Thu, Phú Nhuận District, Ho Chi Minh City (Note 8)
<b>Bank for Investment and Development of Vietnam</b>					
Loan Contract No. 01/2011/HD/93 512 dated 18 July 2011	80,431,708,492	18 months from the withdrawal date to 7 July 2014	To finance Long Thoi – Nha Be project and 146 Nguyen Van Troi street, Phu Nhuan District project	14% p.a.	Land use right at No. 106 Ly Chinh Thang street, District 3, Ho Chi Minh City (Note 8)
<b>Vietnam Bank for Agriculture and Rural Development</b>					
Loan Contract No. 6220-LAV-201100116/HD TD dated 17 February 2011	10,000,000,000	17 January 2014	To finance working capital	15% p.a.	Land use rights at 20 Nguyen Binh Khiem, Da Kao Ward, District 1, Ho Chi Minh City (Note 11)
<b>TOTAL</b>	<u><b>264,115,708,492</b></u>				



# Investment and Trading of Real Estate Joint Stock Company

B09-DN

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2011

## 21. OWNERS' EQUITY

### 21.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total	VND
<b>Previous year</b>								
Beginning balance	690,866,880,000	974,114,436,600	-	30,640,486,547	16,417,006,154	246,137,189,583	1,958,175,998,884	
Repurchase of ordinary shares	-	-	(9,825,117,611)	-	-	-	(9,825,117,611)	
Net loss for the year	-	-	-	-	-	(137,804,331,086)	(137,804,331,086)	
Profit appropriation	-	-	-	-	10,142,460,679	(20,284,921,358)	(10,142,460,679)	
Ending balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	88,047,937,139	1,800,404,089,508	
<b>Current year</b>								
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	88,047,937,139	1,800,404,089,508	
Net profit for the year	-	-	-	-	-	9,540,022,405	9,540,022,405	
Dividend declared	-	-	-	-	-	(34,323,164,000)	(34,323,164,000)	
Ending balance	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	

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends and profits

	VND	
	Current year	Previous year
<b>Contributed share capital</b>		
Beginning and ending balances	<u>690,866,880,000</u>	<u>690,866,880,000</u>
Dividends declared	34,323,164,000	-
Dividends paid	34,116,950,885	28,677,560

21.3 Shares – ordinary shares

	Shares	
	Ending balance	Beginning balance
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	
	Current year	Previous year
<b>Gross revenue</b>	<b>123,972,104,789</b>	<b>142,734,087,161</b>
<i>Of which:</i>		
<i>Sale of real estate properties</i>	40,310,335,980	45,174,058,326
<i>Revenue from construction contracts</i>	64,560,049,205	77,037,338,660
<i>Revenue from other services</i>	19,101,719,604	20,522,690,175

22.2 Financial income

	VND	
	Current year	Previous year
Proceeds from disposal of investments	21,249,270,000	7,136,095,000
Dividends received	1,515,000,000	9,801,340,000
Interest income	340,002,312	3,486,146,799
Others	397,117,843	69,970,693
<b>TOTAL</b>	<b><u>23,501,390,155</u></b>	<b><u>20,493,552,492</u></b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

23. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of real estate properties	8,788,144,235	148,080,708,423
Cost of construction	62,033,818,221	73,423,946,945
Cost of services rendered	11,563,197,435	11,670,308,122
<b>TOTAL</b>	<b><u>82,385,159,891</u></b>	<b><u>233,174,963,490</u></b>

24. FINANCIAL EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Bank loan interest	43,510,635,023	39,899,900,475
Provision for diminution in value of investments	1,029,705,882	28,943,040,659
Others	33,444,289	-
<b>TOTAL</b>	<b><u>44,573,785,194</u></b>	<b><u>68,842,941,134</u></b>

25. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>22,868,325,831</b>	<b>6,996,289,140</b>
Gain on the settlement of advances made to employees related to discontinued Tang Nhon Phu project	22,003,960,130	-
Penalty for late payment and cancellation of apartment or project sale contracts	300,758,000	1,352,586,314
Proceeds from disposal of fixed assets	211,676,818	173,636,364
Gain on revaluation of contributed net assets	-	2,551,974,289
Others	351,930,883	2,918,092,173
<b>Other expenses</b>	<b>(5,655,179,731)</b>	<b>(4,138,164,301)</b>
Cancellation of compensation contracts	(3,531,015,000)	-
Additional land use fees of land lot No.7 – 6B project and 13E project	(1,250,597,025)	-
Net book value of disposed fixed assets	-	(6,790,000)
Others	(873,567,706)	(4,131,374,301)
<b>NET</b>	<b><u>17,213,146,100</u></b>	<b><u>2,858,124,839</u></b>

26. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 25% of taxable profits.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

26. CORPORATE INCOME TAX (continued)

26.1 Current CIT

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

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

	VND	
	Current year	Previous year
<b>Profit (loss) before tax</b>	<b>17,624,840,994</b>	<b>(162,332,044,655)</b>
<b>Adjustments to (decrease) increase accounting profit (loss):</b>		
Non-deductible expenses	34,393,245,360	21,289,707,077
Provision for obsolete inventory	(28,689,672,380)	97,928,196,869
Accrual for severance allowance unused as at 31 December 2011 after actual payment made in 2012	3,310,771,600	-
Internal realised profit	(6,961,173,753)	-
Dividend received	(1,515,000,000)	(9,801,340,000)
Provision for investment in associates	(8,800,000,000)	10,616,857,659
<b>Adjusted net profit/(loss) before tax loss carry forward</b>	<b>9,363,011,821</b>	<b>(42,298,623,050)</b>
Tax loss carried forward	(9,363,011,821)	-
<b>Estimated current taxable profit (tax loss)</b>	<b>-</b>	<b>(42,298,623,050)</b>
<b>Estimated current CIT</b>	<b>-</b>	<b>-</b>
CIT payable at beginning of year	55,285,502,539	67,502,103,053
CIT paid during the year	(16,767,580,148)	(13,000,000,000)
Tax from prior periods of construction divisions	1,883,221,542	-
Adjustment for over accrual of tax from prior year	-	(223,871,373)
Provisional CIT made (1% over invoiced revenue)	5,860,000	1,007,270,859
<b>CIT payable at end of year</b>	<b>40,407,003,933</b>	<b>55,285,502,539</b>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

## 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 year:

	Separate balance sheet		Credit (charge) to separate income statement	
	Ending balance	Beginning balance	Current year	Previous year
Internal unrealised profit	466,245,487	2,206,338,881	(1,740,093,394)	45,664,352
Accrual for severance pay	827,692,900	-	827,692,900	
Provision for obsolete inventory	17,309,631,122	24,482,049,217	(7,172,418,095)	24,482,049,217
<b>Deferred income tax assets</b>	<b>18,603,569,509</b>	<b>26,688,388,098</b>		
<b>Net deferred income tax (expense) benefit</b>			<b>(8,084,818,589)</b>	<b>24,527,713,569</b>

## 27. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with a related party during the year were as follows:

Related party	Relationship	Transaction	VND
			Amount
Intresco Construction Joint Stock Company	Subsidiary	Construction service	38,526,368,778
		Expenses paid on behalf	105,000,000
Gia Dinh Development Investment Corporation	Related party	Dividends received	1,275,000,000
		Loan	50,000,000,000
Long Binh Construction – Trading – Producing JS Company	Associate	Dividends received	240,000,000
An Dong Liksin Investment Joint Stock Company	Associate	Loan	15,000,000,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

27. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related party	Relationship	Transaction	VND	
			Receivable	(Payable)
<b>Other receivable</b>				
Saigon Binh Duong Joint stock Company	Associate	Interest income	1,592,901,607	
Intresco Construction Joint Stock Company	Subsidiary	Expenses paid on behalf	28,107,043	
			<u>1,621,008,650</u>	
<b>Advance to supplier</b>				
Intresco Construction Joint Stock Company	Subsidiary	Advance for rendering of construction service	1,904,153,406	
<b>Trade payable</b>				
Intresco Construction Joint Stock Company	Subsidiary	Rendering of construction service	(44,333,038,138)	
<b>Loan</b>				
Gia Dinh Development Investment Corporation	Associate	Loan	(50,000,000,000)	
An Dong Liksin Investment Joint Stock Company	Associate	Loan	(15,000,000,000)	
			<u>(65,000,000,000)</u>	

**Transactions with other related parties**

Remuneration to members of the Board of Directors and Management

	VND	
	Current year	Previous year
Salaries and bonuses	1,030,243,000	2,457,765,000
Allowance for the Board of Directors	100,800,000	-
<b>TOTAL</b>	<u>1,131,043,000</u>	<u>2,457,765,000</u>



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

## 28. COMMITMENTS

### Capital commitment

At 31 December 2012, the Company has outstanding commitments of VND 93,133,378,578 (31 December 2011: VND 115,176,430,393) principally relating to the outstanding construction contracts of apartments building and development of infrastructure of the ongoing residential projects.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

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 and unquoted financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2012 and 31 December 2011 and have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant.

### *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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

29. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

**Market risk** (continued)

*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>	<i>VND Effect on balance sheet items</i>
<b>For the year ended 31 December 2012</b>			
VND	+200	(4,716,736,458)	4,084,471,509
VND	-200	4,716,736,458	(4,084,471,509)
<b>For the year ended 31 December 2011</b>			
VND	+200	(4,966,276,200)	2,979,325,958
VND	-200	4,966,276,200	(2,979,325,958)

**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 (primarily for deposit with banks).

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

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 evaluate the concentration of credit risk in respect to bank deposit as low.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*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 by maintain 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.

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

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND Total</i>
<b>31 December 2012</b>			
Loans and borrowings	193,370,866,943	252,536,708,492	445,907,575,435
Trade payables	56,796,671,352	-	56,796,671,352
Other payables and accrued expenses	49,332,426,514	-	49,332,426,514
	<b><u>299,499,964,809</u></b>	<b><u>252,536,708,492</u></b>	<b><u>552,036,673,301</u></b>
<b>31 December 2011</b>			
Loans and borrowings	231,545,297,880	173,684,000,000	405,229,297,880
Trade payables	67,405,792,830	-	67,405,792,830
Other payables and accrued expenses	78,764,633,898	-	78,764,633,898
	<b><u>377,715,724,608</u></b>	<b><u>173,684,000,000</u></b>	<b><u>551,399,724,608</u></b>

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 land use right of projects in order to fulfil the collateral requirements for the short term loan obtained from Lien Viet Post Bank, Bank of Investment and Development of Vietnam, Vietnam Bank Agriculture and Rural Development and Gia Dinh Development Investment Corporation (*Note 14*), and long term loan obtained from Saigon Commercial Joint Stock Bank, District 4 Branch (*Note 20*). The banks and the organisation have obligations to return the land use right to the Company. There are no other significant terms and conditions associated with the use of collateral.

The Company did not hold collateral at 31 December 2012 and 31 December 2011.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

### 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 financial statements.

	Carrying amount				Fair value		VND
	Ending balance		Beginning balance		Ending balance	Beginning balance	
	Cost	Provision	Cost	Provision			
<b>Financial assets</b>							
Trade receivables	101,376,835,748	(4,116,752,869)	192,629,395,915	(4,116,752,869)	97,260,082,879	188,512,643,046	
Receivable from related parties	1,621,008,650	-	12,634,710,314	-	1,621,008,650	12,634,710,314	
Other receivables	68,767,160,093	-	60,344,232,374	-	68,767,160,093	60,344,232,374	
Other non – current financial assets	51,901,500,000	(8,925,000,000)	102,046,200,000	(16,260,000,000)	42,976,500,000	85,786,200,000	
Cash and cash equivalents	11,694,354,209	-	15,898,380,006	-	11,694,354,209	15,898,380,006	
<b>TOTAL</b>	<b>235,360,858,700</b>	<b>(13,041,752,869)</b>	<b>383,552,918,609</b>	<b>(20,376,752,869)</b>	<b>222,319,105,831</b>	<b>363,176,165,740</b>	
<b>Financial liabilities</b>							
Loans and borrowings			445,907,575,435	405,229,297,880	445,907,575,435	405,229,297,880	
Payable to related parties			44,333,038,138	34,352,684,754	44,333,038,138	34,352,684,754	
Trade payable			12,463,633,214	34,053,128,076	12,463,633,214	34,053,128,076	
Other current liabilities			49,332,426,514	77,764,613,898	49,332,426,514	77,764,613,898	
<b>TOTAL</b>			<b>552,036,673,301</b>	<b>551,399,724,608</b>	<b>552,036,673,301</b>	<b>551,399,724,608</b>	



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2012 and for the six-month period then ended

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

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

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

- Cash, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. As at 31 December 2012, the carrying amounts of such borrowings are not materially different from their calculated value.

### 31. OTHER MATTERS

In 2004 and 2005, the Company compensated and developed certain residential real estate projects under the approval of the Board Management of the Saigon South and the People's Committee of Ho Chi Minh City. Land lots were sold to its customers and the related land use fees of these projects were paid to the relevant authorities based on the tax notices from the Department of Tax of Binh Chanh District, Ho Chi Minh City ("DoT") and in accordance with applicable land regulations in the years 2004 and 2005. The land use fees of these projects were calculated based on the land use fee frame applicable to the projects' location at that time.

However, the Company received an additional tax notice from DoT, requesting the Company to pay additional land use fee of VND 244,500,400,000 arising primarily from the different land use fee frame applied by DoT in assessing the projects' current locations.

In June 2011, the Government Inspectors performed an inspection on the compliance with applicable regulations on land use and construction planning and land management of Ho Chi Minh City for the period from 2001 to 2010, including land lot No.7 – 6B project and 13E project ("these projects") of the Company in accordance with the Decision No. 404/QD-TTCT dated 8 March 2011 of the Government Inspectorate of Vietnam.

Under the Minutes dated 30 June 2011 between the Government Inspectors and the Company, the Government Inspectors commented the land use and management of these projects of the Company as follows:

- Land compensation: up to 31 December 2005, the Company has completed its land compensation process. In accordance with Decree No. 120/2010/ND-CP dated 30 December 2010 of the Government, Official Letter No. 7694/UB-DT dated 14 December 2004 of the People's Committee of Ho Chi Minh City and Official Letter No. 678/PC-BQL dated 27 December 2004 of the Management Board of Saigon South, the Company is entitled to the land use fee frame for the compensated land areas in the years 2004 and 2005 based on areas actually handed-over.
- Project locations: the projects' locations applied for land use fee computation by the DoT were not in conformity with the inter-departmental official letter No. 41/HD-LS dated 21 January 1995 and No. 734/HD-LS dated 31 January 2005, and also did not apply Decision No. 21/2002/QD-UB dated 11 March 2002 of People's Committee of Ho Chi Minh City in the determination of the location of these projects.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2012 and for the six-month period then ended

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

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

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

- Cash, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. As at 31 December 2012, the carrying amounts of such borrowings are not materially different from their calculated value.

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However, the Company received an additional tax notice from DoT, requesting the Company to pay additional land use fee of VND 244,500,400,000 arising primarily from the different land use fee frame applied by DoT in assessing the projects' current locations.

In June 2011, the Government Inspectors performed an inspection on the compliance with applicable regulations on land use and construction planning and land management of Ho Chi Minh City for the period from 2001 to 2010, including land lot No.7 – 6B project and 13E project ("these projects") of the Company in accordance with the Decision No. 404/QD-TTTP dated 8 March 2011 of the Government Inspectorate of Vietnam.

Under the Minutes dated 30 June 2011 between the Government Inspectors and the Company, the Government Inspectors commented the land use and management of these projects of the Company as follows:

- Land compensation: up to 31 December 2005, the Company has completed its land compensation process. In accordance with Decree No. 120/2010/ND-CP dated 30 December 2010 of the Government, Official Letter No. 7694/UB-DT dated 14 December 2004 of the People's Committee of Ho Chi Minh City and Official Letter No. 678/PC-BQL dated 27 December 2004 of the Management Board of Saigon South, the Company is entitled to the land use fee frame for the compensated land areas in the years 2004 and 2005 based on areas actually handed-over.
- Project locations: the projects' locations applied for land use fee computation by the DoT were not in conformity with the inter-departmental official letter No. 41/HD-LS dated 21 January 1995 and No. 734/HD-LS dated 31 January 2005, and also did not apply Decision No. 21/2002/QD-UB dated 11 March 2002 of People's Committee of Ho Chi Minh City in the determination of the location of these projects.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

**31. OTHER MATTERS** (continued)

In Official Letter No. 1812/UBND-DTMT dated 23 April 2012, the People's Committee of Ho Chi Minh City required the Finance Service of Ho Chi Minh City to cooperate with Inspectors of Ho Chi Minh City and Department of Natural Resources and Environment of Ho Chi Minh City, Ho Chi Minh Department of Transportation, the Management Board of Saigon South, Department Tax of Ho Chi Minh City, the People's Committee of Binh Chanh District and Office of the People's Committee of Ho Chi Minh City to inspect and reassess the correct land use fees payable of these above projects.

In the Official Letter No. 5005/CT-QLD dated 29 June 2012 sent to Finance Service of Ho Chi Minh City, the Department Tax of Ho Chi Minh City confirmed that the land use fee of these projects was computed by DoT based on the land use fee frame in 2004 and 2005 in conformity with the applicable land price list in the Decision No.2123/QD-UB dated 17 May 2004 and Official Letter No. 4001/UB-QLDT dated 24 September 1999 issued by the People's Committee of Ho Chi Minh City.

In its Official Letter No.4787/UBND-DTMT dated 17 September 2012, the People's Committee of Ho Chi Minh City opined that (a) the Company was temporarily transferred land from years 2002 to 2004, (b) the Company completed the compensation stage for the whole project before year 2006, (c) DoT determined that the project's land use fees were appropriate and complied with applicable regulations and official letters of People's Committee of Ho Chi Minh City at that time and (d) an additional land use fees amounting to VND 1,250,597,025 was required to be paid. And the People's Committee of Ho Chi Minh City recommended the Ministry of Finance, Government Inspectorate of Vietnam and Auditors General of State of Audit Office of Vietnam to finalise this matter based on suggested solution of the People's Committee of Ho Chi Minh City. Accordingly, the above land use fees has been reflected in the Company's separate financial statement as at and for the year ended 31 December 2012.

In Official Letter No. 3306/TTCP-V.I dated 12 December 2012 sent to Prime Minister and Official Letter No. 57/KTNN-TH dated 15 January 2013 sent to the People's Committee of Ho Chi Minh City, the Government Inspectorate of Vietnam and the Auditors General of State of Audit Office of Vietnam concurred with the above opinion of the People's Committee of Ho Chi Minh City.

As at the date of this financial statement, the Company is waiting for the final comments from Minister of Finance.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2012

**32. RECLASSIFICATION OF CORRESPONDING FIGURES**

As at 31 December 2011, the accrual for severance pay following Article 42 of the Labour code amounting to VND 2,968,594,125 was presented under the same caption in the balance sheet with provision for retrenchment allowance. Starting from 2012, the balance of provision for retrenchment allowance at year end should be nil following the guidance in Circular No. 180/2012/TT-BTC guiding the financial settlement of redundancy pay given to employee issued by the Ministry of Finance on 24 October 2012. Accordingly, the accrual for severance pay has been reclassified to Other Long-term Liabilities to conform with the current year presentation.

	31 December 2011 (previously presented)	Reclassification	VND 31 December 2011 (reclassified)
<b>BALANCE SHEET</b>			
Other long-term liabilities	1,955,315,591	2,968,594,125	4,923,909,716
Provision for severance allowance	2,968,594,125	(2,968,594,125)	-

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

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



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant




Trương Minh Thuận  
General Director

25 March 2013