

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

Consolidated financial statements

31 December 2014

# Investment and Trading of Real Estate Joint Stock Company

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# Investment and Trading of Real Estate Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Investment and Trading of Real Estate Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to 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 the Decision No. 115/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

The Company's current 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 Phan Thi Hong Lien	Head of the Board of Supervision
Mr Le Quang Son	Member
Ms Ho Thi Luu	Member

### 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 Doan Huu Chi	Deputy General Director cum Chief Accountant

### 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 consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2014.

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

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated 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 consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Group 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 consolidated financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2014 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of the management:



Trương Minh Thuận  
General Director

25 March 2015



Reference: 60792124/16997733/HN

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") and its subsidiary ("Group") as prepared on 25 March 2015 and set out on pages 5 to 39 which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto.

### ***Management's responsibility***

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

### ***Auditors' responsibility***

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

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

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



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### Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the financial position of the Group as at 31 December 2014, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

### Ernst & Young Vietnam Limited



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

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

Ho Chi Minh City, Vietnam

25 March 2015

CONSOLIDATED BALANCE SHEET  
as at 31 December 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,769,951,255,380</b>	<b>1,901,045,394,671</b>
<b>110</b>	<b>I. Cash</b>	<b>4</b>	<b>9,227,714,037</b>	<b>2,600,471,968</b>
111	1. Cash		9,227,714,037	2,600,471,968
<b>130</b>	<b>II. Current accounts receivable</b>		<b>156,636,470,078</b>	<b>227,894,640,587</b>
131	1. Trade receivables	5	37,242,298,866	61,814,290,481
132	2. Advances to suppliers	6	85,357,719,410	93,776,286,721
135	3. Other receivables	7	45,260,776,662	91,494,431,753
139	4. Provision for doubtful debts	5,7	(11,224,324,860)	(19,190,368,368)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>1,599,109,898,710</b>	<b>1,669,990,001,007</b>
141	1. Inventories		1,612,436,471,562	1,993,461,784,668
149	2. Provision for obsolete inventories		(13,326,572,852)	(323,471,783,661)
<b>150</b>	<b>IV. Other current assets</b>		<b>4,977,172,555</b>	<b>560,281,109</b>
151	1. Short-term prepaid expenses		386,570,209	386,570,209
154	2. Tax and other receivables from the State	26.1	1,011,894,796	-
158	3. Other current assets		3,578,707,550	173,710,900
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>395,327,363,190</b>	<b>416,138,426,300</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>56,810,079,208</b>	<b>58,419,480,244</b>
221	1. Tangible fixed assets	9	18,886,383,950	18,637,991,107
222	Cost		45,002,337,780	42,571,619,598
223	Accumulated depreciation		(26,115,953,830)	(23,933,628,491)
227	2. Intangible assets	10	37,923,695,258	37,573,078,250
228	Cost		37,961,395,258	37,610,778,250
229	Accumulated amortisation		(37,700,000)	(37,700,000)
230	3. Construction in progress		-	2,208,410,887
<b>240</b>	<b>II. Investment properties</b>	<b>11</b>	<b>61,696,692,627</b>	<b>77,279,816,603</b>
241	1. Cost		76,700,100,188	91,381,942,544
242	2. Accumulated depreciation		(15,003,407,561)	(14,102,125,941)
<b>250</b>	<b>III. Long-term investments</b>	<b>12</b>	<b>273,168,443,857</b>	<b>276,303,207,711</b>
252	1. Investments in associates	12.1	234,338,123,857	235,272,887,711
258	2. Other long-term investments	12.2	47,755,320,000	49,955,320,000
259	3. Provision for long-term investments	12.2	(8,925,000,000)	(8,925,000,000)
<b>260</b>	<b>IV. Other long-term assets</b>		<b>3,652,147,498</b>	<b>4,135,921,742</b>
261	1. Long-term prepaid expenses		-	674,394,057
262	2. Deferred tax assets	26.2	3,214,187,498	3,399,527,685
268	3. Other long-term assets		437,960,000	62,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,165,278,618,570</b>	<b>2,317,183,820,971</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2014

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>678,690,708,404</b>	<b>837,896,096,877</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>472,144,607,655</b>	<b>666,907,715,024</b>
311	1. Short-term loans	14	141,925,584,720	258,526,721,800
312	2. Trade payables		33,700,327,766	37,010,362,796
313	3. Advances from customers	15	226,138,915,447	259,412,930,125
314	4. Statutory obligations	16	29,813,208,120	50,881,688,848
315	5. Payables to employees		892,249,891	1,488,126,250
316	6. Accrued expenses	17	9,483,745,598	16,090,004,701
319	7. Other payables	18	21,642,625,190	34,207,690,252
319	8. Unearned revenue		6,858,974,851	7,494,160,123
320	9. Short-term provision		2,163,860,753	1,934,364,647
343	10. Bonus and welfare fund		(474,884,681)	(138,334,518)
<b>330</b>	<b>II. Non-current liabilities</b>		<b>206,546,100,749</b>	<b>170,988,381,853</b>
333	1. Other long-term liabilities	19	131,450,571,808	4,971,079,520
334	2. Long-term loans	20	75,095,528,941	166,017,302,333
<b>400</b>	<b>B. OWNERS' EQUITY</b>	<b>21.1</b>	<b>1,480,113,366,346</b>	<b>1,472,833,726,339</b>
<b>410</b>	<b>I. Capital</b>		<b>1,480,113,366,346</b>	<b>1,472,833,726,339</b>
411	1. Share capital		690,866,880,000	690,866,880,000
412	2. Share premium		974,114,436,600	974,114,436,600
414	3. Treasury shares		(9,825,117,611)	(9,825,117,611)
417	4. Investment and development fund		30,640,486,547	30,640,486,547
418	5. Financial reserve fund		26,907,517,340	26,907,517,340
420	6. Accumulated loss		(232,590,836,530)	(239,870,476,537)
<b>439</b>	<b>C. NON-CONTROLLING INTERESTS</b>		<b>6,474,543,820</b>	<b>6,453,997,755</b>
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,165,278,618,570</b>	<b>2,317,183,820,971</b>



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

25 March 2015



CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	22.1	453,534,358,319	218,158,091,973
10	2. Net revenue from sale of goods and rendering of services		453,534,358,319	218,158,091,973
11	3. Cost of goods sold and services rendered	23	(412,903,782,200)	(429,520,625,496)
20	4. Gross profit (loss) from sale of goods and services rendered		40,630,576,119	(211,362,533,523)
21	5. Financial income	22.2	6,607,135,486	2,413,544,562
22	6. Financial expenses	24	(23,027,203,200)	(37,270,426,758)
23	<i>In which: Interest expense</i>		(22,166,604,493)	(35,944,507,529)
24	7. Selling expenses		(10,594,211,371)	(2,275,870,175)
25	8. General and administration expenses		(9,790,371,280)	(28,656,021,549)
30	9. Operating profit (loss)		3,825,925,754	(277,151,307,443)
31	10. Other income	25	11,714,718,998	6,582,822,316
32	11. Other expenses	25	(7,062,097,547)	(7,858,349,985)
40	12. Other profit (loss)	25	4,652,621,451	(1,275,527,669)
44	13. Share of loss in associates	12.1	(934,763,854)	(776,322,846)
50	14. Profit (loss) before tax		7,543,783,351	(279,203,157,958)
51	15. Current corporate income tax expense	26.1	(58,257,092)	(236,007,085)
52	16. Deferred income tax expense	26.2	(185,340,187)	(18,119,921,150)
60	17. Net profit (loss) after tax		7,300,186,072	(297,559,086,193)
	<i>Attributable to:</i>			
	17.1 Non-controlling interests		20,546,065	(356,953,078)
	17.2 Equity holders to the parent		7,279,640,007	(297,202,133,115)
70	18. Basic and diluted earnings (losses) per share (VND/share)	21.4		(4,329)


Pham Van Khanh  
Preparer

Doan Huu Chi  
Chief AccountantTrương Minh Thuận  
General Director

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit (loss) before tax</b>		<b>7,543,783,351</b>	<b>(279,203,157,958)</b>
	Adjustments for:			
02	Depreciation and amortisation	9, 11	5,586,677,338	5,079,481,962
03	(Reversal of provisions) provisions		(7,966,043,508)	249,515,670,076
05	Profit from investing activities		(4,948,609,514)	(781,552,383)
06	Interest expense	24	22,166,604,493	35,944,507,529
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>22,382,412,160</b>	<b>10,554,949,226</b>
09	Decrease in receivables		85,558,474,366	112,265,701,450
10	Decrease (increase) in inventories		70,880,102,297	(76,192,159,180)
11	Increase in payables		82,935,701,558	6,255,667,254
12	Decrease in prepaid expenses		674,394,057	2,999,218,680
13	Interest paid		(33,757,126,761)	(56,191,845,527)
14	Corporate income tax paid	26.1	(22,749,364,220)	(19,487,743,609)
16	Other cash outflows from operating activities		(336,550,163)	(773,673,781)
<b>20</b>	<b>Net cash from (used in) operating activities</b>		<b>205,588,043,294</b>	<b>(20,569,885,487)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase of fixed assets		(572,924,303)	-
22	Proceeds from disposals of fixed assets		-	954,545,454
26	Proceeds from sale of investments in other entities		7,832,000,000	29,835,000,000
27	Interest and dividends received		1,303,033,550	1,724,237,931
<b>30</b>	<b>Net cash from investing activities</b>		<b>8,562,109,247</b>	<b>32,513,783,385</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		50,379,244,917	93,992,945,471
34	Repayment of borrowings		(257,902,155,389)	(115,356,496,773)
36	Dividends paid	21.2	-	(1,589,100)
<b>40</b>	<b>Net cash used in financing activities</b>		<b>(207,522,910,472)</b>	<b>(21,365,140,402)</b>

Investment and Trading of Real Estate Joint Stock Company B03-DN/HN

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash		6,627,242,069	(9,421,242,504)
60	Cash at beginning of year	4	2,600,471,968	12,021,714,472
70	Cash at end of year	4	9,227,714,037	2,600,471,968



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Truong Minh Thuan  
General Director

25 March 2015



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2014

**1. CORPORATE INFORMATION**

Investment and Trading of Real Estate Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to 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 the Decision No. 115/QD-SGDHCM issued by the Ho Chi Minh Stock Exchange on 24 September 2009.

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

The Company and its subsidiary ("the Group") current principal activities are to invest and trade real estate properties and related services; to execute civil construction works, industrial projects and interior decoration; to construct infrastructure of urban areas, 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, real estate trading centre and management. The Company has a subsidiary, Intresco Construction Joint Stock Company ("IC") which is a shareholding company in which the Company holds 85% ownership interest was 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.

The number of the Group's employees as at 31 December 2014 was 162 (31 December 2013: 174).

**2. BASIS OF PREPARATION**

**2.1 Accounting standards and system**

The consolidated financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Enterprise Accounting Standards 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 Standards on Accounting (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 consolidated balance sheet, consolidated income statement, consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

**2.2 Applied accounting documentation system**

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

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2014.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash**

Cash comprises cash on hand and cash in banks.

**3.2 Inventories**

*Inventories properties*

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

Cost includes:

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

#### 3.2 Inventories (continued)

##### *Inventory properties (continued)*

The cost of inventory recognized in profit or loss statement 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 inventories owned by the Group, 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 consolidated income statement.

#### 3.3 Receivables

Receivables are presented in the consolidated 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 administrative expense in the consolidated income statement.

#### 3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

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

#### 3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

#### 3.5 *Intangible assets* (continued)

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

##### *Land use rights*

Land use rights are recorded as an intangible asset on the consolidated balance sheet when the Company obtained the land use right certificate prior to 2003 according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for its intended use and is not amortised given indefinite useful life.

#### 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 Group.

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

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



**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 consolidated 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 Investments**

*Investments in associates*

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that are neither subsidiary nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and is amortized over 10-year period. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting year as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

*Investments in securities and other investments*

Investments in securities and other investments are stated at their acquisition costs.

*Provision for diminution in value of investments*

Provision is made for any diminution in value of the investments at the balance sheet 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 consolidated income statement.

**3.11 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 Group.

**3.12 Accrual for severance pay**

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service 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 consolidated income statement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

**3.13 Earnings (loss) per share**

Basic earnings (loss) per share amount is computed by dividing net profit (loss) for the year attributable to ordinary shareholders, before appropriation for funds by the weighted average number of ordinary outstanding shares during the year, where applicable.

Diluted earnings (loss) per share amount are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.14 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 Group's own equity instruments.

**3.15 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 Group maintains the following reserve funds which are appropriated from the Group'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 Group'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 of its operation or of in-depth investment.

*Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

**3.16 Revenue recognition**

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

*Construction contract*

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the year in which they are incurred.



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

**3.16 Revenue recognition (continued)**

*Rental income*

Rental income receivable under operating leases is recognized on a straight-line basis over the lease term, 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 management are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognized in the consolidated 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 Group's entitlement as an investor to receive the dividend is established.

**3.17 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 consolidated 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 Group to set off current tax assets against current tax liabilities and when the Group 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

#### 3.17 *Taxation* (continued)

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

Deferred tax is charged or credited to the consolidated 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 Group 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.

#### 3.18 *Financial instruments*

##### *Initial recognition and presentation*

###### Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the consolidated 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 Group determines the classification of its financial assets at initial recognition.

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

The Group'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 consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost, net of with directly attributable transaction costs.

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

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

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

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**4. CASH**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	5,871,539,661	859,915,353
Cash in banks	3,356,174,376	1,740,556,615
<b>TOTAL</b>	<b><u>9,227,714,037</u></b>	<b><u>2,600,471,968</u></b>

**5. TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from sales of land lots and apartments (*)	13,082,214,818	21,490,127,209
Receivables from provision of construction services	19,230,073,173	24,968,354,254
Others	4,930,010,875	15,355,809,018
<b>TOTAL</b>	<b><u>37,242,298,866</u></b>	<b><u>61,814,290,481</u></b>
Provision for doubtful debts	<u>(8,563,264,860)</u>	<u>(16,529,308,368)</u>
<b>NET</b>	<b><u>28,679,034,006</u></b>	<b><u>45,284,982,113</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>
An Khang Building	5,135,300,366	5,810,857,333
Thinh Vuong Building	2,767,550,824	6,628,507,281
Phong Phu Project	2,713,591,700	3,872,903,450
6B Project	2,186,591,928	3,177,212,920
Binh Hoa Project	279,180,000	1,309,698,225
An Cu Building	-	690,948,000
<b>TOTAL</b>	<b><u>13,082,214,818</u></b>	<b><u>21,490,127,209</u></b>

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
At beginning of year	16,529,308,368	10,250,525,211
Provision created during the year	453,805,690	6,478,783,157
Reversal during the year	<u>(8,419,849,198)</u>	<u>(200,000,000)</u>
At end of year	<b><u>8,563,264,860</u></b>	<b><u>16,529,308,368</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 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>
Lot 6 & 7 - 6B Project	27,522,084,707	32,240,233,431
Thien Phu, Dak Nong Project	20,200,000,000	20,000,000,000
Long Binh Ward – District 9 Project	19,899,197,600	19,899,197,600
Others	17,736,437,103	21,636,855,690
<b>TOTAL</b>	<b><u>85,357,719,410</u></b>	<b><u>93,776,286,721</u></b>

## 7. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Withdrawal of investments in real estate projects of the following entities:		
<i>Saigon Cho Lon Investment &amp; Real Estate Joint Stock Company</i>	33,450,000,000	48,050,000,000
<i>May Thang Long Joint Stock Company</i>	17,850,000,000	18,850,000,000
<i>Tan Tao Construction &amp; Trading Co., Ltd</i>	12,000,000,000	12,000,000,000
<i>Saigon Infrastructure Development Joint Stock Company</i>	3,600,000,000	7,200,000,000
	-	10,000,000,000
Receivable from related parties (Note 27)	1,592,901,607	1,924,101,607
Advance for Tang Nhon Phu Project	-	28,841,408,622
Others	10,217,875,055	12,678,921,524
<b>TOTAL</b>	<b><u>45,260,776,662</u></b>	<b><u>91,494,431,753</u></b>
Provision for doubtful debts	(2,661,060,000)	(2,661,060,000)
<b>NET</b>	<b><u>42,599,716,662</u></b>	<b><u>88,833,371,753</u></b>

## 8. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Real estate properties and construction projects in progress (*)	1,612,436,471,562	1,993,461,784,668
Provision for decline in value of inventories (**)	(13,326,572,852)	(323,471,783,661)
<b>NET</b>	<b><u>1,599,109,898,710</u></b>	<b><u>1,669,990,001,007</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

8. INVENTORIES (continued)

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Long Thoi - Nha Be Project	1,008,038,687,327	783,840,781,590
Ly Chinh Thang Project (i)	218,151,685,897	213,223,716,052
6A Project	128,437,610,554	125,865,922,342
Long Phuoc, District 9 Project (ii)	114,950,492,919	128,041,872,919
Lot 6, 7 & 8 - 6B Project	55,115,138,475	80,079,885,236
Binh Trung Dong – District 2 Project	28,848,790,056	28,848,790,056
Tang Nhon Phu Project	8,756,067,510	30,735,986,018
146 Nguyen Van Troi, Phu Nhuan	-	550,932,490,558
Others	50,137,998,824	51,892,339,897
<b>TOTAL</b>	<b><u>1,612,436,471,562</u></b>	<b><u>1,993,461,784,668</u></b>

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

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

- (\*\*) Details of movements of provision for obsolete inventories are as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
At beginning of year	324,493,121,577	82,895,956,742
Add: Provision created during the year	-	240,575,826,919
Less: Utilisation during the year	<u>(311,166,548,725)</u>	-
At end of year	<u>13,326,572,852</u>	<u>323,471,783,661</u>

# Investment and Trading of Real Estate Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
<b>Cost:</b>					
Beginning	30,007,311,638	5,497,464,637	5,657,467,366	1,409,375,957	42,571,619,598
Newly constructed	2,430,718,182	-	-	-	2,430,718,182
Ending balance	32,438,029,820	5,497,464,637	5,657,467,366	1,409,375,957	45,002,337,780
<i>In which:</i>					
Fully depreciated	4,320,356,986	272,144,669	844,310,602	1,126,662,693	6,563,474,950
<b>Accumulated depreciation:</b>					
Beginning balance	13,443,075,564	5,032,105,897	4,137,367,622	1,321,079,408	23,933,628,491
Depreciation for the year	1,408,057,535	287,944,415	438,379,091	47,944,298	2,182,325,339
Ending balance	14,851,133,099	5,320,050,312	4,575,746,713	1,369,023,706	26,115,953,830
<b>Net carrying amount:</b>					
Beginning balance	16,564,236,074	465,358,740	1,520,099,744	88,296,549	18,637,991,107
Ending balance	17,586,896,721	177,414,325	1,081,720,653	40,352,251	18,886,383,950



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 10. INTANGIBLE ASSET

	<i>Land use rights (*)</i>	<i>Computer software</i>	<i>VND Total</i>
<b>Cost:</b>			
Beginning balance	37,573,078,250	37,700,000	37,610,778,250
Transferred from inventory	350,617,008	-	350,617,008
Ending balance	<u>37,923,695,258</u>	<u>37,700,000</u>	<u>37,961,395,258</u>
<b>Accumulated amortisation:</b>			
Beginning and ending balances	-	37,700,000	37,700,000
<b>Net carrying amount:</b>			
Beginning balance	<u>37,573,078,250</u>	-	<u>37,573,078,250</u>
Ending balance	<u>37,923,695,258</u>	-	<u>37,923,695,258</u>

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

## 11. INVESTMENT PROPERTIES

	<i>Buildings (*)</i>	<i>Houses</i>	<i>VND Total</i>
<b>Cost:</b>			
Beginning balance	89,723,082,708	1,658,859,836	91,381,942,544
Disposal	<u>(14,681,842,356)</u>	-	<u>(14,681,842,356)</u>
Ending balance	<u>75,041,240,352</u>	<u>1,658,859,836</u>	<u>76,700,100,188</u>
<b>Accumulated depreciation:</b>			
Beginning balance	12,443,266,105	1,658,859,836	14,102,125,941
Depreciation for the year	3,404,351,999	-	3,404,351,999
Disposal	<u>(2,503,070,379)</u>	-	<u>(2,503,070,379)</u>
Ending balance	<u>13,344,547,725</u>	<u>1,658,859,836</u>	<u>15,003,407,561</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>77,279,816,603</u>	-	<u>77,279,816,603</u>
Ending balance	<u>61,696,692,627</u>	-	<u>61,696,692,627</u>

The fair values of the investment properties had not yet been formally assessed and determined as at 31 December 2014. 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 values as at balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 11. INVESTMENT PROPERTIES (continued)

(\*) Land use right and associate assets of An Khang apartment, An Phu An Khanh Town, An Phu Ward, District 2, Ho Chi Minh City were pledged to obtain the loan from Lien Viet Post Joint Stock Commercial Bank (Note 14).

Land use right and associate asset at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2 was pledged to obtain the loans from Vietnam Bank for Agriculture and Rural Development (Note 14).

## 12. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investments in associates	234,338,123,857	235,272,887,711
Other long-term investments	47,755,320,000	49,955,320,000
Provision for diminution in value of long-term investments	<u>(8,925,000,000)</u>	<u>(8,925,000,000)</u>
<b>NET</b>	<b><u>273,168,443,857</u></b>	<b><u>276,303,207,711</u></b>

### 12.1 Investments in associates

	% of interest	
	Ending balance	Beginning balance
Pham Gia Construction Limited Company ("PG")	46.19	46.19
Saigon - Binh Duong Investment Corporation ("SGBD")	22.49	26.83
Long Binh Construction – Trading – Producing Joint Stock Company ("LB")	36.36	36.36

Details of these investments in associates as at 31 December 2014 are presented as follows:

	VND			
	PG	SGBD	LB	Total
<b>Cost of investments:</b>				
Beginning and ending balances	<u>150,968,925,000</u>	<u>67,480,013,645</u>	<u>21,000,000,000</u>	<u>239,448,938,645</u>
<b>Accumulated share in post-acquisition profit (loss) of the associates:</b>				
Beginning balance	-	(2,533,468,006)	(1,642,582,928)	(4,176,050,934)
Share in post-acquisition (loss) profit of the associates	<u>-</u>	<u>(233,208,773)</u>	<u>(701,555,081)</u>	<u>(934,763,854)</u>
Ending balance	<u>-</u>	<u>(2,766,676,779)</u>	<u>(2,344,138,009)</u>	<u>(5,110,814,788)</u>
<b>Net carrying amount:</b>				
Beginning balance	<u>150,968,925,000</u>	<u>64,946,545,639</u>	<u>19,357,417,072</u>	<u>235,272,887,711</u>
Ending balance	<u>150,968,925,000</u>	<u>64,713,336,866</u>	<u>18,655,861,991</u>	<u>234,338,123,857</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 as at and for the year ended 31 December 2014

**12. LONG-TERM INVESTMENTS (continued)**
**12.2 Other long-term investments**

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

**13. BORROWING COSTS**

	VND	
	Current year	Previous year
Interest expense (Note 24)	22,166,604,493	35,944,507,529
Capitalized as part of cost of real estate projects	16,848,715,502	24,926,563,922
<b>TOTAL</b>	<b>39,015,319,995</b>	<b>60,871,071,451</b>

**14. SHORT-TERM LOANS**

	VND	
	Ending balance	Beginning balance
Bank loans	102,192,020,720	78,525,142,674
Loans from other organization	30,000,000,000	57,000,000,000
Loans from individuals	9,733,564,000	16,430,214,000
Current portion of long-term loan (Note 20)	-	106,571,365,126
<b>TOTAL</b>	<b>141,925,584,720</b>	<b>258,526,721,800</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

Details of bank loans are as follows:

<i>Lenders</i>	<i>Ending balance</i>	<i>Principal repayment term</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	VND		% p.a.	
<b>Joint Stock Commercial Bank for Investment and Development of Vietnam</b>				
Loan Contract No. 71/2012/HD/93 512 dated 10 August 2012, loan Contract No. 109/2013/93512 dated 27 August 2013 and Official letter on 25 February 2015	16,337,345,859	31 December 2015	9.7 to 11.5	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-201300607/HDTD dated 30 September 2013	48,900,000,000	From 24 September 2015 to 21 November 2015	11.5	Land use rights at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City; land use right and associate asset at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2, Ho Chi Minh City (Notes 10 and 11)
<b>Lien Viet Post Joint Stock Commercial Bank</b>				
Loan Contract No. 157-13/HDHMTD-LienvietPostBank-HCM dated 17 July 2013 and loan Contract No. 270-14/HDTD-LPB-HCM dated 19 August 2014	36,954,674,861	From 29 April 2015 to 9 Oct 2015	10.5 to 12.5	Land use rights and associate assets at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1, Ho Chi Minh City; Land use right and associate assets of An Khang apartment, An Phu An Khanh Town, An Phu Ward, District 2, Ho Chi Minh City (Notes 10 and 11)
<b>TOTAL</b>	<b><u>102,192,020,720</u></b>			

The Group obtained these loans to finance its real estate project development and working capital requirements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

Details of loans from other organization are as follows:

<i>Lender</i>	<i>Ending balance</i>	<i>Principal repayment term</i>	<i>Purpose</i>	<i>Interest rate</i>	<i>Description of collateral</i>
	<i>VND</i>			<i>% p.a.</i>	
<b>Gia Dinh Development Investment Corporation (Note 27)</b>					
Loan contract No. 376/DTKDN/HDV V dated 20 June 2011 and appendix No. 74/DTKDN/HDVV dated 9 February 2015	<u>30,000,000,000</u>	20 June 2015	To finance the land compensation for Long Thoi – Nha Be Project	10.5	Land use right of 39,228 square meters at Long Phuoc Ward, District 9, Ho Chi Minh City (Note 8)

Loans from individuals represent unsecured short-term loans amounting to VND 9,733,564,000 obtained from fourteen (14) individuals for the purpose of financing the land compensation of Long Thoi - Nha Be residential project for a period twelve (12) months at interest rates 14% per annum.

#### 15. ADVANCES FROM CUSTOMERS

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

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
6A Project	103,084,029,000	103,384,029,000
Lot 6, 7 & 8 - 6B Project	74,539,337,007	92,462,253,696
Binh Trung Dong Project – District 2	9,459,508,000	10,082,708,000
Nhon Duc Cummune, Nha Be District Project	-	11,000,000,000
Others	39,056,041,440	42,483,939,429
<b>TOTAL</b>	<b><u>226,138,915,447</u></b>	<b><u>259,412,930,125</u></b>

#### 16. STATUTORY OBLIGATIONS

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Value-added tax	27,375,328,616	26,216,550,716
Personal income tax	37,552,163	189,266,198
Corporate income tax (Note 26.1)	-	21,679,212,332
Other taxes	2,400,327,341	2,796,659,602
<b>TOTAL</b>	<b><u>29,813,208,120</u></b>	<b><u>50,881,688,848</u></b>

Investment and Trading of Real Estate Joint Stock Company B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

17. ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Interest expense	8,840,018,328	15,880,004,701
Others	643,727,270	210,000,000
<b>TOTAL</b>	<b><u>9,483,745,598</u></b>	<b><u>16,090,004,701</u></b>

18. OTHER PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land compensation for Long Thoi – Nha Be Project payable to residents	6,418,555,000	3,450,875,298
Deposits received	3,939,171,207	6,623,318,344
Dividends payable	3,164,892,924	3,164,892,924
Maintenance fees collected on behalf of apartment's management committee	1,773,397,291	15,354,516,088
Others	6,346,608,768	5,614,087,598
<b>TOTAL</b>	<b><u>21,642,625,190</u></b>	<b><u>34,207,690,252</u></b>

19. OTHER LONG-TERM LIABILITIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land compensation for Long Thoi Project payable to government	126,972,666,909	-
Severance allowance	2,675,788,575	2,943,177,781
Deposit for house rental	1,802,116,324	2,027,901,739
<b>TOTAL</b>	<b><u>131,450,571,808</u></b>	<b><u>4,971,079,520</u></b>

20. LONG-TERM LOANS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Loans from banks	75,095,528,941	272,588,667,459
<i>In which:</i>		
<i>Current portion</i>	-	106,571,365,126
<i>Non-current portion</i>	75,095,528,941	166,017,302,333



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

20. **LONG-TERM LOANS** (continued)

Details of long-term bank loan 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			% p.a.	

**Joint Stock Commercial Bank for Investment and Development of Vietnam**

Loan Contract No.71/2012/HĐ/93 512 dated 10 August 2012 and Official letter dated 22 July 2014	<u>75,095,528,941</u>	From 2 July 2017 to 11 July 2018	To finance Long Thoi – Nha Be Project	11 to 12	Land use right at No. 106 Ly Chinh Thang street, District 3, Ho Chi Minh City (Note 8)
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# Investment and Trading of Real Estate Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 21. OWNERS' EQUITY

### 21.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings (Accumulated loss)	Total
<b>Previous year:</b>							
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	57,679,707,085	1,770,035,859,454
Net loss for the year	-	-	-	-	-	(297,202,133,115)	(297,202,133,115)
Dividend declared	-	-	-	-	348,050,507	(348,050,507)	-
Ending balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,907,517,340	(239,870,476,537)	1,472,833,726,339
<b>Current year:</b>							
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,907,517,340	(239,870,476,537)	1,472,833,726,339
Net profit for the year	-	-	-	-	-	7,279,640,007	7,279,640,007
Ending balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,907,517,340	(232,590,836,530)	1,480,113,366,346



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**21. OWNERS' EQUITY (continued)**

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

	VND	
	Current year	Previous year
<b>Share capital</b>		
Beginning and ending balances	<u>690,866,880,000</u>	<u>690,866,880,000</u>
Dividends paid	-	1,589,100

**21.3 Shares - ordinary shares**

	Ending balance	Beginning balance
	Shares	Shares
Shares authorised to be issued	69,086,688	69,086,688
Shares issued and fully paid	68,646,328	68,646,328
<i>Ordinary shares</i>	69,086,688	69,086,688
<i>Treasury shares</i>	(440,360)	(440,360)

**21.4 Basic and diluted earnings (losses) per share**

The following table shows the earnings (loss) and share data used in the basic and diluted earnings (losses) per share calculations:

	Current year	Previous year
Net profits (losses) attributable to ordinary equity holders of the Company (VND)	7,279,640,007	(297,202,133,115)
Weighted average number of ordinary shares (share)	<u>68,646,328</u>	<u>68,646,328</u>
<b>Basic and diluted earnings (losses) per share (VND/share)</b>	<b><u>106</u></b>	<b><u>(4,329)</u></b>

There have been no dilutive potential ordinary shares during the year and up to the date of these consolidated financial statements.

**22. REVENUES**

**22.1 Revenues from sale of goods and rendering of services**

	VND	
	Current year	Previous year
<b>Net revenue</b>	<b><u>453,534,358,319</u></b>	<b><u>218,158,091,973</u></b>
<i>Of which:</i>		
<i>Sale of real estate properties</i>	354,608,964,148	121,938,328,234
<i>Revenue from construction services</i>	81,126,354,682	79,075,998,682
<i>Revenue from other services</i>	17,799,039,489	17,143,765,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

22. REVENUES (continued)

22.2 *Financial income*

	VND	
	<i>Current year</i>	<i>Previous year</i>
Proceeds from disposal of investments	5,632,000,000	-
Dividends received	772,062,000	1,919,323,000
Interest income	199,771,550	236,868,931
Others	3,301,936	257,352,631
<b>TOTAL</b>	<b><u>6,607,135,486</u></b>	<b><u>2,413,544,562</u></b>

23. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of real estate properties	327,853,167,889	345,619,867,710
Cost of construction	76,475,123,487	74,579,670,365
Cost of services rendered	8,575,490,824	9,321,087,421
<b>TOTAL</b>	<b><u>412,903,782,200</u></b>	<b><u>429,520,625,496</u></b>

24. FINANCIAL EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	22,166,604,493	35,944,507,529
Provision for diminution in value of investments	23,496,000	-
Loss from disposal of investment	720,460,182	1,300,000,000
Others	116,642,525	25,919,229
<b>TOTAL</b>	<b><u>23,027,203,200</u></b>	<b><u>37,270,426,758</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 25. OTHER INCOME AND EXPENSES

	<i>Current year</i>	<i>VND Previous year</i>
<b>Other income</b>	<b>11,714,718,998</b>	<b>6,582,822,316</b>
Penalty for late payment and cancellation of apartment sale contracts	10,099,865,704	1,078,395,312
Reversal of provision for warranty	186,862,844	3,945,939,271
Proceeds from disposal of fixed assets	-	954,545,454
Others	1,427,990,450	603,942,279
<b>Other expenses</b>	<b>(7,062,097,547)</b>	<b>(7,858,349,985)</b>
Cancellation of compensation contracts	(3,254,705,400)	-
Loss from transfer of portion land lots of Long Phuoc Project	(1,019,899,852)	-
Cost of project termination	-	(3,922,534,308)
Loss due to change in project programming	-	(2,089,114,681)
Net book value of fixed assets disposed	-	(441,682,156)
Others	(2,787,492,295)	(1,405,018,840)
<b>NET PROFIT (LOSS)</b>	<b><u>4,652,621,451</u></b>	<b><u>(1,275,527,669)</u></b>

## 26. CORPORATE INCOME TAX

The Company and its subsidiary ("the Group") have the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profits (2013: 25%).

The Group'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 consolidated financial statements could change at a later date upon final determination by the tax authorities.

### 26.1 Current tax

The current tax payable is based on taxable profit (tax loss) for the year. The taxable profit (tax loss) of the Group for the year differs from the profit (loss) as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates that have been enacted at balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**26. CORPORATE INCOME TAX** (continued)

**26.1 Current tax** (continued)

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

	<i>Current year</i>	<i>VND Previous year</i>
<b>Profit (loss) before tax</b>	<b>7,543,783,351</b>	<b>(279,203,157,958)</b>
<b>Adjustments to increase (decrease) accounting profit (loss):</b>		
Provision for decline in value of inventories	(310,145,210,809)	240,575,826,919
Change in provision for doubtful debts	(7,966,043,508)	8,939,843,157
Dividends received	(51,601,818)	(1,919,323,000)
Change in provision for severance allowance	(267,389,206)	(367,593,819)
Share of loss from associates	934,763,854	776,322,846
Depreciation	347,908,406	(1,532,695,824)
VAT collection in accordance with tax audit minute	418,898,084	
Realised internal profit	768,871,913	-
Loss in a subsidiary	2,909,329,010	-
Non-deductible expenses	21,182,726,888	30,571,985,705
Loss of parent company	-	2,599,260,225
Others	281,799,354	-
<b>Estimated current (tax loss) taxable profit</b>	<b>(284,042,164,481)</b>	<b>440,468,251</b>
<b>Estimated current CIT</b>	<b>-</b>	<b>110,117,063</b>
Adjustment for under accrual of tax from prior years	58,257,092	125,890,022
<b>Current CIT</b>	<b>58,257,092</b>	<b>236,007,085</b>
CIT payable at beginning of year	21,679,212,332	40,933,748,856
CIT paid during the year	(22,749,364,220)	(19,487,743,609)
Provisional CIT made (1% over invoiced revenue)	-	(2,800,000)
<b>CIT (overpaid) payable at end of year</b>	<b>(1,011,894,796)</b>	<b>21,679,212,332</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 26. CORPORATE INCOME TAX (continued)

### 26.2 Deferred tax

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

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Unrealised internal profit	2,926,295,123	2,976,269,835	(49,974,712)	(405,854,978)
Accrual for severance pay	588,673,487	647,499,113	(58,825,626)	(180,193,787)
Depreciation	(300,781,112)	(224,241,263)	(76,539,849)	(224,241,263)
Provision for decline in value of inventory	-	-	-	(17,309,631,122)
<b>Deferred tax assets</b>	<b><u>3,214,187,498</u></b>	<b><u>3,399,527,685</u></b>		
<i>Deferred income tax expense to consolidation income statement</i>			<b><u>(185,340,187)</u></b>	<b><u>(18,119,921,150)</u></b>

### 26.3 Tax losses carried forward

The Group is eligible to carry tax losses forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. At 31 December 2014, the Group had accumulated tax losses of VND 322,486,364,945 (31 December 2013: VND 35,534,871,454) available for offset against future taxable profits. Details are as follows:

<i>Originating year</i>	<i>Can be utilized up to</i>	<i>Tax loss amount</i>	<i>VND</i>		
			<i>Utilized up to 31 December 2014</i>	<i>Forfeited</i>	<i>Unutilized at 31 December 2014</i>
2011	2016	42,298,623,050	(9,363,011,821)	-	32,935,611,229
2013	2018	2,599,260,225	-	-	2,599,260,225
2014	2019	<u>286,951,493,491</u>	-	-	<u>286,951,493,491</u>
<b>TOTAL</b>		<b><u>331,849,376,766</u></b>	<b><u>(9,363,011,821)</u></b>	<b><u>-</u></b>	<b><u>322,486,364,945</u></b>

Estimated tax loss as per the Group's CIT declaration for the year ended 31 December 2014 has not been audited by the local tax authorities as of the date of these consolidated financial statements.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 27. TRANSACTIONS WITH RELATED PARTIES

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
Gia Dinh Development Investment Corporation	Related party	Interest expense	5,180,931,507
		Dividends received	743,750,000

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Receivable (Payable)</i>
<b><i>Other receivable</i></b>			
Saigon - Binh Duong Investment Corporation	Associate	Interest income	<u>1,592,901,607</u>

### ***Loan***

Gia Dinh Development Investment Corporation	Related party	Loan	<u>(30,000,000,000)</u>
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### ***Transactions with other related parties***

Remuneration to members of the Board of Directors and Management:

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonuses	<u>1,639,948,000</u>	<u>1,821,792,000</u>

## 28. CAPITAL COMMITMENT

At 31 December 2014, the Group had outstanding commitments of VND 786,659,684,456 relating to the acquisition costs to obtain five (5) land lots Ly Chinh Thang Project and VND 268,057,023,613 (31 December 2013: VND 81,241,220,833) relating to the outstanding construction contracts of apartments building and development of infrastructure of the ongoing residential projects.

## 29. SEGMENT INFORMATION

A segment is a component determined separately by the Group which is engaged in providing real estate products or related services (business segment) or providing real estate products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's principal activities are engaged in investing and trading real estate properties and related services. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's real estate products or the locations that the Group is trading. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of separate segmental information is not required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

#### **Market risk**

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

The sensitivity analyses in the following sections relate to the position as at 31 December 2014 and 31 December 2013 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 Group's exposure to market risk for changes in interest rate relates primarily to the Group's long-term debt obligations with floating interest rates.

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

#### *Interest rate sensitivity*

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

With all other variables held constant, the Group's profit before tax and balance sheet items 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>Current year</b>			
VND	+100	(884,733,829)	1,377,754,448
VND	-100	884,733,829	(1,377,754,448)
<b>Previous year</b>			
VND	+200	(4,441,875,280)	4,023,000,483
VND	-200	4,441,875,280	(4,023,000,483)

#### *Equity price risk*

The Company is not exposed to equity securities price risk.

#### **Real estate risk**

The Group 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 Group 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### *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 Group 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 properties*

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

#### *Bank deposits*

The Group's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed in accordance with the Group's policy. The Group'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 Group evaluates the concentration of credit risk in respect to bank deposit as low.

#### *Liquidity risk*

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

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

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

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND</i> <i>Total</i>
<b>Ending balance</b>			
Loans and borrowings	141,925,584,720	75,095,528,941	217,021,113,661
Trade payables	33,700,327,766	-	33,700,327,766
Other payables and accrued expenses	31,126,370,788	-	31,126,370,788
	<b><u>206,752,283,274</u></b>	<b><u>75,095,528,941</u></b>	<b><u>281,847,812,215</u></b>
<b>Beginning balance</b>			
Loans and borrowings	258,526,721,800	166,017,302,333	424,544,024,133
Trade payables	37,010,362,796	-	37,010,362,796
Other payables and accrued expenses	52,325,596,692	-	52,325,596,692
	<b><u>347,862,681,288</u></b>	<b><u>166,017,302,333</u></b>	<b><u>513,879,983,621</u></b>

#### *Collateral*

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

The Group did not hold collateral at 31 December 2014 and 31 December 2013.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

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

There has been no matter or circumstance that has arisen after the balance date that has affected or may significantly affect the consolidated operations of the Company, the consolidated results of those operations or the consolidated financial positions of the Group in subsequent periods.



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

25 March 2015