



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

Interim consolidated financial statements

30 June 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’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 period and at the date of this report are:

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

### BOARD OF SUPERVISION

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

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

### MANAGEMENT

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

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

### LEGAL REPRESENTATIVE

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

### AUDITOR

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

# Investment and Trading of Real Estate Joint Stock Company

## REPORT OF MANAGEMENT

Management of Investment and Trading of Real Estate Joint Stock Company ("the Company") is pleased to present its report and the interim consolidated financial statements of the Company and its subsidiary ("the Group") for the six-month period ended 30 June 2012.

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

Management is responsible for the interim consolidated financial statements of the Group of each financial period which give a true and fair view of the interim consolidated state of affairs of the Group and of the interim consolidated results of its operations and its interim consolidated cash flows. In preparing those interim 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 interim consolidated financial statements; and
- ▶ prepare the interim 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 interim consolidated financial position of the Group and to ensure that the accounting records comply with the applied 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 interim consolidated financial statements for the period ended 30 June 2012.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2012 and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period ended 30 June 2012 in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

For and on behalf of the management:



Truong Minh Thuan  
General Director

27 August 2012

Reference: 60792124/15503258

## REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

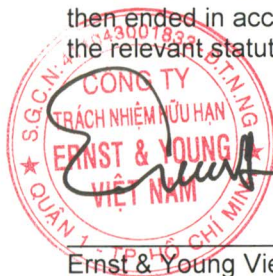
To: The Shareholders of Investment and Trading of Real Estate Joint Stock Company

We have reviewed the interim consolidated financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") and its subsidiary ("the Group") as set out on pages 4 to 42 which comprise the interim consolidated balance sheet as at 30 June 2012, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.


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

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2012, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.



*Yuan Va ml.*  
Ernst & Young Vietnam Limited

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

  
Bui Xuan Vinh  
Auditor  
Certificate No.0842/KTV

Ho Chi Minh City, Vietnam

27 August 2012

## Investment and Trading of Real Estate Joint Stock Company B01a-DN/HN

INTERIM CONSOLIDATED BALANCE SHEET  
as at 30 June 2012

VND

Code	ASSETS	Notes	30 June 2012	31 December 2011
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>2,257,342,386,600</b>	<b>2,220,462,451,574</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>20,120,408,350</b>	<b>16,525,188,339</b>
111	1. Cash		20,120,408,350	8,525,188,339
112	2. Cash equivalents		-	8,000,000,000
<b>130</b>	<b>II. Current accounts receivable</b>		<b>411,655,898,292</b>	<b>476,237,213,195</b>
131	1. Trade receivables	5	161,307,935,566	223,125,488,034
132	2. Advances to suppliers	6	202,043,641,580	199,426,351,789
135	3. Other receivables	7	58,554,846,357	63,935,898,583
139	4. Provision for doubtful debts		(10,250,525,211)	(10,250,525,211)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>1,822,314,750,918</b>	<b>1,727,310,853,899</b>
141	1. Inventories		1,905,210,707,660	1,838,896,483,021
149	2. Provision for obsolete inventories		(82,895,956,742)	(111,585,629,122)
<b>150</b>	<b>IV. Other current asset</b>		<b>3,251,329,040</b>	<b>389,196,141</b>
158	1. Other current assets		3,251,329,040	389,196,141
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>509,673,583,145</b>	<b>540,868,988,364</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>49,114,030,899</b>	<b>51,084,279,830</b>
221	1. Tangible fixed assets	9	49,109,977,661	51,076,173,352
222	Cost		72,695,698,466	72,979,353,113
223	Accumulated depreciation		(23,585,720,805)	(21,903,179,761)
227	2. Intangible fixed assets	10	4,053,238	8,106,478
228	Cost		37,700,000	37,700,000
229	Accumulated amortisation		(33,646,762)	(29,593,522)
<b>240</b>	<b>II. Investment properties</b>	<b>11</b>	<b>100,983,730,561</b>	<b>103,194,563,425</b>
241	1. Cost		110,541,642,390	110,541,642,390
242	2. Accumulated depreciation		(9,557,911,829)	(7,347,078,965)
<b>250</b>	<b>III. Long-term investments</b>	<b>12</b>	<b>333,495,753,607</b>	<b>353,433,706,302</b>
252	1. Investments in associates	12.1	267,497,253,607	267,647,506,302
258	2. Other long-term investments	12.2	81,901,500,000	102,046,200,000
259	3. Provision for long-term investments	12.2	(15,903,000,000)	(16,260,000,000)
<b>260</b>	<b>IV. Other long-term assets</b>		<b>26,080,068,078</b>	<b>33,156,438,807</b>
261	1. Long-term prepaid expenses		4,382,253,342	5,050,711,941
262	2. Deferred tax assets	25.2	21,635,814,736	28,043,726,866
268	3. Other long-term assets		62,000,000	62,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,767,015,969,745</b>	<b>2,761,331,439,938</b>

Investment and Trading of Real Estate Joint Stock Company B01a-DN/HN

INTERIM CONSOLIDATED BALANCE SHEET (continued)  
as at 30 June 2012

VND

Code	RESOURCES	Notes	30 June 2012	31 December 2011
<b>300</b>	<b>A. LIABILITIES</b>		<b>991,262,828,427</b>	<b>957,442,989,002</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>735,005,144,391</b>	<b>778,793,431,065</b>
311	1. Short-term loans and borrowings	14	205,170,426,943	231,545,297,880
312	2. Trade payables		24,818,878,086	41,518,635,051
313	3. Advances from customers	15	325,230,382,927	323,481,123,201
314	4. Statutory obligations	16	83,944,279,181	90,650,912,755
315	5. Payables to employees		2,400,064,720	528,805,000
316	6. Accrued expenses	17	13,098,276,974	13,435,400,491
319	7. Other payables	18	64,685,619,429	62,733,176,281
320	8. Short-term provision		7,475,853,092	6,951,852,198
338	9. Unearned revenue		7,260,423,776	6,769,444,245
323	10. Bonus and welfare fund		920,939,263	1,178,783,963
<b>330</b>	<b>II. Non-current liabilities</b>		<b>256,257,684,036</b>	<b>178,649,557,937</b>
333	1. Other long term liabilities		2,417,602,323	1,955,315,591
334	2. Long-term loans and debts	19	250,326,208,492	173,684,000,000
336	3. Provision for severance allowance		3,513,873,221	3,010,242,346
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>1,769,261,602,090</b>	<b>1,797,398,013,319</b>
<b>410</b>	<b>I. Capital</b>	<b>20.1</b>	<b>1,769,261,602,090</b>	<b>1,797,398,013,319</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		56,905,449,721	85,041,860,950
<b>439</b>	<b>C. MINORITY INTERESTS</b>		<b>6,491,539,228</b>	<b>6,490,437,617</b>
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,767,015,969,745</b>	<b>2,761,331,439,938</b>



Doan Huu Chi  
Chief Accountant




Trương Minh Thuận  
General Director

27 August 2012

Investment and Trading of Real Estate Joint Stock Company B02a-DN/HN

INTERIM CONSOLIDATED INCOME STATEMENT  
for the six-month period ended 30 June 2012

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2012	For the six-month period ended 30 June 2011
01	1. Revenue from sale of goods and rendering of services	21.1	51,055,184,111	68,422,255,004
02	2. Deductions		-	-
10	3. Net revenue from sale of goods and rendering of services	21.1	51,055,184,111	68,422,255,004
11	4. Cost of goods sold and services rendered	22	(18,793,822,811)	(80,479,152,001)
20	5. Gross profit (loss) from sale of goods and rendering of services		32,261,361,300	(12,056,896,997)
21	6. Financial income	21.2	22,811,095,934	6,029,262,855
22	7. Financial expenses	23	(22,762,363,483)	(29,234,161,538)
23	- In which: Interest expense		(23,087,562,233)	(10,086,489,161)
24	8. Selling expenses		(398,659,806)	(180,845,598)
25	9. General and administration expenses		(15,205,455,486)	(14,298,211,385)
30	10. Operating profit (loss)		16,705,978,459	(49,740,852,663)
31	11. Other income	24	487,451,945	2,855,793,503
32	12. Other expenses	24	(3,890,463,674)	(179,507,118)
40	13. Other (loss) profit	24	(3,403,011,729)	2,676,286,385
44	14. Share of loss in associates	12.1	(150,252,695)	(1,713,988,562)



INTERIM CONSOLIDATED INCOME STATEMENT (continued)  
for the six-month period ended 30 June 2012

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2012	For the six-month period ended 30 June 2011
50	15. Profit (loss) before tax		13,152,714,035	(48,778,554,840)
51	16. Current corporate income tax expense	25.1	(556,947,523)	(720,160,599)
52	17. Deferred income tax (expense) income	25.2	(6,407,912,130)	7,286,483,154
60	18. Net profit (loss) after tax		6,187,854,382	(42,212,232,285)
	Attributable to:			
	18.1 Minority interests		1,101,611	313,251,657
	18.2 Equity holders of the parent		6,186,752,771	(42,525,483,942)
70	19. Basic earnings (loss) per share	20.4	90	(616)



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

27 August 2012

INTERIM CONSOLIDATED CASH FLOW STATEMENT  
for the six-month period ended 30 June 2012

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2012	For the six-month period ended 30 June 2011
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit (loss) before tax</b>		<b>13,152,714,035</b>	<b>(48,778,554,840)</b>
	Adjustments for:			
02	Depreciation and amortisation	9,10,11	4,259,305,704	4,228,327,123
03	Provisions		(26,898,305,057)	42,885,150,373
05	Profits from investing activities		(22,838,062,557)	(4,283,741,724)
06	Interest expenses	23	23,087,562,233	10,086,489,161
<b>08</b>	<b>Operating (loss) profit before changes in working capital</b>		<b>(9,236,785,642)</b>	<b>4,137,670,093</b>
09	Decrease in receivables		96,048,238,771	151,916,399,669
10	Increase in inventories		(66,314,224,639)	(310,018,080,592)
11	(Decrease) increase in payables		(24,898,941,521)	98,323,970,415
12	Decrease in prepaid expenses		668,458,599	68,970,162
13	Interest paid		(22,094,637,240)	(8,471,840,897)
14	Corporate income tax paid	25.1	(2,351,280,215)	(11,000,000,000)
16	Other cash outflows from operating activities		-	(5,045,641,085)
<b>20</b>	<b>Net cash flows used in operating activities</b>		<b>(28,179,171,887)</b>	<b>(80,088,552,235)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase of fixed assets	9	(112,186,409)	(170,776,875)
22	Proceeds from disposals of fixed assets	24	211,181,818	-
26	Proceeds from sale of investments in other entities		14,169,397,000	-
27	Interest and dividend received		1,561,825,934	5,997,730,286
<b>30</b>	<b>Net cash flows from investing activities</b>		<b>15,830,218,343</b>	<b>5,826,953,411</b>

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the six-month period ended 30 June 2012

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2012	For the six-month period ended 30 June 2011
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
32	Capital redemption	20.1	-	(9,825,117,611)
33	Drawdown of borrowings		81,776,198,284	152,021,901,157
34	Repayment of borrowings		(31,508,860,729)	(73,464,918,135)
36	Dividends paid	20.1	(34,323,164,000)	-
<b>40</b>	<b>Net cash flows from financing activities</b>		<b>15,944,173,555</b>	<b>68,731,865,411</b>
<b>50</b>	<b>Net increase (decrease) in cash and cash equivalents</b>		<b>3,595,220,011</b>	<b>(5,529,733,413)</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>4</b>	<b>16,525,188,339</b>	<b>64,936,167,182</b>
<b>70</b>	<b>Cash at end of the period</b>	<b>4</b>	<b>20,120,408,350</b>	<b>59,406,433,769</b>


Doan Huu Chi  
Chief AccountantTrương Minh Thuận  
General Director

27 August 2012

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

**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'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 Head office of the Company is located at 18 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

The Company has a subsidiary (collectively referred to as "the Group") as follows:

Intresco Construction Joint Stock Company ("IC") 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.

IC's principal activities are to construct civil and industrial projects; and to invest and construct infrastructure of residential areas and construction-related services.

The number of the Group's employees as at 30 June 2012 was 212 (31 December 2011: 212).

**2. BASIS OF PREPARATION**

**2.1 Accounting standards and system**

The interim consolidated financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other 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 interim consolidated balance sheet, interim consolidated income statement, interim 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2012 and for the six-month period then ended

**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 Group's fiscal year starts on 1 January and ends on 31 December.

**2.4 Accounting currency**

The interim consolidated financial statements are prepared in VND.

**2.5 Basis of consolidation**

The interim consolidated financial statements comprise the interim financial statements of the Company and its subsidiary for the six-month period ended 30 June 2012.

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 interim financial statements of the subsidiary are prepared for the same reporting period as the 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.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash**

Cash comprise cash on hand and cash in banks.

**3.2 Inventories**

*Inventory properties*

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

Cost includes:

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

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

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the interim 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.

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

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

**3.2 Inventories (continued)**

*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 interim consolidated balance sheet date.

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

**3.3 Receivables**

Receivables are presented in the interim 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 the estimated loss due to non-collection of receivables that were outstanding at the interim balance sheet date. Increases and decreases to the provision balance are recorded as general and administration expense in the interim consolidated income statement.

**3.4 Fixed assets**

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

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

**3.5 Depreciation and amortisation**

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

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

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

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

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

#### 3.6 *Investment properties*

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

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

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 interim 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. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

#### 3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the period in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

#### 3.8 *Prepaid expenses*

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

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

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

**3.9 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 interim 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 interim 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 interim 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 period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

**3.10 Investments in securities and other investments**

Investments in securities and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the marketable investments at the interim consolidated 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 expenses in the interim 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 period 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 period 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 interim consolidated income statement.

**3.13 Provisions**

Provisions are recognized when the Group 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.

**3.14 Basic earnings per share**

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



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

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

**3.15 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.

**3.16 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 Group'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 in-depth investments.

*Bonus and welfare fund*

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

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

*Rental income*

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

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

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

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

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

**3.17 Revenue recognition (continued)**

*Sale of completed property*

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

*Interest*

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

*Dividends*

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

**3.18 Taxation**

*Current income tax*

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

Current income tax is charged or credited to the interim 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 liability method on temporary differences at the interim 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, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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, except:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries, and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

**3.18 Taxation (continued)**

*Deferred income tax (continued)*

The carrying amount of deferred income tax assets is reviewed at each interim 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 interim 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.

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

Deferred tax is charged or credited to the interim 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 by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**3.19 Financial instruments**

*Initial recognition and presentation*

Financial assets

Financial assets within the scope of Circular 210 are classified, for disclosures in the notes to the interim 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 and short-term deposits, trade and other receivables, and unquoted financial instruments.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the interim 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 plus directly attributable transaction costs.

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

*Subsequent measurement*

No subsequent measure of financial instruments is currently required.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the interim 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2012 and for the six-month period then ended

#### 4. CASH AND CASH EQUIVALENTS

	VND	
	30 June 2012	31 December 2011
Cash on hand	7,502,143,465	1,719,237,310
Cash in banks	12,618,264,885	6,805,951,029
Cash equivalents	-	8,000,000,000
<b>TOTAL</b>	<b><u>20,120,408,350</u></b>	<b><u>16,525,188,339</u></b>

#### 5. TRADE RECEIVABLES

	VND	
	30 June 2012	31 December 2011
Receivables from sales of land lots and apartments (*)	111,200,061,108	166,029,789,865
Receivables from construction services	32,389,724,020	36,772,790,132
Receivables from a related party	-	11,041,808,707
Others	17,718,150,438	9,281,099,330
<b>TOTAL</b>	<b><u>161,307,935,566</u></b>	<b><u>223,125,488,034</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	
	30 June 2012	31 December 2011
An Khang building	40,889,711,507	63,926,156,062
6B Project	40,969,331,131	41,271,767,131
Thinh Vuong building	18,102,178,553	44,351,264,035
Binh Hoa Project	4,317,527,772	6,278,370,492
Phong Phu Project	5,223,024,600	8,503,944,600
An Cu building	1,698,287,545	1,698,287,545
<b>TOTAL</b>	<b><u>111,200,061,108</u></b>	<b><u>166,029,789,865</u></b>

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

#### 6. ADVANCES TO SUPPLIERS

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

	VND	
	30 June 2012	31 December 2011
6B Project	47,000,000,000	47,000,000,000
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 – Ha Noi Project	12,000,000,000	12,000,000,000
Nhon Duc Commune, Nha Be District Project	10,000,000,000	10,000,000,000
Others	41,844,443,980	39,227,154,189
<b>TOTAL</b>	<b><u>202,043,641,580</u></b>	<b><u>199,426,351,789</u></b>

#### 7. OTHER RECEIVABLES

	VND	
	30 June 2012	31 December 2011
Advance for Dak Nong project	20,000,000,000	20,000,000,000
Advance for land compensation	28,739,761,311	34,239,761,311
Receivable from a related party (Note 26)	1,592,901,607	1,592,901,607
Others	8,222,183,439	8,103,235,665
<b>TOTAL</b>	<b><u>58,554,846,357</u></b>	<b><u>63,935,898,583</u></b>

#### 8. INVENTORIES

	VND	
	30 June 2012	31 December 2011
Raw materials	3,540,250	2,980,650
Properties for sales	15,320,290,653	18,490,724,765
Real estate properties and construction projects in process (*)	1,889,886,876,757	1,820,402,777,606
<b>TOTAL</b>	<b><u>1,905,210,707,660</u></b>	<b><u>1,838,896,483,021</u></b>
Provision for obsolete inventories	(82,895,956,742)	(111,585,629,122)
<b>NET</b>	<b><u>1,822,314,750,918</u></b>	<b><u>1,727,310,853,899</u></b>

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

## 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	
\	30 June 2012	31 December 2011
Long Thoi - Nha Be Project (*)	717,803,420,054	629,512,174,805
146 Nguyen Van Troi, Phu Nhuan District (**)	534,499,548,822	528,939,941,805
106 Ly Chinh Thang Building (***)	207,237,897,454	207,153,701,933
Long Phuoc, District 9 Project	123,945,615,679	150,662,450,479
6A Project	125,171,184,160	124,766,939,313
6B Project	73,221,588,967	72,640,359,876
Tang Nhon Phu Project	41,885,183,288	41,372,261,834
Others	66,122,438,333	65,354,947,561
<b>TOTAL</b>	<b><u>1,889,886,876,757</u></b>	<b><u>1,820,402,777,606</u></b>

- (\*) 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*).

- (\*\*) Land use right 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 19*).

- (\*\*\*) Land use right at No. 106 Ly Chinh Thang Street, District 3 was pledged to obtain the loan from Bank of Investment and Development of Vietnam (*Note 14 and 19*).

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

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
Provision for obsolete inventories at beginning of period	111,585,629,122	13,657,432,253
Add: Provision created during the period	-	24,439,962,641
Less: Reversal of provision during the period	<u>(28,689,672,380)</u>	-
Provision for obsolete inventories at end of period	<u>82,895,956,742</u>	<u>38,097,394,894</u>

## Investment and Trading of Real Estate Joint Stock Company

B09a-DN/HN

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 9. TANGIBLE FIXED ASSETS

	Buildings and structures (*)	Machinery and equipment	Motor vehicles	Office equipment	Total
<b>Cost:</b>					
As at 31 December 2011	56,756,951,958	5,761,507,267	7,380,228,042	3,080,665,846	72,979,353,113
Newly purchased	-	47,777,500	-	64,408,909	112,186,409
Disposal	-	(46,312,500)	(349,528,556)	-	(395,841,056)
As at 30 June 2012	56,756,951,958	5,762,972,267	7,030,699,486	3,145,074,755	72,695,698,466
<b>Accumulated depreciation:</b>					
As at 31 December 2011	10,418,218,184	4,572,699,896	4,326,747,719	2,585,513,962	21,903,179,761
Depreciation for the period	1,131,761,592	432,558,010	338,241,504	141,858,494	2,044,419,600
Disposal	-	(12,350,000)	(349,528,556)	-	(361,878,556)
As at 30 June 2012	11,549,979,776	4,992,907,906	4,315,460,667	2,727,372,456	23,585,720,805
<b>Net carrying amount:</b>					
As at 31 December 2011	46,338,733,774	1,188,807,371	3,053,480,323	495,151,884	51,076,173,352
As at 30 June 2012	45,206,972,182	770,064,361	2,715,238,819	417,702,299	49,109,977,661

(\*) 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 27,080,017,538 which was pledged to obtain the short-term loan from Lien Viet Post Bank (Note 14).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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#### 10. INTANGIBLE FIXED ASSET

	VND
	<i>Computer software</i>
<b>Cost:</b>	
As at 31 December 2011 and 30 June 2012	<u>37,700,000</u>
<b>Accumulated amortization:</b>	
As at 31 December 2011	29,593,522
Amortization for the period	<u>4,053,240</u>
As at 30 June 2012	<u>33,646,762</u>
<b>Net carrying amount:</b>	
As at 31 December 2011	<u>8,106,478</u>
As at 30 June 2012	<u>4,053,238</u>

#### 11. INVESTMENT PROPERTIES

			VND
	<i>Buildings</i>	<i>Houses</i>	<i>Total</i>
<b>Cost:</b>			
As at 31 December 2011 and 30 June 2012	<u>97,781,182,124</u>	<u>12,760,460,266</u>	<u>110,541,642,390</u>
<b>Accumulated depreciation:</b>			
As at 31 December 2011	6,198,637,540	1,148,441,425	7,347,078,965
Depreciation for the period	<u>1,955,623,656</u>	<u>255,209,208</u>	<u>2,210,832,864</u>
As at 30 June 2012	<u>8,154,261,196</u>	<u>1,403,650,633</u>	<u>9,557,911,829</u>
<b>Net carrying amount:</b>			
As at 31 December 2011	<u>91,582,544,584</u>	<u>11,612,018,841</u>	<u>103,194,563,425</u>
As at 30 June 2012	<u>89,626,920,928</u>	<u>11,356,809,633</u>	<u>100,983,730,561</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 (*Note 14*).

The fair value of the investment properties had not yet been formally assessed and determined as at 30 June 2012. However, given the prevailing condition of the real estate sector in Vietnam, it is management's assessment that these properties' market values are still higher than their carrying value as at interim balance sheet date.



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 12. LONG-TERM INVESTMENTS

	VND	
	30 June 2012	31 December 2011
Investments in associates	267,497,253,607	267,647,506,302
Other long-term investments	81,901,500,000	102,046,200,000
<i>Long-term securities</i>	79,766,500,000	99,911,200,000
<i>Other long-term investments</i>	2,135,000,000	2,135,000,000
Provision for long-term investments	(15,903,000,000)	(16,260,000,000)
<b>NET</b>	<b><u>333,495,753,607</u></b>	<b><u>353,433,706,302</u></b>

### 12.1 Investments in associates

	% of interest	
	30 June 2012	31 December 2011
Pham Gia Construction Limited Company	46.19	46.19
Sai Gon Binh Duong Joint stock Company	26.83	26.83
Long Binh Construction – Trading – Producing Joint Stock Company	36.36	36.36
An Dong Liksin Investment Joint Stock Company	40.00	40.00

Pham Gia Construction Limited Company (“PG”) is a limited liability company 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; 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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 30 June 2012 and for the six-month period then ended

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

**12.1 Investments in associates** (continued)

Details of these investments in associates as at 30 June 2012 are presented as follows:

	PG	SGBD	LB	AD	HA	VND Total
<b>Cost of investments:</b>						
As at 31 December 2011	150,968,925,000	80,480,013,645	21,000,000,000	16,000,000,000	8,800,000,000	277,248,938,645
Disposal	-	-	-	-	(8,800,000,000)	(8,800,000,000)
As at 30 June 2012	150,968,925,000	80,480,013,645	21,000,000,000	16,000,000,000	-	268,448,938,645
<b>Accumulated share in (loss) profit of the associates:</b>						
As at 31 December 2011	-	(1,828,965,808)	(667,348,042)	1,694,881,507	(8,800,000,000)	(9,601,432,343)
Disposal	-	-	-	-	8,800,000,000	8,800,000,000
Share (loss) profit of the associates for the period	-	(570,777,076)	13,928,359	406,596,022	-	(150,252,695)
As at 30 June 2012	-	(2,399,742,884)	(653,419,683)	2,101,477,529	-	(951,685,038)
<b>Carrying amount:</b>						
As at 31 December 2011	150,968,925,000	78,651,047,837	20,332,651,958	17,694,881,507	-	267,647,506,302
As at 30 June 2012	150,968,925,000	78,080,270,761	20,346,580,317	18,101,477,529	-	267,497,253,607

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

## 12. LONG-TERM INVESTMENTS (continued)

### 12.2 Other long-term investments

	30 June 2012		31 December 2011	
	Number of shares	Amount (VND)	Number of shares	Amount (VND)
Gia Dinh Joint Stock Company	2,125,000	34,000,000,000	2,125,000	34,000,000,000
SSI Fund	3,000,000	30,000,000,000	3,000,000	30,000,000,000
Chanh Phu Hoa Investment – Construction Corporation	-	-	2,014,470	20,144,700,000
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
Others	-	2,135,000,000	-	2,135,000,000
<b>TOTAL</b>		<b>81,901,500,000</b>		<b>102,046,200,000</b>
Provision for diminution in value of investment		(15,903,000,000)		(16,260,000,000)
<b>NET</b>		<b>65,998,500,000</b>		<b>85,786,200,000</b>

## 13. BORROWING COSTS

	VND	
	For the six-month period ended 30 June 2012	For the six-month period ended 30 June 2011
Interest expense (Note 23)	23,087,562,233	10,086,489,161
Capitalized as part of cost of real estate projects	13,634,465,154	23,210,051,013
<b>TOTAL</b>	<b>36,722,027,387</b>	<b>33,296,540,174</b>

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

#### 14. SHORT-TERM LOANS

	VND	
	30 June 2012	31 December 2011
Bank loans	79,495,301,943	125,870,172,880
Loans from other organizations	80,000,000,000	65,000,000,000
Loans from individuals	34,096,125,000	29,096,125,000
Current portion of long-term loan (Note 19)	11,579,000,000	11,579,000,000
<b>TOTAL</b>	<b><u>205,170,426,943</u></b>	<b><u>231,545,297,880</u></b>

Details of bank loans are as follows:

Lenders	30 Jun 2012	Principal repayment term	Purpose	Interest rate	Description of collateral
	VND				
<b>Bank for Investment and Development of Vietnam</b>					
Loan Contract No. 01/2011/HD/93 512 dated 18 July 2011	14,795,301,943	From 15 June 2012 to 17 July 2013	To finance working capital	13% p.a.	Land use right at No. 106 Ly Chinh Thang street, District 3, Ho Chi Minh City (Note 8)
<b>Lien Viet Post Bank</b>					
Loan Contract No. 092-12/HDHMTD-LienvietPostBank-HCM dated 7 June 2012	8,700,000,000	From 7 June 2012 to 7 June 2013	To finance working capital	17.5% p.a.	Land use right at 16 Nguyen Dinh Chieu street, DaKao Ward, District 1, Ho Chi Minh City (Note 9)
<b>Vietnam Bank for Agriculture and Rural Development</b>					
Loan Contract No. 6220-LAV-201100116/HD TD dated 17 February 2011	56,000,000,000	12 months to 9 September 2012	To finance working capital	17% p.a.	Land use right at 20 Nguyen Binh Khiem street, Da Kao Ward, District 1, Ho Chi Minh City (Note 11)
<b>TOTAL</b>	<b><u>79,495,301,943</u></b>				

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

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

Details of loans from other organizations are as follows:

<i>Lenders</i>	<i>30 Jun 2012</i>	<i>Principal repayment term</i>	<i>Purpose</i>	<i>Intere st rate</i>	<i>Description of collateral</i>
<i>VND</i>					
<b>Saigon Trading Group (SATRA)</b>					
Financial Investment Cooperation Contract No 33/2008 dated 4 April 2008 and appendix 68/2012 dated 15 April 2012	15,000,000,000	From 15 April 2012 to 15 July 2012	To finance the working capital for An Khang building's construction	17% p.a.	Right to buy An Khang apartments at the price of 80% market price
<b>Gia Dinh Joint Stock Company</b>					
Loan contract No. 376/DTKDN/HDVV dated 20 June 2011	50,000,000,000	From 21 June 2011 to 20 December 2012	To finance the compensation for Long Thoi project	15% p.a.	Land use right at Long Thoi – Nha Be project, Nhon Duc Commune, Nha Be District, Ho Chi Minh City (Note 8)
<b>An Dong Liksin Investment Joint Stock Company</b>					
Loan contract No. 179/DTKDN/HDVV dated 15 March 2012	15,000,000,000	From 12 April 2012 to 12 October 2012	To finance for Long Thoi project	14% p.a.	Unsecured
<b>TOTAL</b>	<b><u>80,000,000,000</u></b>				

Loans from individuals represent unsecured short-term loans amounting to VND 34,096,125,000 obtained from twenty five (25) individuals for the purpose of financing the land compensation of Long Thoi residential project for a period twelve (12) months from 30 June 2012 at the interest rate of 1.17% per month.

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

**15. ADVANCES FROM CUSTOMERS**

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

	VND	
	30 June 2012	31 December 2011
6A Project	104,584,029,000	104,884,029,000
6B Project	138,896,337,657	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 No. 26 Phung Khac Khoan street	20,000,000,000	20,000,000,000
House No. 6F Ngo Thoi Nhiem street	7,000,000,000	-
Others	32,623,108,270	42,367,884,544
<b>TOTAL</b>	<b><u>325,230,382,927</u></b>	<b><u>323,481,123,201</u></b>

**16. STATUTORY OBLIGATIONS**

	VND	
	30 June 2012	31 December 2011
Value-added tax	23,662,299,831	30,001,719,555
Corporate income tax (Note 25.1)	56,984,125,533	58,778,458,225
Personal income tax	72,263,815	35,393,152
Other taxes	3,225,590,002	1,835,341,823
<b>TOTAL</b>	<b><u>83,944,279,181</u></b>	<b><u>90,650,912,755</u></b>

**17. ACCRUED EXPENSES**

	VND	
	30 June 2012	31 December 2011
Interest expense	11,106,004,474	7,705,195,947
Construction-related expenses	1,613,498,500	5,204,454,544
Others	378,774,000	525,750,000
<b>TOTAL</b>	<b><u>13,098,276,974</u></b>	<b><u>13,435,400,491</u></b>

**18. OTHER PAYABLES**

	VND	
	30 June 2012	31 December 2011
Land compensation for Long Thoi Project	39,827,195,091	39,827,195,091
Maintenance fee for apartment buildings	12,048,812,200	9,514,214,500
Dividends payable	2,960,268,909	2,960,268,909
Deposits received	3,463,758,293	3,774,645,327
Others	6,385,584,936	6,656,852,454
<b>TOTAL</b>	<b><u>64,685,619,429</u></b>	<b><u>62,733,176,281</u></b>

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

## 19. LONG-TERM LOANS

	VND	
	30 June 2012	31 December 2011
Loan from banks	<u>261,905,208,492</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	250,326,208,492	173,684,000,000

Details of long-term bank loan are as follows:

Lender	30 June 2012	Principal repayment term	Purpose	Interest rate	Description of collateral
	VND				
<b>Bank for Investment and Development of Vietnam</b>					
Loan Contract No. 01/2011/HD/935 12 dated 18 July 2011	82,431,708,492	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>Saigon Commercial Joint Stock Bank, District 4 Branch</b>					
Long-term loan agreement No. LDC731600005	167,894,500,000	12 November 2027	To finance purchase of houses and land at No. 146 Nguyen Van Troi street and No. 223 Hoang Van Thu street, Phu Nhuan district, Ho Chi Minh City and development of construction 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 street, Phu Nhuan District, Ho Chi Minh City (Note 8)
<b>TOTAL</b>	<u><u>250,326,208,492</u></u>				

# Investment and Trading of Real Estate Joint Stock Company

B09a-DN/HN

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

## 20. OWNERS' EQUITY

### 20.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total	VND
<b>For the six-month period ended 30 June 2011</b>								
As at 31 December 2010	690,866,880,000	974,114,436,600	-	30,640,486,547	16,417,006,154	241,947,107,469	1,953,985,916,770	
Repurchase ordinary shares	-	-	(9,825,117,611)	-	-	-	(9,825,117,611)	
Net loss for the period	-	-	-	-	-	(42,525,483,942)	(42,525,483,942)	
Profit appropriation	-	-	-	-	10,142,460,679	(20,284,921,358)	(10,142,460,679)	
As at 30 June 2011	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	179,136,702,169	1,891,492,854,538	
<b>For the six-month period ended 30 June 2012</b>								
As at 31 December 2011	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	85,041,860,950	1,797,398,013,319	
Net profit for the period	-	-	-	-	-	6,186,752,771	6,186,752,771	
Dividend declared and paid	-	-	-	-	-	(34,323,164,000)	(34,323,164,000)	
As at 30 June 2012	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	56,905,449,721	1,769,261,602,090	



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

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

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

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
Contributed share capital	690,866,880,000	690,866,880,000
Dividends declared and paid	34,323,164,000	-

**20.3 Shares - ordinary shares**

	<i>30 June 2012</i>	<i>31 December 2011</i>
	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)

**20.4 Basic earnings per share**

	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
Net profit (loss) attributable to ordinary equity holders of the Company (VND)	6,186,752,771	(42,525,483,942)
Weighted average number of ordinary shares	69,086,688	69,086,688
<b>Basic earnings (loss) per share</b> <b>(par value: VND 10,000 per share)</b>	<b>90</b>	<b>(616)</b>

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

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

**21. REVENUE****21.1 Revenue from sale of goods and rendering of services**

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
<b>Gross revenue</b>	<b>51,055,184,111</b>	<b>68,422,255,004</b>
<i>Of which:</i>		
<i>Sale of real estate properties</i>	<i>11,935,723,025</i>	<i>20,757,121,575</i>
<i>Revenue from construction contracts</i>	<i>30,119,019,509</i>	<i>37,218,074,320</i>
<i>Revenue from other services</i>	<i>9,000,441,577</i>	<i>10,447,059,109</i>
<b>Sales returns</b>	<b>-</b>	<b>-</b>
<b>NET</b>	<b><u>51,055,184,111</u></b>	<b><u>68,422,255,004</u></b>

**21.2 Financial income**

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
Proceeds from disposal of investments	21,249,270,000	-
Dividends received	1,275,000,000	4,139,500,000
Interest income	286,825,934	1,858,230,286
Others	-	31,532,569
<b>TOTAL</b>	<b><u>22,811,095,934</u></b>	<b><u>6,029,262,855</u></b>

**22. COSTS OF GOODS SOLD AND SERVICES RENDERED**

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
Cost of real estate properties	(15,242,463,854)	40,330,969,890
Cost of construction	28,159,991,638	34,127,814,189
Cost of services rendered	5,876,295,027	6,020,367,922
<b>TOTAL</b>	<b><u>18,793,822,811</u></b>	<b><u>80,479,152,001</u></b>

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

### 23. FINANCIAL EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
Bank loan interest (Note 13)	23,087,562,233	10,086,489,161
(Reversal of) provision for diminution in value of investments	(357,000,000)	18,657,000,000
Others	31,801,250	490,672,377
<b>TOTAL</b>	<b><u>22,762,363,483</u></b>	<b><u>29,234,161,538</u></b>

### 24. OTHER INCOME AND EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
<b>Other income</b>	<b>487,451,945</b>	<b>2,855,793,503</b>
Gain on fixed assets disposed	211,181,818	-
Penalty for late payment and cancellation of apartment sale contracts	-	1,438,546,739
Penalty for late payment of Gia Phu Project	-	1,000,000,000
Others	276,270,127	417,246,764
<b>Other expenses</b>	<b>(3,890,463,674)</b>	<b>(179,507,118)</b>
Cancellation of compensation contracts	(359,448,674)	-
Others	(3,531,015,000)	(179,507,118)
<b>NET</b>	<b><u>(3,403,011,729)</u></b>	<b><u>2,676,286,385</u></b>

### 25. CORPORATE INCOME TAX

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

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

#### 25.1 Current CIT

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

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

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

**25.1 Current CIT (continued)**

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

	VND	
	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
<b>Profit (loss) before tax</b>	<b>13,152,714,035</b>	<b>(48,778,554,840)</b>
<b>Adjustments to increase accounting profit (loss):</b>		
Provision for obsolete inventories	-	24,439,962,641
Loss of parent company	-	26,979,763,153
Provision (reversal of) for diminution in value of investments in associates	150,252,695	(4,586,174,339)
Reversal of provision for diminution of value of long term investment	(375,000,000)	-
Unrealized internal profits	3,058,023,860	4,705,969,975
Income from revaluation of contributed fixed assets	-	2,551,974,292
Non-deductible expenses	1,855,383,107	1,707,201,512
Expenses accrual	1,663,498,500	-
Proceed from disposal of investment in a associate	(600,000,000)	-
Dividend received	(1,275,000,000)	(4,139,500,000)
<b>Adjusted net profit before tax loss carried forward</b>	<b>17,629,872,197</b>	<b>2,880,642,394</b>
Tax loss carried forward	(15,402,082,104)	-
<b>Estimated current taxable profit</b>	<b>2,227,790,093</b>	<b>2,880,642,394</b>
<b>Estimated current CIT</b>	<b>556,947,523</b>	<b>720,160,599</b>
CIT payable at beginning of period	58,778,458,225	67,502,103,053
CIT paid during the period	(2,351,280,215)	(11,000,000,000)
<b>CIT payable at end of period</b>	<b>56,984,125,533</b>	<b>57,222,263,652</b>

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

## 25. CORPORATE INCOME TAX (continued)

### 25.2 *Deferred CIT*

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

	<i>Interim consolidated balance sheet</i>		<i>Credit to interim consolidated income statement</i>	
	<i>30 June 2012</i>	<i>31 December 2011</i>	<i>For the six-month period ended 30 June 2012</i>	<i>For the six-month period ended 30 June 2011</i>
	VND			
Tax loss	17,309,631,122	24,482,049,217	(7,172,418,095)	6,109,990,660
Internal unrealized profit	4,326,183,614	3,561,677,649	764,505,965	1,176,492,494
<b><i>Deferred income tax assets</i></b>	<b><u>21,635,814,736</u></b>	<b><u>28,043,726,866</u></b>		
<b><i>Net deferred income tax (expense) income to interim consolidated income statement</i></b>			<b><u>(6,407,912,130)</u></b>	<b><u>7,286,483,154</u></b>

## 26. TRANSACTIONS WITH RELATED PARTIES

Amount due from related parties at the interim balance sheet date was as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
<b><i>Other receivable</i></b>			
Sai Gon Binh Duong Joint stock Company	Associate	Interest income	<u>1,592,901,607</u>
<b><i>Loan</i></b>			
Gia Dinh Development Investment Corporation	Associate	Borrowing	50,000,000,000
An Dong Liksin Investment Joint Stock Company	Associate	Borrowing	15,000,000,000
			<u><u>65,000,000,000</u></u>

## 27. CAPITAL COMMITMENT

At 30 June 2012, the Group has outstanding commitments of VND 104,049,091,935 (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.

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

## 28. 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 and short-term deposits 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.

Risk management is integral to the whole business of the Group. The Group 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 Group'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 deposits and unquoted financial instruments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2012 and 31 December 2011.

The sensitivity analyses 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.

In calculating the sensitivity analyses, management assumed that:

- ▶ the sensitivity of the balance sheet relates to available-for-sale debt instrument;
- ▶ the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2012 and 31 December 2011.

### *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.

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

## 28. 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 Group's profit before tax and the construction value on balance sheet is 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 six-month period ended 30 June 2012</b>			
	+200	(1,835,312,228)	2,619,052,085
	-200	1,835,312,228	(2,619,052,085)
<b>For the six-month period ended 30 June 2011</b>			
	+300	(1,555,753,549)	2,952,630,000
	-300	1,555,753,549	(2,952,630,000)

### **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.

### **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*

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### 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 maintain 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 discounted payments:

	VND		
	<i>Less than 1 year and from 1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
<b>30 June 2012</b>			
Loans and borrowings	205,170,426,943	250,326,208,492	455,496,635,435
Trade payables	24,818,878,086	-	24,818,878,086
Other payables and accrued expenses	80,201,498,726	-	80,201,498,726
	<b><u>310,190,803,755</u></b>	<b><u>250,326,208,492</u></b>	<b><u>560,517,012,247</u></b>
<b>31 December 2011</b>			
Loans and borrowings	231,545,297,880	173,684,000,000	405,229,297,880
Trade payables	41,518,635,051	-	41,518,635,051
Other payables and accrued expenses	78,123,892,363	-	78,123,892,363
	<b><u>351,187,825,294</u></b>	<b><u>173,684,000,000</u></b>	<b><u>524,871,825,294</u></b>

The Group 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 Group has pledged its land use right of projects in order to fulfil the collateral requirements for the short term loan obtained from Lien Viet Joint Stock Company, 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 19*). 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 30 June 2012 and 31 December 2011.



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

## 29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Carrying amount						Fair value
	30 June 2012		31 December 2011		30 June 2012		
	Cost	Provision	Cost	Provision	30 June 2012	31 December 2011	
<b>Financial assets</b>							
Trade receivables	161,307,935,566	(10,250,525,211)	212,083,679,327	(10,250,525,211)	151,057,410,355	201,833,154,116	
Receivable from a related party	1,592,901,607	-	12,634,710,314	-	1,592,901,607	12,634,710,314	
Other receivables	56,961,944,750	-	62,342,996,976	-	56,961,944,750	62,342,996,976	
Other non-current financial assets	81,901,500,000	(15,903,000,000)	102,046,200,000	(16,260,000,000)	65,998,500,000	85,786,200,000	
Cash and cash equivalents	20,120,408,350	-	16,525,188,339	-	20,120,408,350	16,525,188,339	
<b>TOTAL</b>	<b>321,884,690,273</b>	<b>(26,153,525,211)</b>	<b>405,632,774,956</b>	<b>(26,510,525,211)</b>	<b>295,731,165,062</b>	<b>379,122,249,745</b>	<b>VND</b>

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

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

	Carrying amount		Fair value		VND
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	
<b>Financial liabilities</b>					
Loans and borrowings	455,496,635,435	405,229,297,880	455,496,635,435	405,229,297,880	
Trade payables	24,818,878,086	41,518,635,051	24,818,878,086	41,518,635,051	
Other current liabilities	80,201,498,726	78,123,892,363	80,201,498,726	78,123,892,363	
<b>TOTAL</b>	<b>560,517,012,247</b>	<b>524,871,825,294</b>	<b>560,517,012,247</b>	<b>524,871,825,294</b>	

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 and short-term deposits, 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 30 June 2012, the carrying amounts of such loans and borrowings are not material different from their calculated value.

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

**30. OTHER MATTERS**

In 2004 and 2005, the Company compensated and developed these 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. These lands were sold to its customers and the related land use fees of these projects was 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 of rural streets at that time.

However, the Company has received the additional tax notice from DoT, requesting the Company to pay additional land use fee of VND 244,550,400,000 for these projects due to change in application of land use fee frame from rural streets to front streets. The Company's management is of the opinion that the Company will not be subject to the additional land use fee as the Company has paid the land use fee in accordance with applicable land regulations at that time. The Company's management further believes the application of land use fee frames above breached the principle of objectivity and fairness in regulations which, in this case, adversely impacts the financial well being of the Company.

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/QĐ-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 actual handed-over land.
- Project locations: the 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 were not applied Decision No. 21/2002/QĐ-UB dated 11 March 2002 of People's Committee of Ho Chi Minh City in the determination of the location of these projects.

During the year 2011 and up to the date of this report, the Company has been in the process of appealing this application to the People's Committee of Ho Chi Minh City and Prime Minister.

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

**30. OTHER MATTERS (continued)**

Accordingly, in Official Letter No.1812/UBND-DTMT dated 23 April 2012, the People's Committee of Ho Chi Minh City sent to the Finance Service of Ho Chi Minh City to require this body to cooperate with Inspector of Ho Chi Minh City, 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.

And in the Official Letter No.5005/CT-QLD dated 29 June 2012 of Department Tax of Ho Chi Minh City sent to the Finance Service of Ho Chi Minh City and Department Tax of Ho Chi Minh City commented that the land use fee of these projects was computed by DoT based on the land use fee frame of rural streets 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.

Therefore, the ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the interim consolidated financial statements.

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

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



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

27 August 2012