Investment and Trading of Real Estate Joint Stock Company

Consolidated financial statements

31 December 2011

Ernst & Young

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GENERAL INFORMATION

THE COMPANY

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

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

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

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

BOARD OF DIRECTORS

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

Mr. Nguyen Thuc Quang	Chairman	appointed on 23 April 2011
Mr. Truong Minh Thuan	Member	
Mr. Le Tuan	Member	appointed on 23 April 2011
Ms. Duong Thanh Thuy	Member	
Ms. Le Thi Khanh Xuong	Member	
Mr. Vu Anh	Member	resigned on 23 April 2011
Mr. Le Van Truong	Member	resigned on 23 April 2011

BOARD OF SUPERVISION

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

Ms. Pham Thi Anh Trang	Head of the Board of Supervision
Ms. Pham Thi Hong Lien	Member
Ms. Nguyen Thi Lang	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. Le Van Truong	Deputy General Director

LEGAL REPRESENTATIVE

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

AUDITORS

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

Investment and Trading of Real Estate Joint Stock Company

REPORT OF MANAGEMENT

Management of Investment and Trading of Real Estate Joint Stock Company ('the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2011.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of the Group of each financial year which give a true and fair view of the consolidated state of affairs 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 the Group 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 2011 and of the consolidated results of its operations and its consolidated cash flows for the year ended 31 December 2011 in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

For and on behalf of the management:

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CÔNG TY
CỔ PHẦN
ĐẦU TƯ
KINH DOANH NHÀ

Truong Minh Thuan
General Director

20 March 2012

ERNST & YOUNG

Ernst & Young Vietnam Limited
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INDEPENDENT AUDITORS' REPORT

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

We have audited the 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 41 which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

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

Basis of opinion

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2011, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

Without qualifying our opinion, we draw attention to Note 31 – Other matter to the consolidated financial statements. Under tax notice from the Department of Tax of Binh Chanh District, Ho Chi Minh City, the Company is required to pay additional land use fees of VND 244,550,400,000 due to change in application of land use fee frame. The Company's management, however, is of the opinion that the Company will not be subject to this application as the Company paid the land use fees in accordance with the effective land regulations at that time. The Company has been in the process of appealing the said application to the People's Committee of Ho Chi Minh City and the Prime Minister. The ultimate outcome of the matter cannot presently be determined.

Ernst & Young Vietnam Ltd.

Ernst & Young Vietnam Limited

Mai Viet Hung Tran	Bui Xuan Vinh
Deputy General Director	Auditor
Certificate No. D.0048/KTV	Certificate No.0842/KTV

Ho Chi Minh City, Vietnam

20 March 2012

CONSOLIDATED BALANCE SHEET
as at 31 December 2011

VND

Code	*ASSETS*	*Notes*	*Ending balance*	*Beginning balance*
100	**A. CURRENT ASSETS**		**2,220,462,451,574**	**2,213,509,021,612**
110	***I. Cash and cash equivalents***	***4***	***16,525,188,339***	***64,936,167,182***
111	1. Cash		8,525,188,339	21,936,167,182
112	2. Cash equivalents		8,000,000,000	43,000,000,000
130	***II. Current accounts receivable***		***476,237,213,195***	***711,779,928,307***
131	1. Trade receivables	5	223,125,488,034	307,178,454,633
132	2. Advances to suppliers	6	199,426,351,789	192,101,464,036
135	3. Other receivables	7	63,935,898,583	222,888,810,849
139	4. Provision for doubtful debts		(10,250,525,211)	(10,388,801,211)
140	***III. Inventories***	***8***	***1,727,310,853,899***	***1,435,720,315,122***
141	1. Inventories		1,838,896,483,021	1,449,377,747,375
149	2. Provision for obsolete inventories		(111,585,629,122)	(13,657,432,253)
150	***IV. Other current asset***		***389,196,141***	***1,072,611,001***
158	1. Other current assets		389,196,141	1,072,611,001
200	**B. NON-CURRENT ASSETS**		**540,868,988,364**	**559,693,613,114**
220	***I. Fixed assets***		***51,084,279,830***	***55,060,487,016***
221	1. Tangible fixed assets	9	51,076,173,352	55,039,813,871
222	Cost		72,979,353,113	75,044,829,765
223	Accumulated depreciation		(21,903,179,761)	(20,005,015,894)
227	2. Intangible fixed assets	10	8,106,478	20,673,145
228	Cost		37,700,000	37,700,000
229	Accumulated amortisation		(29,593,522)	(17,026,855)
240	***II. Investment properties***	***11***	***103,194,563,425***	***104,878,313,985***
241	1. Cost		110,541,642,390	107,883,472,355
242	2. Accumulated depreciation		(7,347,078,965)	(3,005,158,370)
250	***III. Long-term investments***	***12***	***353,433,706,302***	***396,628,330,255***
252	1. Investments in associates	12.1	267,647,506,302	269,524,830,255
258	2. Other long-term investments	12.2	102,046,200,000	159,251,500,000
259	3. Provision for long-term investments	12.2	(16,260,000,000)	(32,148,000,000)
260	***IV. Other long-term assets***		***33,156,438,807***	***3,126,481,858***
261	1. Long-term prepaid expenses		5,050,711,941	903,807,329
262	2. Deferred tax assets	25.2	28,043,726,866	2,160,674,529
268	3. Other long-term assets		62,000,000	62,000,000
270	**TOTAL ASSETS**		**2,761,331,439,938**	**2,773,202,634,726**

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2011

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	**A. LIABILITIES**		**957,442,989,002**	**818,481,144,232**
310	***I. Current liabilities***		***778,793,431,065***	***631,293,501,961***
311	1. Short-term loans	14	231,545,297,880	174,702,337,051
312	2. Trade payables		41,518,635,051	20,810,945,272
313	3. Advances from customers	15	323,481,123,201	275,159,808,601
314	4. Statutory obligations	16	90,650,912,755	106,488,052,870
315	5. Payables to employees		528,805,000	1,396,202,001
316	6. Accrued expenses	17	13,435,400,491	11,985,262,480
319	7. Other payables	18	62,733,176,281	21,853,155,562
320	8. Short-term provision		6,951,852,198	12,991,904,153
338	9. Unearned revenue		6,769,444,245	6,785,092,325
343	10. Bonus and welfare fund		1,178,783,963	(879,258,354)
330	***II. Non-current liabilities***		***178,649,557,937***	***187,187,642,271***
333	1. Long term liabilities		1,955,315,591	-
334	2. Long-term loans	19	173,684,000,000	185,263,000,000
336	3. Provision for severance allowance		3,010,242,346	1,924,642,271
400	**B. OWNERS' EQUITY**	**20.1**	***1,797,398,013,319***	**1,954,721,490,494**
410	***I. Capital***		***1,797,398,013,319***	***1,954,721,490,494***
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)	-
417	4. Investment and development fund		30,640,486,547	30,640,486,547
418	5. Financial reserve fund		26,559,466,833	16,417,006,154
420	6. Undistributed earnings		85,041,860,950	242,682,681,193
439	**C. MINORITY INTERESTS**		**6,490,437,617**	**-**
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**2,761,331,439,938**	**2,773,202,634,726**

CÔNG TY CỔ PHẦN ĐẦU TƯ KINH DOANH NHÀ
S.Đ.K.K.D. 0302199561 - C.T.C.P
QUẬN 1 TP. HỒ CHÍ MINH

Doan Huu Chi
Chief Accountant

Truong Minh Thuan
General Director

20 March 2012

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2011

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
01	**1. Revenue from sale of goods and rendering of services**	**21.1**	**167,115,550,588**	**830,126,594,703**
02	**2. Deductions**		**-**	**-**
10	**3. Net revenue from sale of goods and rendering of services**	**21.1**	**167,115,550,588**	**830,126,594,703**
11	**4. Cost of goods sold and services rendered**	**22**	**(255,659,829,206)**	**(605,832,936,671)**
20	**5. Gross (loss) profit from sale of goods and services rendered**		**(88,544,278,618)**	**224,293,658,032**
21	**6. Financial income**	**21.2**	**20,526,999,022**	**82,318,192,422**
22	**7. Financial expenses**	**23**	**(58,226,103,603)**	**(48,130,762,628)**
23	*- In which: Interest expense*		*(39,899,900,475)*	*(49,912,932,710)*
24	**8. Selling expenses**		**(465,727,338)**	**(4,278,883,863)**
25	**9. General and administration expenses**		**(32,583,968,284)**	**(40,922,074,207)**
30	**10. Operating (loss) profit**		**(159,293,078,821)**	**213,280,129,756**
31	**11. Other income**	**24**	**11,094,691,927**	**60,946,926,965**
32	**12. Other expenses**	**24**	**(4,364,418,874)**	**(7,346,126,738)**
40	**13. Other profit**	**24**	**6,730,273,053**	**53,600,800,227**
44	**14. Share of loss in associates**	**12.1**	**(6,146,923,953)**	**(3,266,243,366)**
50	**15. (Loss) profit before tax**		**(158,709,729,721)**	**263,614,686,617**
51	**16. Current corporate income tax expense**	**25.1**	**(4,038,783,884)**	**(61,266,050,171)**
52	**17. Deferred income tax benefit (expense)**	**25.2**	**25,883,052,337**	**(2,765,666,240)**
60	**18. Net (loss) profit after tax**		**(136,865,461,268)**	**199,582,970,206**
	Attributable to			
	18.1 Minority interests		*490,437,617*	*-*
	18.2 Equity holders to the parent		*(137,355,898,885)*	*199,582,970,206*
70	**19. Basic (loss) earnings per share**	**20.4**	**(1,988)**	**3,390**

Doan Huu Chi
Chief Accountant

CÔNG TY CỔ PHẦN ĐẦU TƯ KINH DOANH NHÀ

Truong Minh Thuan
General Director

20 March 2012

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2011

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**(Loss) profit before tax**		**(158,709,729,721)**	**263,614,686,617**
	Adjustments for:			
02	Depreciation and amortisation	9,10,11	8,570,363,748	6,454,977,951
03	Provisions		121,027,712,860	(7,630,331,492)
04	Unrealised foreign exchange losses		-	31,437,272
05	Profit from investing activities		(14,476,950,740)	(64,550,311,835)
06	Interest expense	23	39,899,900,475	49,912,932,710
08	**Operating (loss) profit before changes in working capital**		**(3,688,703,378)**	**247,833,391,223**
09	Decrease in receivables		199,830,061,004	120,508,146,390
10	(Increase) decrease in inventories		(389,518,735,646)	108,414,129,316
11	Increase (decrease) in payables		126,585,760,946	(541,130,985,224)
12	(Increase) decrease in prepaid expenses		(4,186,904,612)	2,037,420,393
13	Interest paid		(35,522,091,935)	(42,999,869,982)
14	Corporate income tax paid	25.1	(13,769,699,571)	(26,039,149,652)
16	Other cash outflows from operating activities		-	(4,745,161,955)
20	**Net cash used in operating activities**		**(120,270,313,192)**	**(136,122,079,491)**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase of fixed assets	9,11	(2,917,196,002)	(3,049,188,635)
22	Proceeds from disposals of fixed assets	24	173,636,364	1,842,727,273
25	Payments for investments in other entities		(4,269,600,000)	-
26	Proceeds from sale of investments in other entities		30,141,395,000	17,140,000,000
27	Interest and dividend received		13,320,933,329	17,441,771,834
30	**Net cash from investing activities**		**36,449,168,691**	**33,375,310,472**

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2011

VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Issuance of shares		-	496,019,106,600
32	Capital redemption	20.1	(9,825,117,611)	-
33	Drawdown of borrowings		269,847,508,037	274,493,394,370
34	Repayment of borrowings		(224,583,547,208)	(567,145,947,126)
36	Dividends paid		(28,677,560)	(58,853,317,510)
40	**Net cash from financing activities**		**35,410,165,658**	**144,513,236,334**
50	**Net (decrease) increase in cash and cash equivalents**		**(48,410,978,843)**	**41,766,467,315**
60	**Cash and cash equivalents at beginning of year**	**4**	**64,936,167,182**	**23,194,072,723**
61	**Impact of exchange rate fluctuation**		**-**	**(24,372,856)**
70	**Cash and cash equivalents at end of year**	**4**	**16,525,188,339**	**64,936,167,182**

CÔNG TY CỔ PHẦN ĐẦU TƯ KINH DOANH NHÀ

Doan Huu Chi
Chief Accountant

Truong Minh Thuan
General Director

20 March 2012

1. CORPORATE INFORMATION

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

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

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

The 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 31 December 2011 was 212 (31 December 2010: 214).

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 the Vietnamese Accounting System and Vietnamese Accounting Standards ("VAS") issued by the Ministry of Finance as per:

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

2. BASIS OF PREPARATION (continued)

2.1 Accounting standards and system (continued)

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.

2.2 Registered accounting documentation system

The Group's registered 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 Group maintains its accounting records in VND.

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 2011.

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 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 consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Change in accounting policy and disclosures

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those of previous years, except for the change in the accounting policy and disclosure in relation to the application of Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") issued by the Ministry of Finance on 6 November 2009 with effectiveness from financial years beginning on or after 1 January 2011.

The adoption of Circular 210 results in new disclosures being added to the consolidated financial statements as shown in Notes 28 and 29.

Circular 210 also requires the Group to evaluate the terms of non-derivative financial instrument issued by the Group to determine whether it contains both a liability and an equity component. Such components are classified separately as financial liabilities, financial assets or equity instruments in the consolidated balance sheet. This requirement has no material impact on the consolidated financial position or consolidated result of operation of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

3.3 Inventories

Inventory properties

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

Cost includes:

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

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

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

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

Other inventories

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

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

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

Provision for obsolete inventories

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3.5 Fixed assets

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

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

3.6 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 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:

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.9 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 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.

3.11 Investments in securities and other investments

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

3.12 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Provision for severance allowance

The severance payment to employee is provided at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, 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 year up to the balance sheet date. Any changes to the accrued amount will be taken into the consolidated income statement. From 1 January 2009, the Group pays unemployment insurance in accordance with Decree No. 127/2008/ND-CP dated 12 December 2008.

3.14 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.

3.15 Basic (loss) earnings per share

Basic (loss) earnings per share amount is computed by dividing net (loss) profit 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.

3.16 Treasury shares

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

3.17 Appropriation of net profit

Net profit after tax is available for appropriation to shareholders after approval in the shareholders’ meeting, and after making appropriation to reserve funds in accordance with the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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 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.

Rental income

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

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

Premiums received to terminate leases are recognized in the 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.

3.19 Taxation

Current income tax

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

Current income tax is charged or credited to the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation (continued)

Deferred income tax

Deferred tax is provided using the 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, 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.

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 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 balance sheet date.

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 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 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 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 remeasurement

No subsequent remeasurement of financial instruments is currently required.

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.

4. CASH AND CASH EQUIVALENTS

VND

	Ending balance	*Beginning balance*
Cash on hand	1,719,237,310	1,440,453,059
Cash in banks	6,805,951,029	20,495,714,123
Cash equivalents	8,000,000,000	43,000,000,000
TOTAL	**16,525,188,339**	**64,936,167,182**

Cash equivalents mainly represent short-term bank deposits with maturity of less than 3 months which are readily convertible into known amount of cash without any significant risk of change in value, and earn an interest at the applicable short-term bank deposit rates.

5. TRADE RECEIVABLES

VND

	Ending balance	*Beginning balance*
Receivables from sales of land lots and apartments (*)	166,029,789,865	221,281,141,097
Receivables from construction services	36,772,790,132	64,887,233,648
Receivables from a related party *(Note 26)*	11,041,808,707	-
Others	9,281,099,330	21,010,079,888
TOTAL	**223,125,488,034**	**307,178,454,633**

(*) 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

	Ending balance	*Beginning balance*
An Khang building	63,926,156,062	122,772,733,437
Thinh Vuong building	44,351,264,035	22,605,377,539
6B Project	41,271,767,131	41,271,767,131
Binh Hoa Project	6,278,370,492	15,255,408,780
Phong Phu Project	8,503,944,600	17,677,566,665
An Cu building	1,698,287,545	1,698,287,545
TOTAL	**166,029,789,865**	**221,281,141,097**

5. TRADE RECEIVABLES (continued)

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

VND

	Current year	*Previous year*
Provision for doubtful debts at beginning of year	10,388,801,211	4,742,132,703
Add: Provision created during the year	-	5,646,668,508
Less: Reversal during the year	(138,276,000)	-
Provision for doubtful debts at end of year	10,250,525,211	10,388,801,211

6. ADVANCES TO SUPPLIERS

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

VND

	Ending balance	*Beginning balance*
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	29,505,000,000
Long Binh Ward – District 9 Project	19,899,197,600	19,899,197,600
Minh Khai Street – Ha Noi Project	12,000,000,000	20,000,000,000
Nhon Duc Commune, Nha Be District Project	10,000,000,000	10,000,000,000
Others	39,227,154,189	21,902,266,436
TOTAL	**199,426,351,789**	**192,101,464,036**

7. OTHER RECEIVABLES

VND

	Ending balance	*Beginning balance*
Advance for Dak Nong project	20,000,000,000	20,000,000,000
Advance for land compensation	34,239,761,311	11,135,840,000
Receivable from a related party *(Note 26)*	1,592,901,607	1,592,901,607
Dividends receivable	-	837,447,785
Receivable relating to disposal of shares in Giai Viet Company Limited	-	183,260,972,900
Others	8,103,235,665	6,061,648,557
TOTAL	**63,935,898,583**	**222,888,810,849**

8. INVENTORIES

VND

	Ending balance	*Beginning balance*
Raw materials	2,980,650	72,137,412
Tools and supplies	-	110,471,770
Properties for sales	18,490,724,765	-
Real estate properties and construction projects in process (*)	1,820,402,777,606	1,449,195,138,193
TOTAL	**1,838,896,483,021**	**1,449,377,747,375**
Provision for inventories	(111,585,629,122)	(13,657,432,253)
NET	**1,727,310,853,899**	**1,435,720,315,122**

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

VND

	Ending balance	*Beginning balance*
Long Thoi - Nha Be Project (i)	629,512,174,805	285,834,743,820
146 Nguyen Van Troi, Phu Nhuan (ii)	528,939,941,805	501,061,261,892
106 Ly Chinh Thang Building (iii)	207,153,701,933	205,435,476,570
Long Phuoc , District 9 Project	150,662,450,479	149,309,212,755
6A Project	124,766,939,313	113,507,883,909
6B Project	72,640,359,876	67,501,434,870
Tang Nhon Phu Project	41,372,261,834	41,362,261,834
Others	65,354,947,561	85,182,862,543
TOTAL	**1,820,402,777,606**	**1,449,195,138,193**

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

(ii) Land use rights at No. 146 Nguyen Van Troi street, Phu Nhuan District and 223 Hoang Van Thu street, Phu Nhuan District were pledged to obtain the loan from Saigon Commercial Joint Stock Bank – District 4 branch *(Note 19).*

(iii) Land use right at 106 Ly Chinh Thang street, District 3 was pledged to obtain the loan from Bank for Investment and Development of Vietnam *(Note 14).*

Details of movements of provision for inventories are as follows:

VND

	Current year	*Previous year*
Provision for inventories at beginning of year	13,657,432,253	-
Add: Provision created during the year	97,928,196,869	13,657,432,253
Provision for inventories at end of year	111,585,629,122	13,657,432,253

9. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	*Machinery and equipment*	*Motor vehicles*	*Office equipment*	*Total*
Cost:					
Beginning balance	56,756,951,958	5,723,394,767	7,751,618,471	4,812,864,569	75,044,829,765
Newly purchased	-	96,312,500	-	162,713,467	259,025,967
Disposal	-	(58,200,000)	(371,390,429)	(1,894,912,190)	(2,324,502,619)
Ending balance	56,756,951,958	5,761,507,267	7,380,228,042	3,080,665,846	72,979,353,113
Accumulated depreciation:					
Beginning balance	8,154,695,058	3,796,405,617	4,043,455,038	4,010,460,181	20,005,015,894
Depreciation for the year	2,263,523,126	827,704,279	654,683,110	469,965,971	4,215,876,486
Disposal	-	(51,410,000)	(371,390,429)	(1,894,912,190)	(2,317,712,619)
Ending balance	10,418,218,184	4,572,699,896	4,326,747,719	2,585,513,962	21,903,179,761
Net carrying amount:					
Beginning balance	48,602,256,900	1,926,989,150	3,708,163,433	802,404,388	55,039,813,871
Ending balance	46,338,733,774	1,188,807,371	3,053,480,323	495,151,884	51,076,173,352

10. INTANGIBLE FIXED ASSET

	VND
	Computer software
Cost:	
Beginning and ending balances	37,700,000
Accumulated amortisation:	
Beginning balance	17,026,855
Amortization for the year	12,566,667
Ending balance	29,593,522
Net carrying amount:	
Beginning balance	20,673,145
Ending balance	8,106,478

11. INVESTMENT PROPERTIES

			VND
	Buildings	*Houses*	*Total*
Cost:			
Beginning balance	95,123,012,089	12,760,460,266	107,883,472,355
Newly purchased	2,658,170,035	-	2,658,170,035
Ending balance	97,781,182,124	12,760,460,266	110,541,642,390
Accumulated depreciation:			
Beginning balance	2,367,135,356	638,023,014	3,005,158,370
Depreciation for the year	3,831,502,184	510,418,411	4,341,920,595
Ending balance	6,198,637,540	1,148,441,425	7,347,078,965
Net carrying amount:			
Beginning balance	92,755,876,733	12,122,437,252	104,878,313,985
Ending balance	91,582,544,584	11,612,018,841	103,194,563,425

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 31 December 2011. 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 balance sheet date.

12. LONG-TERM INVESTMENTS

		VND
	Ending balance	*Beginning balance*
Investments in associates	267,647,506,302	269,524,830,255
Other long-term investments	102,046,200,000	159,251,500,000
Long-term securities	*99,911,200,000*	*157,116,500,000*
Other long-term investments	*2,135,000,000*	*2,135,000,000*
Provision for long-term investments	(16,260,000,000)	(32,148,000,000)
NET	**353,433,706,302**	**396,628,330,255**

12.1 Investments in associates

	% of interest	
	Ending balance	*Beginning balance*
Pham Gia Construction Limited Company	46.19	46.19
Sai Gon Binh Duong Joint stock Company	26.83	25.40
Long Binh Construction – Trading – Producing Joint Stock Company	36.36	36.36
An Dong Liksin Investment Joint Stock Company	40	40
Hai Au Concrete Joint Stock Company	40.51	40

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. 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.

12. LONG-TERM INVESTMENTS (continued)

12.1 Investments in associates (continued)

Hai Au Concrete Joint Stock Company ("HA") is a shareholding company established in accordance with Business Registration Certificate No. 4103005257 issued by the Department of Planning and Investment of Ho Chi Minh City on 7 September 2006. HA's registered office is located at 18 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. HA's principal activities are to manufacture and sell construction materials and concrete products; to trade real estate properties and related services; and to construct civil and industrial projects.

Details of these investments in associates as at 31 December 2011 are presented as follows:

VND

	PG	*SGBD*	*LB*	*AD*	*HA*	*Total*
Cost of investments:						
Beginning balance	150,968,925,000	76,210,413,645	21,000,000,000	16,000,000,000	8,800,000,000	272,979,338,645
Increase	-	4,269,600,000	-	-	-	4,269,600,000
Ending balance	150,968,925,000	80,480,013,645	21,000,000,000	16,000,000,000	8,800,000,000	277,248,938,645
Accumulated share in post-acquisition profit (loss) of the associates:						
Beginning balance	-	(727,731,914)	56,915,328	906,185,774	(3,689,877,578)	(3,454,508,390)
Share in post-acquisition profit (loss) of the associates for the year	-	(1,101,233,894)	(724,263,370)	788,695,733	(5,110,122,422)	(6,146,923,953)
Ending balance	-	(1,828,965,808)	(667,348,042)	1,694,881,507	(8,800,000,000)	(9,601,432,343)
Carrying amount:						
Beginning balance	150,968,925,000	75,482,681,731	21,056,915,328	16,906,185,774	5,110,122,422	269,524,830,255
Ending balance	150,968,925,000	78,651,047,837	20,332,651,958	17,694,881,507	-	267,647,506,302

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)*
Lien Viet Commercial Joint Stock Bank	-	-	2,100,000	51,000,000,000
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	2,635,000	26,350,000,000
Bac Trung Nam Housing Development Corporation	54,665	5,466,500,000	54,665	5,466,500,000
Saigon Electronic Investment – Construction Corporation	50,000	5,000,000,000	50,000	5,000,000,000
Saigon Mangden Joint Stock Company	310,000	3,100,000,000	310,000	3,100,000,000
Saigon Infrastructure Joint Stock Company	22,000	2,200,000,000	22,000	2,200,000,000
Others	-	2,135,000,000	-	2,135,000,000
TOTAL		**102,046,200,000**		**159,251,500,000**
Provision for diminution in value of investment		(16,260,000,000)		(32,148,000,000)
NET		**85,786,200,000**		**127,103,500,000**

13. BORROWING COSTS

		VND
	Current year	*Previous year*
Interest expense *(Note 23)*	39,899,900,475	49,912,932,710
Capitalized as part of cost of real estate projects	32,351,289,365	30,311,299,567
TOTAL	**72,251,189,840**	**80,224,232,277**

14. SHORT-TERM LOANS

		VND
	Ending balance	*Beginning balance*
Bank loans	125,870,172,880	98,123,437,051
Loans from other organizations	65,000,000,000	50,000,000,000
Loans from individuals	29,096,125,000	14,999,900,000
Current portion of long-term loan *(Note 19)*	11,579,000,000	11,579,000,000
TOTAL	**231,545,297,880**	**174,702,337,051**

Details of bank loans are as follows:

Lenders	*31 December 2011*	*Principal repayment term*	*Purpose*	*Interest rate*	*Description of collateral*
	VND				
Bank for Investment and Development of Vietnam					
Loan Contract No. 01/2011/HD/93 512 dated 18 July 2011	69,870,172,880	12 months from 17 July 2011 to 17 July 2012	To finance working capital	17.5% p.a.	Land use right at No. 106 Ly Chinh Thang street, District 3, Ho Chi Minh City *(Note 8)*
Vietnam Bank for Agriculture and Rural Development					
Loan Contract No. No 6220-LAV-201100116/HD TD dated 17 February 2011	56,000,000,000	12 months from 17 February 2011 to 17 February 2012	To finance working capital	19% p.a.	Land use rights at 20 Nguyen Binh Khiem street, Da Kao Ward, Disrict 1 *(Note 11)*
TOTAL	**125,870,172,880**				

14. SHORT-TERM LOANS (continued)

Details of loans from other organizations are as follows:

Lenders	*31 December 2011*	*Principal repayment term*	*Purpose*	*Interest rate*	*Description of collateral*
	VND				
Saigon Trading Group (SATRA)					
Financial Investment Cooperation Contract No 33/2008 and appendix 187/2011 dated 15 December 2011	15,000,000,000	15 April 2012	To finance working capital	17% p.a.	Right to buy An Khang apartments at the price of 80% market price
Gia Dinh Development Investment Corporation					
Loan contract no 376/ĐTKDN/HĐVV dated 20 June 2011	50,000,000,000	20 June 2012	To finance the compensation for Long Thoi project	16% p.a.	Land use right at Long Thoi residential area, Nhon Duc Commune, Nha Be District, Ho Chi Minh City *(Note 8)*
TOTAL	**65,000,000,000**				

Loans from individuals represent the unsecured short-term loans amounting to VND 29,096,125,000 obtained from twenty eight (28) individuals for the purpose of financing the land compensation of Long Thoi residential project for a period of twelve (12) months from 30 May 2011 at the interest rate of 1.17% per month.

15. ADVANCES FROM CUSTOMERS

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

VND

	Ending balance	*Beginning balance*
6A Project	104,884,029,000	104,884,029,000
6B Project	134,102,301,657	97,190,704,200
Thien Huong Kindergarden	-	13,111,200,000
Binh Trung Dong Project	11,126,908,000	13,612,290,419
Nhon Duc – Nha Be residential land	11,000,000,000	11,000,000,000
House of 26 Phung Khac Khoan Street	20,000,000,000	-
Others	42,367,884,544	35,361,584,982
TOTAL	**323,481,123,201**	**275,159,808,601**

16. STATUTORY OBLIGATIONS

VND

	Ending balance	*Beginning balance*
Value-added tax	30,001,719,555	36,832,217,919
Corporate income tax *(Note 25.1)*	58,778,458,225	67,502,103,053
Personal income tax	35,393,152	-
Other taxes	1,835,341,823	2,153,731,898
TOTAL	**90,650,912,755**	**106,488,052,870**

17. ACCRUED EXPENSES

VND

	Ending balance	*Beginning balance*
Interest expense	7,705,195,947	3,327,387,407
Construction-related expenses	5,204,454,544	8,283,475,073
Others	525,750,000	374,400,000
TOTAL	**13,435,400,491**	**11,985,262,480**

18. OTHER PAYABLES

		VND
	Ending balance	*Beginning balance*
Land compensation for Long Thoi – Nha Be project	39,827,195,091	-
Apartment building maintenance	9,514,214,500	6,188,754,420
Dividends payable	2,960,268,909	2,978,035,909
Deposits received	3,774,645,327	4,333,682,536
Others	6,656,852,454	8,352,682,697
TOTAL	**62,733,176,281**	**21,853,155,562**

19. LONG-TERM LOANS

		VND
	Ending balance	*Beginning balance*
Loans from bank	185,263,000,000	196,842,000,000
TOTAL	**185,263,000,000**	**196,842,000,000**
In which		
Current portion (Note 14)	*11,579,000,000*	*11,579,000,000*
Non-current portion	*173,684,000,000*	*185,263,000,000*

Details of long-term bank loan are as follows:

Lender	*Ending balance*	*Principal repayment term*	*Purpose*	*Interest rate*	*Description of collateral*
	VND				
Saigon Commercial Joint Stock Bank, District 4 Branch					
Long-term loan agreement No LDC731600005	173,684,000,000	12 November 2027	To finance purchase of houses and land at No. 146 Nguyen Van Troi street and No. 223 Hoang Van Thu street, Ho Chi Minh City and development and construction of building	18.8% 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)*

20. OWNERS' EQUITY

20.1 Movements in owners' equity

VND

	Share capital	*Share premium*	*Treasury shares*	*Investment and development fund*	*Financial reserve fund*	*Undistributed earnings*	*Total*
Previous year							
Beginning balance	230,288,960,000	938,673,250,000	-	30,640,486,547	10,942,573,772	111,215,655,676	1,321,760,925,995
New shares issuance							
New shares	*230,288,960,000*	*265,730,146,600*	-	-	-	-	*496,019,106,600*
Bonus shares	*230,288,960,000*	*(230,288,960,000)*	-	-	-	-	-
Net profit for the year	-	-	-	-	-	199,582,970,206	199,582,970,206
Dividends declared	-	-	-	-	-	(55,269,350,400)	(55,269,350,400)
Profit appropriation	-	-	-	-	5,474,432,382	(12,846,594,289)	(7,372,161,907)
Ending balance	690,866,880,000	974,114,436,600	-	30,640,486,547	16,417,006,154	242,682,681,193	1,954,721,490,494
Current year							
Beginning balance	690,866,880,000	974,114,436,600	-	30,640,486,547	16,417,006,154	242,682,681,193	1,954,721,490,494
Repurchase ordinary shares	-	-	(9,825,117,611)	-	-	-	(9,825,117,611)
Net loss for the year	-	-	-	-	-	(137,355,898,885)	(137,355,898,885)
Profit appropriation	-	-	-	-	10,142,460,679	(20,284,921,358)	(10,142,460,679)
Ending balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	85,041,860,950	1,797,398,013,319

20. OWNERS' EQUITY (continued)

20.2 Capital transactions with owners and distribution of dividends and profits

VND

	Current year	*Previous year*
Contributed share capital		
Beginning balance	690,866,880,000	690,866,880,000
Increase in capital	-	-
Ending balance	690,866,880,000	690,866,880,000
Dividends declared	-	55,269,350,400
Dividends paid	28,677,560	58,853,317,510

20.3 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	69,086,688
Ordinary shares	*69,086,688*	*69,086,688*
Treasury shares	*(440,360)*	-

20.4 Basic earnings per share

	Current year	*Previous year*
Net (loss) profit attributable to ordinary equity holders of the Company *(VND)*	(137,355,898,885)	199,582,970,206
Weighted average number of ordinary shares	69,086,688	58,865,644
Basic (loss) earnings per share *(par value: VND 10,000 per share)*	**(1,988)**	**3,390**

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

21. REVENUE

21.1 Revenue from sale of goods and rendering of services

		VND
	Current year	*Previous year*
Gross revenue	**167,115,550,588**	**830,126,594,703**
Of which:		
Sale of real estate properties	*45,174,058,326*	*693,866,440,308*
Revenue from construction contracts	*101,418,802,087*	*120,467,970,777*
Revenue from other services	*20,522,690,175*	*15,792,183,618*

21.2 Financial income

		VND
	Current year	*Previous year*
Dividends received	9,801,340,000	10,732,825,000
Interest income	3,519,593,329	6,545,701,094
Proceeds from disposal of investments	7,136,095,000	64,874,735,767
Others	69,970,693	164,930,561
TOTAL	**20,526,999,022**	**82,318,192,422**

22. COSTS OF GOODS SOLD AND SERVICES RENDERED

		VND
	Current year	*Previous year*
Cost of real estate properties	148,080,708,423	549,419,308,179
Cost of construction	95,908,812,661	46,986,069,580
Cost of services rendered	11,670,308,122	9,427,558,912
TOTAL	**255,659,829,206**	**605,832,936,671**

23. FINANCIAL EXPENSES

		VND
	Current year	*Previous year*
Provision for (reversal of) diminution in value of investments	18,326,183,000	(13,277,000,000)
Interest expense	39,899,900,475	49,912,932,710
Late payment interest	-	11,494,829,918
Others	20,128	-
TOTAL	**58,226,103,603**	**48,130,762,628**

24. OTHER INCOME AND EXPENSES

	Current year	Previous year
		VND
Other income	**11,094,691,927**	**60,946,926,965**
Penalty for late payment and cancellation of apartment sale contracts	1,352,586,314	13,639,116,422
Gain on transfer of Phuoc Kieng project	-	30,110,622,228
Gain on revaluation of land being contributed	-	13,981,315,722
Reversal of provision for warranty	6,649,617,079	-
Proceeds from disposal of fixed assets	173,636,364	1,842,727,273
Others	2,918,852,170	1,373,145,320
Other expenses	**(4,364,418,874)**	**(7,346,126,738)**
Net book value of disposed fixed assets	(6,790,000)	(2,031,425,583)
Others	(4,357,628,874)	(5,314,701,155)
NET	**6,730,273,053**	**53,600,800,227**

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 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 year. The (tax loss) taxable profit of the Group for the year differs from the (loss) profit 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.

25. CORPORATE INCOME TAX (continued)

25.1 Current CIT (continued)

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

VND

	Current year	*Previous year*
(Loss) profit before tax	**(158,709,729,721)**	**263,614,686,617**
Adjustments		
Warranty provision	1,510,078,555	-
Loss of parent company	166,468,129,493	-
Reversal of the provision for diminution in value of investments in associates	(4,469,933,706)	3,266,243,366
Internal unrealized profits	5,604,012,480	-
Income from revaluation of contributed fixed assets	2,551,974,292	-
Non-deductible expenses	6,364,543,467	5,916,095,702
Expenses taxed from prior year	-	(17,000,000,000)
Dividend received	(9,801,340,000)	(10,732,825,000)
Estimated current taxable profit	**9,517,734,860**	**245,064,200,685**
Estimated current CIT	**2,379,433,715**	**61,266,050,171**
Adjustment for under accrual of tax from prior year	1,659,350,169	-
CIT payable at beginning of year	67,502,103,053	33,475,789,704
CIT paid during the year	(13,769,699,571)	(26,039,149,652)
Provisional CIT made (reversed) (2% over invoiced revenue)	1,007,270,859	(1,200,587,170)
CIT payable at end of year	**58,778,458,225**	**67,502,103,053**

25.2 Deferred CIT

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

VND

	Consolidated balance sheet		*Credit to consolidated income statement*	
	Ending balance	*Beginning balance*	*Current year*	*Previous year*
Tax loss	24,482,049,217	-	24,482,049,217	-
Internal unrealised profit	3,561,677,649	2,160,674,529	1,401,003,120	(2,765,666,240)
Deferred income tax assets	***28,043,726,866***	***2,160,674,529***		
Net deferred income tax benefit (expense) to consolidated income statement			***25,883,052,337***	***(2,765,666,240)***

26. TRANSACTIONS WITH RELATED PARTY

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

Related party	*Relationship*	*Transaction*	*VND Amount*
Saigon Binh Duong Joint Stock Company	Associate	Capital contribution	4,269,600,000
Lien Viet Commercial Joint Stock Bank	Related party	Dividend received	2,310,000,000
Gia Dinh Joint Stock Company	Related party	Dividend received	1,062,500,000
Long Binh Construction – Trading – Producing JS Company	Associate	Dividend received	240,000,000
Chanh Phu Hoa Investment – Construction Corporation	Related party	Dividend received	5,498,840,000
Saigon Infrastructure Joint Stock Company	Related party	Dividend received	440,000,000
Saigon Electronic Investment – Construction Corporation	Related party	Dividend received	250,000,000

Amount due from a related party at the balance sheet date was as follows:

Related party	*Relationship*	*Transaction*	*VND Amount*
Trade receivable			
Hai Au Concrete Joint Stock Compant	Associate	Sale of goods	**11,041,808,707**
Other receivable			
Saigon Binh Duong Joint stock Company	Associate	Interest income	**1,592,901,607**

27. CAPITAL COMMITMENTS

At 31 December 2011, the Group has outstanding commitments of VND 115,176,430,393 (31 December 2010: VND 105,424,644,472) principally relating to the outstanding construction contracts of apartments building and development of infrastructure of the ongoing residential projects.

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 31 December 2011 and 31 December 2010.

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 statement of the consolidated balance sheet relates to available-for-sale debt instrument; the sensitivity of the relevant consolidated 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 as at 31 December 2011 and 31 December 2010.

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.

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:

VND

	Increase/decrease in basis points	*Effect on profit before tax*	*Effect on balance sheet items*
For the year ended 31 December 2011			
VND	200	(4,234,074,074)	3,705,260,000
VND	-200	4,234,074,074	(3,705,260,000)
For the year ended 31 December 2010			
VND	300	(2,945,615,096)	5,905,260,000
VND	-300	2,945,615,096	(5,905,260,000)

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 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.

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 undiscounted payments:

VND

	Less than 1 year and from 1 to 5 years	*More than 5 years*	*Total*
31 December 2011			
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
	351,187,825,294	**173,684,000,000**	**524,871,825,294**
31 December 2010			
Loans and borrowings	174,702,337,051	185,263,000,000	359,965,337,051
Trade payables	20,810,945,272	-	20,810,945,272
Other payables and accrued expenses	33,838,418,042	-	33,838,418,042
	229,351,700,365	**185,263,000,000**	**414,614,700,365**

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 Bank for 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 have an obligation to return the land use rights to the Group. There are no other significant terms and conditions associated with the use of collateral.

The Group did not hold collateral at 31 December 2011 and 31 December 2010.

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 consolidated financial statements.

VND

	Carrying amount				*Fair value*	
	31 December 2011		*31 December 2010*		*31 December 2011*	*31 December 2010*
	Cost	*Provision*	*Cost*	*Provision*		
Financial assets						
Trade receivables	212,083,679,327	(10,250,525,211)	307,178,454,633	(10,388,801,211)	201,833,154,116	296,789,653,422
Receivable from related party	12,634,710,314	-	-	-	12,634,710,314	-
Other receivables	62,342,996,976	-	222,888,810,849	-	62,342,996,976	222,888,810,849
Other non-current financial assets	102,046,200,000	(16,260,000,000)	159,251,500,000	(32,148,000,000)	85,786,200,000	127,103,500,000
Cash and cash equivalents	16,525,188,339	-	64,936,167,182	-	16,525,188,339	64,936,167,182
TOTAL	**405,632,774,956**	**(26,510,525,211)**	**754,254,932,664**	**(42,536,801,211)**	**379,122,249,745**	**711,718,131,453**

29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

VND

	Carrying amount		*Fair value*	
	31 December 2011	*31 December 2010*	*31 December 2011*	*31 December 2010*
Financial liabilities				
Loans and borrowings	405,229,297,880	359,965,337,051	405,229,297,880	359,965,337,051
Trade payables	41,518,635,051	20,810,945,272	41,518,635,051	20,810,945,272
Other current liabilities	78,123,892,363	33,838,418,042	78,123,892,363	33,838,418,042
TOTAL	**524,871,825,294**	**414,614,700,365**	**524,871,825,294**	**414,614,700,365**

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 31 December 2011, the carrying amounts of such loans and borrowings are not material different from their calculated value.

30. EVENTS AFTER THE BALANCE SHEET DATE

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

31. OTHER MATTER

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.

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. The Company's management is of the opinion that the Company will not be subject to the additional land use fee as the Company 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 in 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-TTCP 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 27 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.

As of the date of this report, the Company is in process of appealing this application to the People's Committee of Ho Chi Minh City and the Prime Minister. Accordingly, the ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the consolidated financial statements.

CÔNG TY CỔ PHẦN ĐẦU TƯ KINH DOANH NHÀ

Doan Huu Chi	Truong Minh Thuan
Chief Accountant	General Director

20 March 2012