

Investment and Trading of Real Estate Joint Stock Company

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Investment and Trading of Real Estate Joint Stock Company

GENERAL INFORMATION

THE COMPANY

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

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

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

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

BOARD OF DIRECTORS

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

| | | |
|------------------------|----------|----------------------------|
| Mr. Nguyen Thuc Quang | Chairman | 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 auditors of the Company is Ernst & Young Vietnam Limited.

Investment and Trading of Real Estate Joint Stock Company

REPORT OF MANAGEMENT

Management of Investment and Trading of Real Estate Joint Stock Company (“the Company”) is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2011.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2011 and of the separate results of its operations and its separate cash flows for the year ended 31 December 2011 in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

The Company is the parent company of a subsidiary listed in Note 12.1 of Notes to the separate financial statements and it is in the process of completing the consolidated financial statements of the Company and its subsidiary (collectively referred to as “the Group”) as at 31 December 2011 and for the year ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2011 and for the year ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

For and on behalf of the management:



Truong Minh Thuan
General Director

15 March 2012

INDEPENDENT AUDITORS' REPORT

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

We have audited the separate financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") as set out on pages 5 to 41 which comprise the separate balance sheet as at 31 December 2011, and the separate income statement and the separate cash flow statement for the year ended and the notes thereto.

The preparation and presentation of these separate financial statements are the responsibility of management. Our responsibility is to issue a report on these separate financial statements based on our audit.

Basis of opinion

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

Opinion

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2011, and of the separate results of its operations and its separate cash flows for the year ended 31 December 2011 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 separate 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 has paid the land use fees in accordance with the effective land regulations at the 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 Prime Minister. The ultimate outcome of the matter cannot presently be determined.

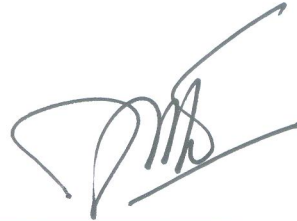
Without qualifying our opinion, we draw attention to Note 2.1 of the separate financial statements, which states that the Company is a parent company with a subsidiary and it is in the process of completing the consolidated financial statements of the Company and its subsidiary ("the Group") as at 31 December 2011 and for the year ended to meet the prevailing regulatory reporting requirements. Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2011 and for the year ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.



Ernst & Young Vietnam Ltd.
Ernst & Young Vietnam Limited



Mai Viet Hung Tran
Deputy General Director
Certificate No. D.0048/KTV



Bui Xuan Vinh
Auditor
Certificate No. 0842/KTV

Ho Chi Minh City, Vietnam

15 March 2012

SEPARATE BALANCE SHEET
as at 31 December 2011

VND

| Code | ASSETS | Notes | Ending balance | Beginning balance |
|------------|----------------------------------------|-----------|--------------------------|--------------------------|
| 100 | A. CURRENT ASSETS | | 2,203,106,595,608 | 2,213,509,021,612 |
| 110 | I. Cash and cash equivalents | 4 | 15,898,380,006 | 64,936,167,182 |
| 111 | 1. Cash | | 7,898,380,006 | 21,936,167,182 |
| 112 | 2. Cash equivalents | | 8,000,000,000 | 43,000,000,000 |
| 130 | II. Current accounts receivable | | 463,616,736,623 | 711,779,928,307 |
| 131 | 1. Trade receivables | 5 | 203,671,204,622 | 307,178,454,633 |
| 132 | 2. Advances to suppliers | 6 | 202,125,150,889 | 192,101,464,036 |
| 135 | 3. Other receivables | 7 | 61,937,133,981 | 222,888,810,849 |
| 139 | 4. Provision for doubtful debts | 5 | (4,116,752,869) | (10,388,801,211) |
| 140 | III. Inventories | 8 | 1,723,242,282,838 | 1,435,720,315,122 |
| 141 | 1. Inventories | | 1,834,827,911,960 | 1,449,377,747,375 |
| 149 | 2. Provision for obsolete inventories | | (111,585,629,122) | (13,657,432,253) |
| 150 | IV. Other current assets | | 349,196,141 | 1,072,611,001 |
| 158 | 1. Other current assets | | 349,196,141 | 1,072,611,001 |
| 200 | B. NON-CURRENT ASSETS | | 568,484,603,110 | 563,148,121,504 |
| 220 | I. Fixed assets | | 50,014,475,004 | 55,060,487,016 |
| 221 | 1. Tangible fixed assets | 9 | 50,006,368,526 | 55,039,813,871 |
| 222 | Cost | | 65,876,226,324 | 75,044,829,765 |
| 223 | Accumulated depreciation | | (15,869,857,798) | (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 | 386,418,280,986 | 400,082,838,645 |
| 251 | 1. Investments in a subsidiary | 12.1 | 34,000,000,000 | - |
| 252 | 2. Investments in associates | 12.2 | 277,248,938,645 | 272,979,338,645 |
| 258 | 3. Other long-term investments | 12.3 | 102,046,200,000 | 159,251,500,000 |
| 259 | 4. Provision for long-term investments | 12 | (26,876,857,659) | (32,148,000,000) |
| 260 | IV. Other long-term assets | | 28,857,283,695 | 3,126,481,858 |
| 261 | 1. Long-term prepaid expenses | | 2,106,895,597 | 903,807,329 |
| 262 | 2. Deferred tax assets | 26.2 | 26,688,388,098 | 2,160,674,529 |
| 268 | 3. Other long-term assets | | 62,000,000 | 62,000,000 |
| 270 | TOTAL ASSETS | | 2,771,591,198,718 | 2,776,657,143,116 |

SEPARATE BALANCE SHEET (continued)
as at 31 December 2011

VND

| Code | RESOURCES | Notes | Ending balance | Beginning balance |
|------------|---------------------------------------------|-------------|--------------------------|--------------------------|
| 300 | A. LIABILITIES | | 971,187,109,210 | 818,481,144,232 |
| 310 | I. Current liabilities | | 792,579,199,494 | 631,293,501,961 |
| 311 | 1. Short-term loans and borrowings | 14 | 231,545,297,880 | 174,702,337,051 |
| 312 | 2. Trade payables | 15 | 67,405,792,830 | 20,810,945,272 |
| 313 | 3. Advances from customers | 16 | 320,904,875,240 | 275,159,808,601 |
| 314 | 4. Statutory obligations | 17 | 85,183,242,584 | 106,488,052,870 |
| 315 | 5. Payables to employees | | 113,434,000 | 1,396,202,001 |
| 316 | 6. Accrued expenses | 18 | 13,435,400,491 | 11,985,262,480 |
| 319 | 7. Other payables | 19 | 63,373,917,816 | 21,853,155,562 |
| 320 | 8. Short-term provision | | 3,111,660,282 | 12,991,904,153 |
| 338 | 9. Unearned revenue | | 6,769,444,245 | 6,785,092,325 |
| 323 | 10. Bonus and welfare fund | | 736,134,126 | (879,258,354) |
| 330 | II. Non-current liabilities | | 178,607,909,716 | 187,187,642,271 |
| 333 | 1. Other long-term liabilities | | 1,955,315,591 | - |
| 334 | 2. Long-term loans | 20 | 173,684,000,000 | 185,263,000,000 |
| 336 | 3. Provision for severance allowance | | 2,968,594,125 | 1,924,642,271 |
| 400 | B. OWNERS' EQUITY | | 1,800,404,089,508 | 1,958,175,998,884 |
| 410 | I. Capital | 21.1 | 1,800,404,089,508 | 1,958,175,998,884 |
| 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 | | 88,047,937,139 | 246,137,189,583 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 2,771,591,198,718 | 2,776,657,143,116 |



Doan Huu Chi
Chief Accountant

Truong Minh Thuan
General Director

15 March 2012

SEPARATE 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 | 22.1 | 142,734,087,161 | 830,126,594,703 |
| 02 | 2. Deductions | | - | - |
| 10 | 3. Net revenue from sale of goods and rendering of services | 22.1 | 142,734,087,161 | 830,126,594,703 |
| 11 | 4. Cost of goods sold and services rendered | 23 | (233,174,963,490) | (605,832,936,671) |
| 20 | 5. Gross (loss) profit from sale of goods and rendering of services | | (90,440,876,329) | 224,293,658,032 |
| 21 | 6. Financial income | 22.2 | 20,493,552,492 | 82,318,192,422 |
| 22 | 7. Financial expenses | 24 | (68,842,941,134) | (48,130,762,628) |
| 23 | <i>In which: Interest expense</i> | | (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 | | (25,934,177,185) | (40,922,074,207) |
| 30 | 10. Operating (loss) profit | | (165,190,169,494) | 213,280,129,756 |
| 31 | 11. Other income | 25 | 6,996,289,140 | 60,946,926,965 |
| 32 | 12. Other expenses | 25 | (4,138,164,301) | (7,346,126,738) |
| 40 | 13. Other profit | 25 | 2,858,124,839 | 53,600,800,227 |
| 50 | 14. (Loss) profit before tax | | (162,332,044,655) | 266,880,929,983 |
| 51 | 15. Current corporate income tax expense | 26.1 | - | (61,266,050,171) |
| 52 | 16. Deferred income tax benefit | 26.2 | 24,527,713,569 | (2,765,666,240) |
| 60 | 17. Net (loss) profit after tax | | (137,804,331,086) | 202,849,213,572 |



Doan Huu Chi
Chief Accountant



Trương Minh Thuận
General Director

15 March 2012

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2011

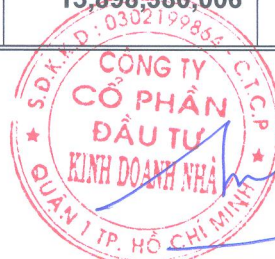
VND

| Code | ITEMS | Notes | Current year | Previous year |
|-----------|------------------------------------------------------------------|---------|--------------------------|--------------------------|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | (Loss) profit before tax | | (162,332,044,655) | 266,880,929,983 |
| | <i>Adjustments for:</i> | | | |
| 02 | Depreciation and amortisation | 9,10,11 | 7,679,706,093 | 6,454,977,951 |
| 03 | Provisions | | 121,628,958,040 | (7,630,331,492) |
| 04 | Unrealised foreign exchange losses | | - | 31,437,272 |
| 05 | Profits from investing activities | | (20,590,428,163) | (64,550,311,835) |
| 06 | Interest expense | 24 | 39,899,900,475 | 49,912,932,710 |
| 08 | Operating (loss) profit before changes in working capital | | (13,713,908,210) | 251,099,634,589 |
| 09 | Decrease in receivables | | 220,959,526,070 | 120,508,146,390 |
| 10 | (Increase) decrease in inventories | | (385,450,164,585) | 108,414,129,316 |
| 11 | Increase (decrease) in payables | | 106,985,763,750 | (544,397,228,590) |
| 12 | (Increase) decrease in prepaid expenses | | (1,203,088,268) | 2,037,420,393 |
| 13 | Interest paid | | (35,522,091,935) | (42,999,869,982) |
| 14 | Corporate income tax paid | 26.1 | (13,000,000,000) | (26,039,149,652) |
| 16 | Other cash outflows from operating activities | | - | (4,745,161,955) |
| 20 | Net cash used in operating activities | | (120,943,963,178) | (136,122,079,491) |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase of fixed assets | 9,11 | (2,836,907,819) | (3,049,188,635) |
| 22 | Proceeds from disposal of fixed assets | 25 | 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 | | 13,287,486,799 | 17,441,771,834 |
| 30 | Net cash from investing activities | | 36,496,010,344 | 33,375,310,472 |

SEPARATE 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 | 21.1 | (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 | | (49,037,787,176) | 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 | 15,898,380,006 | 64,936,167,182 |


Doan Huu Chi
Chief AccountantTruong Minh Thuan
General Director

15 March 2012

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

1. CORPORATE INFORMATION

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

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

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

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

The number of the Company’s employees as at 31 December 2011 was 152 (31 December 2010: 155).

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

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

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

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

2. BASIS OF PREPARATION (continued)

2.1 *Accounting standards and system* (continued)

The Company is the parent company of a subsidiary listed in Note 12.1 (“the Group”) and it is in the process of completing the consolidated financial statements of the Group as at 31 December 2011 and for the year ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2011 and for the year ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

2.2 *Registered accounting documentation system*

The Company’s registered accounting documentation system is the Journal Voucher system.

2.3 *Fiscal year*

The Company’s fiscal year starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The Company maintains its accounting records in VND.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policy and disclosures*

The accounting policies adopted by the Company in preparation of the separate financial statements are consistent with those of previous years, except for the change in the accounting policy and disclosures in relation to 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 separate financial statements as shown in Notes 29 and 30.

Circular 210 also requires the Company to evaluate the terms of non-derivative financial instruments issued by the Company 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 separate balance sheet. This requirement has no material impact on the separate financial position or separate result of operation of the Company.

3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at 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 change in value.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 separate 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 separate balance sheet date.

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

3.4 Receivables

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Fixed assets*

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

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

3.6 *Depreciation and amortisation*

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

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

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

3.7 *Investment properties*

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

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

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

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

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

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

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 separate balance sheet and amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

3.10 *Investment in a subsidiary*

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

3.11 *Investments in associates*

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

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

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

3.12 *Investments in securities and other investments*

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

3.13 *Payables and accruals*

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 *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 of the last year up to the termination for each year of service 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 6-month period up to the balance sheet date.

Any changes to the accrued amount will be taken into the separate income statement. From 1 January 2009, the Company pays unemployment insurance in accordance with Decree No. 127/2008/ND-CP dated 12 December 2008.

3.15 *Provisions*

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

3.16 *Treasury shares*

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

3.17 *Appropriation of net profit*

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

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

Financial reserve fund

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

Investment and development fund

This fund is set aside for use in the Company'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.

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

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 Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Construction contract

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

Rental income

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

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

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

Sale of completed property

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

Interest

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

Dividends

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

3.19 Taxation

Current income tax

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Taxation* (continued)

Deferred income tax

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

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

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

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

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

3.20 *Financial instruments*

Initial recognition and presentation

Financial assets

Financial assets within the scope of Circular 210 are classified, for disclosures in the notes to the separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

The Company's financial assets include cash 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 separate financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

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

Financial instruments – subsequent 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 separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

4. CASH AND CASH EQUIVALENTS

| | VND | |
|------------------|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Cash on hand | 1,538,150,121 | 1,440,453,059 |
| Cash in banks | 6,360,229,885 | 20,495,714,123 |
| Cash equivalents | <u>8,000,000,000</u> | <u>43,000,000,000</u> |
| TOTAL | <u>15,898,380,006</u> | <u>64,936,167,182</u> |

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 | |
|--------------------------------------------------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Receivables from sales of land lots and apartments (*) | 166,029,789,865 | 221,281,141,097 |
| Receivables from provision of construction services | 17,318,506,720 | 64,887,233,648 |
| Receivables from related parties (Note 27) | 11,041,808,707 | - |
| Others | <u>9,281,099,330</u> | <u>21,010,079,888</u> |
| TOTAL | <u>203,671,204,622</u> | <u>307,178,454,633</u> |
| Provision for doubtful debts | <u>(4,116,752,869)</u> | <u>(10,388,801,211)</u> |
| NET | <u>199,554,451,753</u> | <u>296,789,653,422</u> |

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

| | VND | |
|----------------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| An Khang building | 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 | <u>1,698,287,545</u> | <u>1,698,287,545</u> |
| TOTAL | <u>166,029,789,865</u> | <u>221,281,141,097</u> |

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

5. TRADE RECEIVABLES (continued)

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

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

6. ADVANCES TO SUPPLIERS

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

| | VND | |
|-------------------------------------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| 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 – Hanoi Project | 12,000,000,000 | 20,000,000,000 |
| Nhon Duc Commune, Nha Be District Project | 10,000,000,000 | 10,000,000,000 |
| Related party (Note 27) | 3,185,399,100 | - |
| Others | 38,740,554,189 | 21,902,266,436 |
| TOTAL | <u>202,125,150,889</u> | <u>192,101,464,036</u> |

7. OTHER RECEIVABLES

| | VND | |
|--------------------------------------------------------------------|------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Advance for land compensation | 34,239,761,311 | 11,135,840,000 |
| Advance for Dak Nong project | 20,000,000,000 | 20,000,000,000 |
| Receivable from a related party (Note 27) | 1,592,901,607 | 1,592,901,607 |
| Dividends receivable | - | 837,447,785 |
| Receivable relating to disposal of shares in Giai Viet Corporation | - | 183,260,972,900 |
| Others | 6,104,471,063 | 6,061,648,557 |
| TOTAL | <u>61,937,133,981</u> | <u>222,888,810,849</u> |

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

8. INVENTORIES

| | VND | |
|-----------------------------------------------------------------|---------------------------------|---------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Raw materials | - | 72,137,412 |
| Tools and supplies | - | 110,471,770 |
| Properties for sales | 18,490,724,765 | - |
| Real estate properties and construction projects in process (*) | <u>1,816,337,187,195</u> | <u>1,449,195,138,193</u> |
| TOTAL | <u>1,834,827,911,960</u> | <u>1,449,377,747,375</u> |
| Provision for obsolete inventories | <u>(111,585,629,122)</u> | <u>(13,657,432,253)</u> |
| NET | <u>1,723,242,282,838</u> | <u>1,435,720,315,122</u> |

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

| | VND | |
|---------------------------------------------|---------------------------------|---------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Long Thoi - Nha Be Project (i) | 632,025,863,632 | 285,834,743,820 |
| 146 Nguyen Van Troi, Phu Nhuan Project (ii) | 529,961,279,721 | 501,061,261,892 |
| 106 Ly Chinh Thang Project (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 | 71,298,803,865 | 67,501,434,870 |
| Tang Nhon Phu Project | 41,372,261,834 | 41,362,261,834 |
| Others | <u>59,095,886,418</u> | <u>85,182,862,543</u> |
| TOTAL | <u>1,816,337,187,195</u> | <u>1,449,195,138,193</u> |

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

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

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

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

| | VND | |
|---------------------------------------------------------|------------------------|-----------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Provision for obsolete inventories at beginning of year | 13,657,432,253 | - |
| Add: Provision created during the year | <u>97,928,196,869</u> | <u>13,657,432,253</u> |
| Provision for obsolete inventories at end of year | <u>111,585,629,122</u> | <u>13,657,432,253</u> |

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

9. TANGIBLE FIXED ASSETS

| | VND | | | | |
|----------------------------------|-------------------------------------|------------------------------------|-----------------------------|---------------------------|------------------------------|
| | <i>Buildings and structures</i> | <i>Machinery and equipment</i> | <i>Motor vehicles</i> | <i>Office equipment</i> | <i>Total</i> |
| 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 | - | 46,312,500 | - | 132,425,284 | 178,737,784 |
| Disposal | - | (58,200,000) | (371,390,429) | (1,894,912,190) | (2,324,502,619) |
| Transfer to subsidiary | - | (5,274,412,111) | (1,454,166,857) | (294,259,638) | (7,022,838,606) |
| Ending balance | <u>56,756,951,958</u> | <u>437,095,156</u> | <u>5,926,061,185</u> | <u>2,756,118,025</u> | <u>65,876,226,324</u> |
| 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 | 122,859,089 | 488,345,880 | 450,490,736 | 3,325,218,831 |
| Disposal | - | (51,410,000) | (371,390,429) | (1,894,912,190) | (2,317,712,619) |
| Transfer to subsidiary | - | (3,547,859,294) | (1,312,348,378) | (282,456,636) | (5,142,664,308) |
| Ending balance | <u>10,418,218,184</u> | <u>319,995,412</u> | <u>2,848,062,111</u> | <u>2,283,582,091</u> | <u>15,869,857,798</u> |
| Net carrying amount: | | | | | |
| Beginning balance | <u>48,602,256,900</u> | <u>1,926,989,150</u> | <u>3,708,163,433</u> | <u>802,404,388</u> | <u>55,039,813,871</u> |
| Ending balance | <u><u>46,338,733,774</u></u> | <u><u>117,099,744</u></u> | <u><u>3,077,999,074</u></u> | <u><u>472,535,934</u></u> | <u><u>50,006,368,526</u></u> |

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

10. INTANGIBLE FIXED ASSET

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

11. INVESTMENT PROPERTIES

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

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

12. LONG-TERM INVESTMENTS

| | VND | |
|-------------------------------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Investment in a subsidiary | 34,000,000,000 | - |
| Investments in associates | 277,248,938,645 | 272,979,338,645 |
| Other long-term investments | 102,046,200,000 | 159,251,500,000 |
| <i>Long-term securities</i> | 99,911,200,000 | 157,116,500,000 |
| <i>Other long-term investments</i> | 2,135,000,000 | 2,135,000,000 |
| Provision for long-term investments | <u>(26,876,857,659)</u> | <u>(32,148,000,000)</u> |
| TOTAL | <u>386,418,280,986</u> | <u>400,082,838,645</u> |

12.1 Investment in a subsidiary

| | <u>31 December 2011</u> | |
|-------------------------------------------|------------------------------|----------------------|
| <i>Name</i> | <i>Amount</i> | <i>% of interest</i> |
| | <i>(VND)</i> | |
| Intresco Construction Joint Stock Company | <u>34,000,000,000</u> | 85 |
| | <u>34,000,000,000</u> | |

Intresco Construction Joint Stock Company ("IC") is a shareholding company established in accordance with Business Registration Certificate No. 0310626100 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 February 2011. IC's registered office is located at 20 Nguyen Binh Khiem street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. IC's principal activities are to construct civil and industrial projects; and to invest and construct infrastructure of residential areas and construction-related services.

12.2 Investments in associates

| <i>Name</i> | <u>Ending balance</u> | | <u>Beginning balance</u> | |
|---------------------------------------------------------|-------------------------------|----------|-------------------------------|----------|
| | <i>Amount</i> | <i>%</i> | <i>Amount</i> | <i>%</i> |
| | <i>(VND)</i> | | <i>(VND)</i> | |
| Pham Gia Construction Limited Company | 150,968,925,000 | 46.19 | 150,968,925,000 | 46.19 |
| Saigon Binh Duong Joint stock Company | 80,480,013,645 | 26.83 | 76,210,413,645 | 25.40 |
| Long Binh Construction – Trading – Producing JS Company | 21,000,000,000 | 36.36 | 21,000,000,000 | 36.36 |
| An Dong Liksin Investment Joint Stock Company | 16,000,000,000 | 40 | 16,000,000,000 | 40 |
| Hai Au Concrete JS Company | <u>8,800,000,000</u> | 40 | <u>8,800,000,000</u> | 40 |
| TOTAL | <u>277,248,938,645</u> | | <u>272,979,338,645</u> | |
| Provision for diminution in value of investments | <u>(10,616,857,659)</u> | | - | |
| NET | <u>266,632,080,986</u> | | <u>272,979,338,645</u> | |

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

12. LONG-TERM INVESTMENTS (continued)

12.2 Investments in associates (continued)

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

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

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

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

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.

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

12. LONG-TERM INVESTMENTS (continued)

12.3 Other long-term investments

| | <i>Ending balance</i> | | <i>Beginning balance</i> | |
|---------------------------------------------------------|-------------------------|-------------------------------|--------------------------|-------------------------------|
| | <i>Number of shares</i> | <i>Amount (VND)</i> | <i>Number of shares</i> | <i>Amount (VND)</i> |
| 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 | | <u>102,046,200,000</u> | | <u>159,251,500,000</u> |
| Provision for diminution in value of investments | | <u>(16,260,000,000)</u> | | <u>(32,148,000,000)</u> |
| NET | | <u>85,786,200,000</u> | | <u>127,103,500,000</u> |

13. BORROWING COSTS

| | <i>VND</i> | |
|-----------------------------------------------------|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Prior year</i> |
| Interest expense (Note 24) | 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 | <u>72,251,189,840</u> | <u>80,224,232,277</u> |

14. SHORT-TERM LOANS

| | <i>VND</i> | |
|---------------------------------------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| 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 20) | 11,579,000,000 | 11,579,000,000 |
| TOTAL | <u>231,545,297,880</u> | <u>174,702,337,051</u> |

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

14. SHORT-TERM LOANS (continued)

Details of bank loans are as follows:

| <i>Lenders</i> | <i>Ending balance</i> | <i>Principal repayment term</i> | <i>Purpose</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|---------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------|
| | 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, Da Kao Ward, District 1, Ho Chi Minh City (Note 11) |
| TOTAL | <u>125,870,172,880</u> | | | | |

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

14. SHORT-TERM LOANS (continued)

Details of loans from other organizations are as follows:

| <i>Lenders</i> | <i>31 December 2011</i> | <i>Principal repayment term</i> | <i>Purpose</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|---------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------|---------------------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------|
| 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 | <u>65,000,000,000</u> | | | | |

Loans from individuals represent 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 twelve (12) months from 30 May 2011 at the interest rate of 1.17% per month.

15. TRADE PAYABLES

| | VND | |
|-------------------------|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Related party (Note 27) | 33,352,664,754 | - |
| Third parties | <u>34,053,128,076</u> | <u>20,810,945,272</u> |
| TOTAL | <u>67,405,792,830</u> | <u>20,810,945,272</u> |

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

16. ADVANCES FROM CUSTOMERS

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

| | VND | |
|----------------------------------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| 6A Project | 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 No 26 Phung Khac Khoan street | 20,000,000,000 | - |
| Others | 39,791,636,583 | 35,361,584,982 |
| TOTAL | <u>320,904,875,240</u> | <u>275,159,808,601</u> |

17. STATUTORY OBLIGATIONS

| | VND | |
|----------------------------------|------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Value-added tax | 28,500,038,802 | 36,832,217,919 |
| Corporate income tax (Note 26.1) | 55,285,502,539 | 67,502,103,053 |
| Personal income tax | 35,393,152 | - |
| Other taxes | 1,362,308,091 | 2,153,731,898 |
| TOTAL | <u>85,183,242,584</u> | <u>106,488,052,870</u> |

18. ACCRUED EXPENSES

| | VND | |
|-------------------------------|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| 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 | <u>13,435,400,491</u> | <u>11,985,262,480</u> |

19. OTHER PAYABLES

| | VND | |
|-----------------------------------------------------------------------|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Land compensation for Long Thoi – Nha Be project payable to residents | 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 | 3,778,245,327 | 4,333,682,536 |
| Related party (Note 27) | 1,000,020,000 | - |
| Others | 6,293,973,989 | 8,352,682,697 |
| TOTAL | <u>63,373,917,816</u> | <u>21,853,155,562</u> |

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

20. LONG-TERM LOANS

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

Details of long-term bank loan are as follows:

| <i>Lender</i> | <i>31 December 2011</i> | <i>Principal repayment term</i> | <i>Purpose</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|--------------------------------------------------------------|-----------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------|
| | VND | | | | |
| Saigon Commercial Joint Stock Bank, District 4 Branch | | | | | |
| Long-term loan agreement No LDC731600005 | <u>173,684,000,000</u> | 12 months 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, Ho Chi Minh City (Note 8) |

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

21. OWNERS' EQUITY

21.1 Movements in owners' equity

| | 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 | 111,403,920,700 | 1,321,949,191,019 |
| 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 | - | - | - | - | - | 202,849,213,572 | 202,849,213,572 |
| 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 | <u>690,866,880,000</u> | <u>974,114,436,600</u> | <u>-</u> | <u>30,640,486,547</u> | <u>16,417,006,154</u> | <u>246,137,189,583</u> | <u>1,958,175,998,884</u> |
| Current year | | | | | | | |
| Beginning balance | 690,866,880,000 | 974,114,436,600 | - | 30,640,486,547 | 16,417,006,154 | 246,137,189,583 | 1,958,175,998,884 |
| Repurchase ordinary shares | - | - | (9,825,117,611) | - | - | - | (9,825,117,611) |
| Net loss for the year | - | - | - | - | - | (137,804,331,086) | (137,804,331,086) |
| Profit appropriation | - | - | - | - | 10,142,460,679 | (20,284,921,358) | (10,142,460,679) |
| Ending balance | <u>690,866,880,000</u> | <u>974,114,436,600</u> | <u>(9,825,117,611)</u> | <u>30,640,486,547</u> | <u>26,559,466,833</u> | <u>88,047,937,139</u> | <u>1,800,404,089,508</u> |

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

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends and profits

| | VND | |
|------------------------------------|------------------------|------------------------|
| | Current year | Previous year |
| Contributed share capital | | |
| Beginning balance | 690,866,880,000 | 230,288,960,000 |
| Increase in capital | - | 460,577,920,000 |
| Ending balance | <u>690,866,880,000</u> | <u>690,866,880,000</u> |
| Dividends declared and paid | <u>-</u> | <u>55,269,350,400</u> |

21.3 Shares – ordinary shares

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

22. REVENUE

22.1 Revenue from sale of goods and rendering of services

| | VND | |
|--------------------------------------------|------------------------|------------------------|
| | Current year | Previous year |
| Gross revenue | | |
| <i>Of which:</i> | 142,734,087,161 | 830,126,594,703 |
| <i>Sale of real estate properties</i> | 45,174,058,326 | 693,866,440,308 |
| <i>Revenue from construction contracts</i> | 77,037,338,660 | 120,467,970,777 |
| <i>Revenue from other services</i> | 20,522,690,175 | 15,792,183,618 |

22.2 Financial income

| | VND | |
|---------------------------------------|------------------------------|------------------------------|
| | Current year | Previous year |
| Dividends received | 9,801,340,000 | 10,732,825,000 |
| Interest income | 3,486,146,799 | 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 | <u>20,493,552,492</u> | <u>82,318,192,422</u> |

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

23. COSTS OF GOODS SOLD AND SERVICES RENDERED

| | VND | |
|--------------------------------|-------------------------------|-------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Cost of real estate properties | 148,080,708,423 | 549,419,308,179 |
| Cost of construction | 73,423,946,945 | 46,986,069,580 |
| Cost of services rendered | 11,670,308,122 | 9,427,558,912 |
| TOTAL | <u>233,174,963,490</u> | <u>605,832,936,671</u> |

24. FINANCIAL EXPENSES

| | VND | |
|----------------------------------------------------------------|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Provision for (reversal of) diminution in value of investments | 28,943,040,659 | (13,277,000,000) |
| Bank loan interest | 39,899,900,475 | 49,912,932,710 |
| Late payment interest | - | 11,494,829,918 |
| TOTAL | <u>68,842,941,134</u> | <u>48,130,762,628</u> |

25. OTHER INCOME AND EXPENSES

| | VND | |
|----------------------------------------------------------------------------------|-----------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Other income | 6,996,289,140 | 60,946,926,965 |
| Gain on transfer of Phuoc Kieng project | - | 30,110,622,228 |
| Gain on revaluation of contributed net assets | 2,551,974,289 | 13,981,315,722 |
| Penalty for late payment and cancellation of apartment or project sale contracts | 1,352,586,314 | 13,639,116,422 |
| Proceeds from disposal of fixed assets | 173,636,364 | 1,842,727,273 |
| Others | 2,918,092,173 | 1,373,145,320 |
| Other expenses | (4,138,164,301) | (7,346,126,738) |
| Net book value of disposed fixed assets | (6,790,000) | (2,031,425,583) |
| Others | (4,131,374,301) | (5,314,701,155) |
| NET | <u>2,858,124,839</u> | <u>53,600,800,227</u> |

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

26. CORPORATE INCOME TAX

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

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

26.1 Current CIT

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

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

| | VND | |
|---------------------------------------------------------------------|--------------------------|------------------------|
| | Current year | Previous year |
| (Loss) profit before tax | (162,332,044,655) | 266,880,929,983 |
| Adjustments to (decrease) increase accounting (loss) profit: | | |
| Non-deductible expenses | 5,665,255,162 | 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 (tax loss) taxable profit | (166,468,129,493) | 245,064,200,685 |
| Estimated current CIT | - | 61,266,050,171 |
| CIT payable at beginning of year | 67,502,103,053 | 33,475,789,704 |
| CIT paid during the year | (13,000,000,000) | (26,039,149,652) |
| Adjustment for over accrual of tax from prior year | (223,871,373) | - |
| Provisional CIT (reversed) made (2% over invoiced revenue) | 1,007,270,859 | (1,200,587,170) |
| CIT payable at end of year | 55,285,502,539 | 67,502,103,053 |

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

26. CORPORATE INCOME TAX (continued)

26.2 *Deferred CIT*

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

| | <i>Separate balance sheet</i> | | <i>Credit to separate income statement</i> | |
|---------------------------------------------------------------------------|-------------------------------|-----------------------------|--------------------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> | <i>Current year</i> | <i>Previous year</i> |
| | VND | | | |
| Internal unrealised profit | 2,206,338,881 | 2,160,674,529 | 45,664,352 | (2,765,666,240) |
| Tax loss | 24,482,049,217 | - | 24,482,049,217 | - |
| <i>Deferred income tax assets</i> | <u>26,688,388,098</u> | <u>2,160,674,529</u> | | |
| <i>Net deferred income tax credit to separate income statement</i> | | | <u>24,527,713,569</u> | <u>(2,765,666,240)</u> |

27. TRANSACTIONS WITH RELATED PARTIES

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

| <i>Related party</i> | <i>Relationship</i> | <i>Transaction</i> | VND |
|---------------------------------------------------------|---------------------|----------------------|----------------|
| | | | <i>Amount</i> |
| Intresco Construction Joint Stock Company | Subsidiary | Capital contribution | 34,000,000,000 |
| | | Construction service | 28,893,653,404 |
| Saigon Binh Duong Joint stock Company | Associate | Investment | 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 |

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

27. TRANSACTIONS WITH RELATED PARTIES (continued)

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

| <i>Related party</i> | <i>Relationship</i> | <i>Transaction</i> | <i>VND</i> <i>Amount</i> |
|-------------------------------------------|---------------------|-----------------------------------------------|-----------------------------|
| Trade receivable | | | |
| Hai Au Concrete Joint Stock Company | Associate | Sales of goods | <u>11,041,808,707</u> |
| Other receivable | | | |
| Saigon Binh Duong Joint stock Company | Associate | Interest income | <u>1,592,901,607</u> |
| Trade payable | | | |
| Intresco Construction Joint Stock Company | Subsidiary | Rendering of construction service | <u>33,352,664,754</u> |
| Advance to suppliers | | | |
| Intresco Construction Joint Stock Company | Subsidiary | Advance for rendering of construction service | <u>3,185,399,100</u> |
| Other payables | | | |
| Intresco Construction Joint Stock Company | Subsidiary | Bonus and welfare fund | <u>1,000,020,000</u> |

28. COMMITMENTS

Capital commitment

At 31 December 2011, the Company 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.

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and 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 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 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 Company's exposure to market risk for changes in interest rate relates primarily to the Company's long-term debt obligations with floating interest rates.

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

Interest rate sensitivity

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

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity (continued)

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

| | | | VND |
|--------------------------------------------|----------------------------------------------|----------------------------------------|----------------------------------------------|
| | <i>Increase/decrease in basis points</i> | <i>Effect on profit before tax</i> | <i>Effect on balance sheet items</i> |
| For the year ended 31 December 2011 | | | |
| VND | +200 | (4,240,342,158) | 3,705,260,000 |
| VND | -200 | 4,240,342,158 | (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 Company has identified the following risks associated with the real estate portfolio: (i) the cost of the development schemes may increase if there are delays in the planning process. The Company uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process; (ii) the exposure of the fair values of the portfolio to market and occupier fundamentals.

Credit risk

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

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

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

Bank deposits

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

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

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

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

| | VND | | | |
|-------------------------------------|------------------|-----------------------------------------------|--------------------------|------------------------|
| | <i>On demand</i> | <i>Less than 1 year and from 1 to 5 years</i> | <i>More than 5 years</i> | <i>Total</i> |
| 31 December 2011 | | | | |
| Loans and borrowings | - | 231,545,297,880 | 173,684,000,000 | 405,229,297,880 |
| Trade payables | - | 67,405,792,830 | - | 67,405,792,830 |
| Other payables and accrued expenses | - | 78,764,633,898 | - | 78,764,633,898 |
| | - | 377,715,724,608 | 173,684,000,000 | 551,399,724,608 |
| 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 Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Collateral

The Company has pledged its land use right of projects in order to fulfil the collateral requirements for the short-term loan obtained from Bank for Investment and Development of Vietnam, Vietnam Bank Agriculture and Rural Development, Saigon Trading Group and Gia Dinh Development Investment Corporation (*Note 14*), and long-term loan obtained from Saigon Commercial Joint Stock Bank, District 4 Branch (*Note 20*). The Bank has an obligation to return the land use right to the Company. There are no other significant terms and conditions associated with the use of collateral.

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

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

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

| | <i>Carrying amount</i> | | | | <i>Fair value</i> | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <i>31 December 2011</i> | | <i>31 December 2010</i> | | <i>31 December 2011</i> | <i>31 December 2010</i> |
| | <i>Cost</i> | <i>Provision</i> | <i>Cost</i> | <i>Provision</i> | | |
| Financial assets | | | | | | |
| Trade receivables | 192,629,395,915 | (4,116,752,869) | 307,178,454,633 | (10,388,801,211) | 188,512,643,046 | 296,789,653,422 |
| Receivable from related party | 12,634,710,314 | - | 1,592,901,607 | - | 12,634,710,314 | 1,592,901,607 |
| Other receivables | 60,344,232,374 | - | 221,295,909,242 | - | 60,344,232,374 | 221,295,909,242 |
| 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 | 15,898,380,006 | - | 64,936,167,182 | - | 15,898,380,006 | 64,936,167,182 |
| TOTAL | 383,552,918,609 | (20,376,752,869) | 754,254,932,664 | (42,536,801,211) | 363,176,165,740 | 711,718,131,453 |

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

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

| | VND | | | |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | <i>Carrying amount</i> | | <i>Fair value</i> | |
| | <i>31 December 2011</i> | <i>31 December 2010</i> | <i>31 December 2011</i> | <i>31 December 2010</i> |
| Financial liabilities | | | | |
| Loans and borrowings | 405,229,297,880 | 359,965,337,051 | 405,229,297,880 | 359,965,337,051 |
| Payable to related parties | 34,352,684,754 | - | 34,352,684,754 | - |
| Trade payable | 34,053,128,076 | 20,810,945,272 | 34,053,128,076 | 20,810,945,272 |
| Other current liabilities | 77,764,613,898 | 33,838,418,042 | 77,764,613,898 | 33,838,418,042 |
| TOTAL | <u>551,399,724,608</u> | <u>414,614,700,365</u> | <u>551,399,724,608</u> | <u>414,614,700,365</u> |

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 such borrowings are not material different from their calculated value.

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

31. 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.

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 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 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 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.

As of 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 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 separate financial statements.

32. EVENTS AFTER THE BALANCE SHEET DATE

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

Doan Huu Chi
Chief Accountant



Trương Minh Thuận
General Director

15 March 2012