

| | |
|---|-----------------------------|
| SỞ GIAO DỊCH CHỨNG KHOÁN TP. HỒ CHÍ MINH | |
| ĐẾN | Số: 9532 |
| | Giờ: Ngày 28 tháng 5 năm 12 |

Binh Chanh Construction Investment Joint Stock Company

Consolidated financial statements

31 December 2011

Ernst & Young

Binh Chanh Construction Investment Joint Stock Company

CONTENTS

| | <i>Pages</i> |
|--|--------------|
| General information | 1 |
| Report of management | 2 |
| Independent auditor's report | 3 |
| Consolidated balance sheet | 4 - 5 |
| Consolidated income statement | 6 |
| Consolidated cash flow statement | 7 - 8 |
| Notes to the consolidated financial statements | 9 - 38 |

Binh Chanh Construction Investment Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Binh Chanh Construction Investment Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 056668 issued by the Department of Planning and Investment of Ho Chi Minh City on 24 December 1999, as amended.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with License No. 128/QD-SDGHCM issued by the Ho Chi Minh City Stock Exchange on 25 December 2008.

The Company's principal activities are to develop and trade real estate properties including house, land use rights and infrastructure, to provide construction consulting, site clearance and brokerage on land properties.

The Company's head office is located at 550 Kinh Duong Vuong Street, An Lac Ward, Binh Tan District, 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 Van Le | Chairman |
| Mr Tran Ngoc Henri | Deputy Chairman |
| Mr Tram Be | Member |
| Mr Hoang Dinh Thang | Member |
| Ms Nguyen Thi Kim Thoa | Member |
| Mr Pham Minh Duc | Member |
| Mr Nguyen Hoang Thuc | Member |

BOARD OF SUPERVISION

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

| | |
|---------------------------------|----------------------------------|
| Mr Tran Ngoc Tien | Head of the Board of Supervision |
| Ms Tran Nguyen Ngoc Thien Huong | Member |
| Mr Do Van Cuong | Member |

MANAGEMENT

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

| | |
|------------------------|-------------------------|
| Mr Nguyen Thuy Nhan | General Director |
| Ms Truong My Linh | Deputy General Director |
| Mr Nguyen Thi Kim Thoa | Deputy General Director |

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Nguyen Thuy Nhan.

AUDITORS

The auditors of the Company are Ernst & Young Vietnam Limited.

Binh Chanh Construction Investment Joint Stock Company

REPORT OF MANAGEMENT

Management of Binh Chanh Construction Investment Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2011.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

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

For and on behalf of Management:



Nguyen Thuy Nhan
General Director

25 March 2012

Reference: 60933602/15022753

INDEPENDENT AUDITORS' REPORT

To: **The Shareholders of Binh Chanh Construction Investment Joint Stock Company**

We have audited the consolidated financial statements of Binh Chanh Construction Investment Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as set out on pages 4 to 38 which comprise the consolidated balance sheet as at 31 December 2011, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

The preparation and presentation of these consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The Group's consolidated financial statements as at and for the year ended 31 December 2010 were audited by another auditor whose report dated 31 March 2011, expressed an unqualified opinion on those statements.

Basis of opinion


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

Opinion

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



Ernst & Young Vietnam Limited


Nguyen Xuan Dai
Deputy General Director
Certificate No. 0452/KTV

Ho Chi Minh City, Vietnam

25 March 2012



Le Quang Minh
Auditor
Certificate No. 0426/KTV

CONSOLIDATED BALANCE SHEET
as at 31 December 2011

VND

| Code | ASSETS | Notes | Ending balance | Beginning balance |
|------------|---|-----------|--------------------------|--------------------------|
| 100 | A. CURRENT ASSETS | | 2,999,428,598,209 | 2,635,482,591,912 |
| 110 | I. Cash and cash equivalents | 4 | 295,341,057,104 | 179,233,801,427 |
| 111 | 1. Cash | | 6,786,057,104 | 41,633,801,427 |
| 112 | 2. Cash equivalents | | 288,555,000,000 | 137,600,000,000 |
| 120 | II. Short-term investments | | 1,438,433,110 | 1,149,895,300 |
| 121 | 1. Short-term investments | | 1,438,433,110 | 1,149,895,300 |
| 130 | III. Current accounts receivable | | 227,242,269,122 | 301,436,003,837 |
| 131 | 1. Trade receivables | | 196,483,799,842 | 253,273,355,195 |
| 132 | 2. Advances to suppliers | | 12,584,274,032 | 31,698,475,619 |
| 135 | 3. Other receivables | 5 | 30,948,825,618 | 28,852,575,151 |
| 139 | 4. Provision for doubtful debts | | (12,774,630,370) | (12,388,402,128) |
| 140 | IV. Inventories | | 2,462,032,498,719 | 2,135,686,616,953 |
| 141 | 1. Inventories | 6 | 2,462,032,498,719 | 2,135,686,616,953 |
| 150 | V. Other current assets | | 13,374,340,154 | 17,976,274,395 |
| 151 | 1. Short-term prepaid expenses | | 2,874,000 | 139,626,000 |
| 152 | 2. Value-added tax deductible | | 2,011,268,044 | 1,912,324,395 |
| 154 | 3. Tax and other receivables from the State | | 63,583,104 | - |
| 158 | 4. Other current assets | | 11,296,615,006 | 15,924,324,000 |
| 200 | B. NON-CURRENT ASSETS | | 1,294,702,364,693 | 1,215,975,403,354 |
| 220 | I. Fixed assets | | 1,060,468,726,018 | 1,014,207,672,390 |
| 221 | 1. Tangible fixed assets | 7 | 30,510,309,222 | 36,120,065,900 |
| 222 | Cost | | 68,256,973,040 | 67,515,586,422 |
| 223 | Accumulated depreciation | | (37,746,663,818) | (31,395,520,522) |
| 227 | 2. Intangible fixed assets | 8 | 541,508,758 | 241,604,797 |
| 228 | Cost | | 1,632,272,376 | 1,128,272,376 |
| 229 | Accumulated amortisation | | (1,090,763,618) | (886,667,579) |
| 230 | 3. Construction in progress | 9 | 1,029,416,908,038 | 977,846,001,693 |
| 240 | II. Investment properties | 10 | 103,000,194,794 | 105,697,269,083 |
| 241 | 1. Cost | | 149,571,726,842 | 149,271,507,549 |
| 242 | 2. Accumulated depreciation | | (46,571,532,048) | (43,574,238,466) |
| 250 | III. Long-term investments | | 130,834,505,506 | 95,062,410,990 |
| 252 | 1. Investments in associates | 11.1 | 126,353,575,506 | 90,228,050,990 |
| 258 | 2. Other long-term investment | 11.2 | 7,054,904,214 | 7,054,904,214 |
| 259 | 3. Provision for long-term investments | | (2,573,974,214) | (2,220,544,214) |
| 260 | IV. Other long-term assets | | 398,938,375 | 1,008,050,891 |
| 261 | 1. Long-term prepaid expenses | | 241,729,592 | 555,970,891 |
| 268 | 2. Other long-term assets | | 157,208,783 | 452,080,000 |
| 270 | TOTAL ASSETS | | 4,294,130,962,902 | 3,851,457,995,266 |

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2011

VND

| Code | RESOURCES | Notes | Ending balance | Beginning balance |
|------------|---|-------------|--------------------------|--------------------------|
| 300 | A. LIABILITIES | | 2,371,215,396,325 | 1,929,289,001,715 |
| 310 | i. Current liabilities | | 1,183,217,676,259 | 805,760,336,641 |
| 311 | 1. Short-term loans | 13 | 386,674,675,681 | 288,173,340,000 |
| 312 | 2. Trade payables | | 93,467,300,657 | 62,712,008,993 |
| 313 | 3. Advances from customers | | 1,400,682,992 | 53,666,358,436 |
| 314 | 4. Statutory obligations | 14 | 15,816,131,912 | 61,469,359,332 |
| 315 | 5. Payables to employees | | 156,730,919 | 854,939,255 |
| 316 | 6. Accrued expenses | 15 | 152,352,888,574 | 154,006,935,508 |
| 319 | 7. Other payables | 16 | 531,381,038,856 | 177,212,903,276 |
| 323 | 8. Bonus and welfare fund | | 1,968,226,668 | 7,664,491,841 |
| 330 | ii. Non-current liabilities | | 1,187,997,720,066 | 1,123,528,665,074 |
| 333 | 1. Other long-term liabilities | | 39,582,056,339 | 34,671,333,797 |
| 334 | 2. Long-term loans and debts | 17 | 415,601,129,451 | 475,663,380,718 |
| 336 | 3. Provision for severance allowance | | 2,279,904,325 | 838,582,110 |
| 338 | 4. Unearned revenues | 18 | 730,534,629,951 | 612,355,368,449 |
| 400 | B. OWNERS' EQUITY | | 1,733,535,652,171 | 1,729,585,044,264 |
| 410 | i. Capital | 19.1 | 1,733,524,195,028 | 1,729,573,587,121 |
| 411 | 1. Share capital | | 722,670,000,000 | 722,670,000,000 |
| 412 | 2. Share premium | | 610,750,058,000 | 610,750,058,000 |
| 416 | 3. Foreign exchange differences reserve | | (2,268,654,926) | - |
| 417 | 4. Investment and development fund | | 136,210,275,252 | 79,710,275,252 |
| 418 | 5. Financial reserve fund | | 73,365,408,572 | 45,115,408,572 |
| 419 | 6. Other funds belonging to owners' equity | | 12,332,000,000 | 6,682,000,000 |
| 420 | 7. Undistributed earnings | | 180,465,108,130 | 264,645,845,297 |
| 430 | ii. Other fund | | 11,457,143 | 11,457,143 |
| 432 | 1. Subsidised fund | | 11,457,143 | 11,457,143 |
| 439 | C. MINORITY INTERESTS | | 189,379,914,406 | 192,583,949,287 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 4,294,130,962,902 | 3,851,457,995,266 |



Nguyen Thi Kim Thoa
Accountant in charge



Nguyen Thuy Nhan
General Director

25 March 2012

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2011

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|--|-------|------------------|-------------------|
| 01 | 1. Revenue from sale of goods and rendering of services | | 216,873,252,396 | 797,288,630,297 |
| 02 | 2. Deductions | | - | - |
| 10 | 3. Net revenue from sale of goods and rendering of services | 20.1 | 216,873,252,396 | 797,288,630,297 |
| 11 | 4. Cost of goods sold and services rendered | 21 | (98,801,991,331) | (387,397,768,393) |
| 20 | 5. Gross profit from sale of goods and rendering of services | | 118,071,261,065 | 409,890,861,904 |
| 21 | 6. Financial income | 20.2 | 21,666,827,987 | 9,372,331,501 |
| 22 | 7. Financial expenses | 22 | (22,392,405,513) | (12,733,439,652) |
| 23 | - In which: Interest expense | | (7,176,388,885) | (7,963,371,635) |
| 24 | 8. Selling expenses | | (3,512,052,531) | (13,246,085,245) |
| 25 | 9. General and administrative expenses | | (45,459,749,317) | (47,661,825,927) |
| 30 | 10. Operating profit | | 68,373,881,691 | 345,621,842,581 |
| 31 | 11. Other income | 23 | 2,621,817,344 | 8,814,696,409 |
| 32 | 12. Other expenses | 23 | (9,852,801,970) | (14,070,912,914) |
| 40 | 13. Other loss | 23 | (7,230,984,626) | (5,256,216,505) |
| 45 | 14. Share of profit of associates | | 36,125,524,516 | 28,081,466,135 |
| 50 | 15. Profit before tax | | 97,268,421,581 | 368,447,092,211 |
| 51 | 16. Current corporate income tax expense | 24.1 | (18,112,175,364) | (87,306,762,583) |
| 60 | 17. Net profit after tax | | 79,156,246,217 | 281,140,329,628 |
| | Attributable to: | | | |
| 61 | - Minority interests | | (3,060,016,616) | (1,375,559,657) |
| 62 | - Equity holders of the Company | | 82,216,262,833 | 282,515,889,285 |
| 70 | 18. Basic earnings per share | 19.4 | 1,138 | 4,583 |


Nguyen Thi Kim Thoa
Accountant in charge

25 March 2012




Nguyen Thuy Nhan
General Director

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2011

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|---|----------|--------------------------|--------------------------|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Profit before tax | | 97,268,421,581 | 368,447,092,211 |
| | Adjustments for: | | | |
| 02 | Depreciation and amortisation | 7, 8, 10 | 9,897,151,501 | 13,761,894,667 |
| 03 | Provisions | | 739,658,242 | 4,079,286,864 |
| 04 | Unrealised foreign exchange losses | 22 | 7,851,306,628 | 4,058,145,000 |
| 05 | Gains from investing activities | | (57,345,826,231) | (36,473,947,070) |
| 06 | Interest expense | 22 | 7,176,388,885 | 7,963,371,635 |
| 08 | Operating profit before changes in working capital | | 65,587,100,606 | 361,835,843,307 |
| 09 | Decrease (increase) in receivables | | 80,613,630,128 | (132,018,506,779) |
| 10 | Increase in inventories | | (215,936,916,494) | (580,957,281,203) |
| 11 | Increase (decrease) in payables | | 85,003,567,710 | (48,306,065,526) |
| 12 | Decrease in prepaid expenses | | 450,993,299 | 1,215,548,201 |
| 13 | Interest paid | | (135,446,484,153) | (7,769,283,247) |
| 14 | Corporate income tax paid | 24.2 | (59,385,827,956) | (87,003,824,581) |
| 15 | Other cash inflows from operating activities | | - | 778,057,761 |
| 16 | Other cash outflows from operating activities | | (8,598,002,755) | (7,038,997,536) |
| 20 | Net cash flows used in operating activities | | (187,711,939,615) | (499,264,509,603) |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchases of fixed assets | | (27,658,314,378) | (107,858,371,458) |
| 22 | Proceeds from disposals of fixed assets | 23 | 115,454,546 | 395,709,091 |
| 25 | Payments for investments in other entities | | - | (600,000,000) |
| 26 | Proceeds from sale of investments in other entities | | 400,000,000,000 | 133,000,000 |
| 27 | Interest and dividends received | | 21,297,519,510 | 9,372,331,501 |
| 30 | Net cash flows from (used in) investing activities | | 393,754,659,678 | (98,557,330,866) |
| | III. CASH FLOWS FROM FINANCING ACTIVITY | | | |
| 31 | Issuance of shares | | - | 361,420,058,000 |
| 33 | Drawdown of borrowings | | 254,143,761,630 | 490,423,469,110 |
| 34 | Repayment of borrowings | | (222,118,797,216) | (212,865,761,129) |
| 36 | Dividends paid | 19.2 | (121,960,428,800) | (43,254,219,611) |
| 40 | Net cash flows (used in) from financing activities | | (89,935,464,386) | 595,723,546,370 |

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

VND

| Code | ITEMS | Notes | Current year | Previous year |
|------|--|-------|-----------------|-----------------|
| 50 | Net increase (decrease) in cash and cash equivalents | | 116,107,255,677 | (2,098,294,099) |
| 60 | Cash and cash equivalents at beginning of year | 4 | 179,233,801,427 | 181,332,095,526 |
| 70 | Cash and cash equivalents at end of year | 4 | 295,341,057,104 | 179,233,801,427 |



Nguyen Thi Kim Thoa
Accountant in charge




Nguyen Thuy Nhan
General Director

25 March 2012

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

1. CORPORATE INFORMATION

Binh Chanh Construction Investment Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 056668 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 24 December 2009, as amended.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with License No. 128/QD-SDGHCM issued by the Ho Chi Minh City Stock Exchange on 25 December 2008.

The principal activities the Company and its subsidiaries ("the Group") are to develop and trade real estate properties including house, land use rights and infrastructure, to provide construction consulting, site clearance and brokerage on land properties.

The Company's head office is located at 550 Kinh Duong Vuong Street, An Lac Ward, Binh Tan District, Ho Chi Minh City, Vietnam.

The number of the Group's employees as at 31 December 2011 was 278 (31 December 2010: 243).

Corporate structure

The Company's corporate structure includes 2 subsidiaries, in which:

Phong Phu Industrial Park Joint Stock Company ("Phong Phu"), a joint stock company in which the Company holds 70% ownership interest, was established in accordance with Business Registration Certificate No. 4103000445 issued by the DPI of Ho Chi Minh City on 4 June 2001, as amended. Phong Phu's registered office is located at Phong Phu Industrial Zone, Phong Phu Commune, Binh Chanh District, Ho Chi Minh City, Vietnam. Phong Phu's principal activities are to invest and sell land use rights in industrial zone.

The Group is in process to dispose its entire investment of 2,450,000 shares in Phong Phu to Saigon Newtown Investment Corporation ("Saigon NIC") in accordance with the Ownership Interest Transfer Contract dated 29 August 2011. As at the date of these reports, the Group is filing documents to authorities to get approval for transferring its ownership to Saigon NIC and also received an advance of VND 400,000,000,000 from Saigon NIC.

BCI Corporation (formerly known as Bach Binh Real Estate Corporation) ("BCI"), a joint stock company in which the Company holds 69% ownership interest, was established in accordance with Business Registration Certificate No. 4103009299 issued by the DPI of Ho Chi Minh City on 31 January 2008, as amended. BCI's registered office is located at 510 Kinh Duong Vuong Street, An Lac Ward, Binh Tan District, Ho Chi Minh City, Vietnam. BCI's principal activities are to invest and trade real estates.

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

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

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

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese 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 consolidated balance sheet, consolidated income statement, consolidated cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

The Group maintains its accounting records in VND.

2.5 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2011.

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

The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Change in accounting policies and disclosures*

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010 except for the changes in the accounting policy in relation to the following.

On 6 November 2009, the Ministry of Finance issued 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") with effectiveness from financial years beginning on or after 1 January 2011.

The adoption of Circular 210 results in new disclosures being added to the consolidated financial statements as shown in Notes 27 and 28.

Circular 210 also requires the Group to evaluate the terms of non-derivative financial instruments issued by the Group to determine whether it contains both a liability and an equity component. Such components are classified separately as financial liabilities, financial assets or equity instruments in the consolidated balance sheet. This requirement has no impact on the consolidated financial position or consolidated result of operation of the Group as the Group has not yet issued such non-derivative financial instruments.

3.2 *Cash and cash equivalents*

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

3.3 *Inventories*

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 cost; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes and other related costs.

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

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

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

3.4 *Receivables*

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Fixed assets

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

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

3.6 Depreciation and amortisation

Depreciation of tangible fixed assets and finance lease 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 – 20 years |
| Machinery and equipment | 3 – 10 years |
| Means of transportation | 6 – 10 years |
| Office equipment | 3 – 7 years |
| ISO certificate and computer software | 3 – 10 years |

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

3.7 Investment properties

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

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

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

| | |
|----------------|---------------|
| Factories | 25 - 46 years |
| Infrastructure | 25 - 46 years |

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

NOTES TO THE CONSOLIDATED 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 period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

3.9 Prepaid expenses

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

3.10 Investments in associates

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

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

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

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

3.11 Investments in securities and other investments

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

3.12 Payables and accruals

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Accrual for severance pay*

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

3.14 *Appropriation of net profit*

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

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

▶ Financial reserve fund

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

▶ Investment and development fund

This fund is set aside for use in the Group's expansion of its operation or in-depth investments.

▶ Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' material and spiritual benefits and it is recognised as a liability.

3.15 *Foreign currency transactions*

The Group follows the guidance under Vietnamese Accounting Standard No. 10 "The Effects of Changes in Exchange Rates" (the "VAS 10") in relation to foreign currency transactions as applied consistently in prior years.

Transactions in currencies other than the Group's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are re-valued at exchange rates ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the consolidated income statement.

Realised and unrealised foreign exchange differences arising during the construction phase are recorded in the equity section of the consolidated balance sheet. Upon the completion of construction, all accumulated realised exchange differences arising during the construction period, and unrealised exchange differences arising upon translation of monetary items at the date of commencing operations, are transferred to prepaid expense in the consolidated balance sheet and amortised to finance income/expense over a period of 5 years.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Foreign currency transactions* (continued)

The above guidance related to unrealized foreign exchange differences provided by VAS 10 is different from those stipulated in the Circular No. 201/2009/TT-BTC issued on 15 October 2009 by the Ministry of Finance providing guidance for the treatment of foreign exchange differences ("the Circular 201") as follows:

| <i>Transaction</i> | <i>Accounting treatment under</i> | |
|--|---|--|
| | <i>VAS 10</i> | <i>Circular 201</i> |
| Translation of short-term monetary assets and liabilities denominated in foreign currencies at year end. | All unrealised foreign exchange differences are taken to the consolidated income statement. | All unrealised foreign exchange differences are taken to the "Foreign exchange differences reserve" account in the equity section of the consolidated balance sheet and will be reversed on the following year. |
| Translation of long-term monetary liabilities denominated in foreign currencies at year end. | All unrealised foreign exchange differences are taken to the consolidated income statement. | All unrealised foreign exchange gains are taken to the consolidated income statement. All foreign exchange losses will be charged to the consolidated income statement. However, if the charging of all foreign exchange losses results in net loss before tax for the Group, part of the exchange losses can be deferred and allocated to the consolidated income statement within the subsequent five years. In any case, the total foreign exchange loss to be charged to current year's consolidated income statement must be at least equivalent to the foreign exchange losses arising from the translation of the current portion of the long-term liabilities, while the remaining portion of the foreign exchange losses can be deferred in the consolidated balance sheet and allocated to the consolidated income statement within the subsequent five years. |

However, the impact to the consolidated financial statements had the Group adopted the Circular 201 for the year ended 31 December 2011 was not material as a whole.

3.16 *Basic earnings per share*

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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.

Rendering of services

Revenue from rendering of services is recognised as and when the services are rendered to the customers and are stated net of discounts, value-added tax and allowances.

Rental income

Rental income arising from operating leases is accounted for in the consolidated income statement on a straight-line basis over the term of the lease.

Interest

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

Dividend

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

3.18 Taxation

Current income tax

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

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

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

Deferred income tax

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation (continued)

Deferred tax (continued)

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.

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

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

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

3.19 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

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

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan receivables, quoted and unquoted financial instruments.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

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

Financial instruments – subsequent measurement

No subsequent re-measurement of financial instruments is currently required.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED 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 | 402,732,319 | 286,130,797 |
| Cash in banks | 6,383,324,785 | 41,347,670,630 |
| Cash equivalents (*) | 288,555,000,000 | 137,600,000,000 |
| TOTAL | <u>295,341,057,104</u> | <u>179,233,801,427</u> |

Cash equivalents mainly represent short-term bank deposits with maturity of less than three months which are readily convertible into known amounts of cash without any significant risk of changes in value, and earn interest at the average interest rate of 14% per annum.

(*) Parts of short-term bank deposits amounting to VND 86,000,000,000 were pledged to obtain loans from banks (Notes 13 and 17).

5. OTHER RECEIVABLES

| | VND | |
|--------------------------------------|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Advances for development of project | 14,709,675,766 | 14,884,813,505 |
| Provisional corporate income tax (*) | 10,004,500,776 | 7,584,993,713 |
| Advance for land compensation | 3,014,362,000 | 3,014,362,000 |
| Interest receivable | 1,250,017,336 | 1,623,454,202 |
| Advances to staffs | 1,724,393,000 | 917,000,000 |
| Others | 245,876,740 | 827,951,731 |
| TOTAL | <u>30,948,825,618</u> | <u>28,852,575,151</u> |

(*) In accordance with Circular No. 130/2009/TT-BTC issued by the Ministry of Finance on 26 December 2008 which provides guidelines for implementation of the Law on Corporate Income Tax, the Group is entitled to provisionally pay tax at the rate of 2% on cash collections from its customers pending the appropriate recognition of sales and cost of sales from those transactions.

6. INVENTORIES

| | VND | |
|---|---------------------------------|---------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Inventory properties in progress (*) | 2,454,960,378,106 | 2,127,122,856,247 |
| Real estate properties available for sale | 7,072,120,613 | 8,563,760,706 |
| TOTAL | <u>2,462,032,498,719</u> | <u>2,135,686,616,953</u> |

(*) This represents development and construction costs of the on-going residential area projects. Parts of these projects were pledged to obtain loans from banks (Notes 13 and 17).

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

7. TANGIBLE FIXED ASSETS

| | | | | | VND |
|----------------------------------|-------------------------------------|------------------------------------|------------------------------------|-------------------------|-------------------------|
| | <i>Buildings and structures</i> | <i>Machinery and equipment</i> | <i>Means of transportation</i> | <i>Office equipment</i> | <i>Total</i> |
| Cost: | | | | | |
| Beginning balance | 21,101,538,909 | 29,179,818,950 | 12,989,228,377 | 4,245,000,186 | 67,515,586,422 |
| Newly purchased | - | 599,163,724 | - | 594,614,763 | 1,193,778,487 |
| Sold, disposal | - | (175,690,000) | (276,701,869) | - | (452,391,869) |
| Ending balance | <u>21,101,538,909</u> | <u>29,603,292,674</u> | <u>12,712,526,508</u> | <u>4,839,614,949</u> | <u>68,256,973,040</u> |
| <i>In which:</i> | | | | | |
| <i>Fully depreciated</i> | 835,671,554 | 858,260,395 | 1,042,020,334 | 2,902,517,659 | 5,638,469,942 |
| Accumulated depreciation: | | | | | |
| Beginning balance | (5,159,896,301) | (17,930,794,560) | (5,051,918,715) | (3,252,910,946) | (31,395,520,522) |
| Depreciation for the year | (1,307,956,896) | (3,030,250,810) | (1,704,918,413) | (652,635,761) | (6,695,761,880) |
| Sold, disposal | - | 175,690,000 | 168,928,584 | - | 344,618,584 |
| Ending balance | <u>(6,467,853,197)</u> | <u>(20,785,355,370)</u> | <u>(6,587,908,544)</u> | <u>(3,905,546,707)</u> | <u>(37,746,663,818)</u> |
| Net carrying amount: | | | | | |
| Beginning balance | <u>15,941,642,608</u> | <u>11,249,024,390</u> | <u>7,937,309,662</u> | <u>992,089,240</u> | <u>36,120,065,900</u> |
| Ending balance | <u>14,633,685,712</u> | <u>8,817,937,304</u> | <u>6,124,617,964</u> | <u>934,068,242</u> | <u>30,510,309,222</u> |

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

8. INTANGIBLE FIXED ASSETS

| | VND | | |
|----------------------------------|------------------------|--------------------------|------------------------|
| | <i>ISO Certificate</i> | <i>Computer software</i> | <i>Total</i> |
| Cost: | | | |
| Beginning balance | 331,744,151 | 796,528,225 | 1,128,272,376 |
| Newly purchased | - | 504,000,000 | 504,000,000 |
| Ending balance | <u>331,744,151</u> | <u>1,300,528,225</u> | <u>1,632,272,376</u> |
| <i>In which:</i> | | | |
| <i>Fully amortised</i> | 331,744,151 | 467,539,225 | 799,283,376 |
| Accumulated amortisation: | | | |
| Beginning balance | (331,654,429) | (555,013,150) | (886,667,579) |
| Amortisation for the year | (89,722) | (204,006,317) | (204,096,039) |
| Ending balance | <u>(331,744,151)</u> | <u>(759,019,467)</u> | <u>(1,090,763,618)</u> |
| Net carrying amount: | | | |
| Beginning balance | <u>89,722</u> | <u>241,515,075</u> | <u>241,604,797</u> |
| Ending balance | <u>-</u> | <u>541,508,758</u> | <u>541,508,758</u> |

9. CONSTRUCTION IN PROGRESS

| | VND | |
|------------------------------|---------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Phong Phu Industrial Park | 528,272,640,554 | 488,133,700,625 |
| 510 Kinh Duong Vuong project | 252,720,242,430 | 252,367,526,030 |
| Le Minh Xuan Industrial Park | 219,967,687,577 | 209,120,442,312 |
| 175 An Lac project | 27,967,140,000 | 27,967,140,000 |
| Others | 489,197,477 | 257,192,726 |
| TOTAL | <u>1,029,416,908,038</u> | <u>977,846,001,693</u> |

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

10. INVESTMENT PROPERTIES

| | <i>Factories</i> | <i>Infrastructure</i> | <i>VND</i> <i>Total</i> |
|----------------------------------|------------------------|-------------------------|----------------------------|
| Cost: | | | |
| Beginning balance | 7,146,210,413 | 142,125,297,136 | 149,271,507,549 |
| Additions | - | 300,219,293 | 300,219,293 |
| Ending balance | <u>7,146,210,413</u> | <u>142,425,516,429</u> | <u>149,571,726,842</u> |
| Accumulated depreciation: | | | |
| Beginning balance | (5,253,416,405) | (38,320,822,061) | (43,574,238,466) |
| Depreciation for the year | (126,186,267) | (2,871,107,315) | (2,997,293,582) |
| Ending balance | <u>(5,379,602,672)</u> | <u>(41,191,929,376)</u> | <u>(46,571,532,048)</u> |
| Net carrying amount: | | | |
| Beginning balance | <u>1,892,794,008</u> | <u>103,804,475,075</u> | <u>105,697,269,083</u> |
| Ending balance | <u>1,766,607,741</u> | <u>101,233,587,053</u> | <u>103,000,194,794</u> |

The fair values of the investment property as at 31 December 2011 had not yet been formally assessed and determined, but the management believed that it was much higher than the property's carrying values.

11. LONG-TERM INVESTMENTS

11.1 *Investments in associates*

| | <u>Ending balance</u> | | <u>Beginning balance</u> | |
|--|-------------------------------|------------------|------------------------------|------------------|
| | VND | % of interest | VND | % of interest |
| Saigon Asia Investment and Reality Corporation | 4,862,761,310 | 50 | 4,876,460,764 | 50 |
| Espace Big C An Lac | 101,430,501,824 | 20 | 85,351,590,226 | 20 |
| Green Buildings Company Limited | 20,060,312,372 | 20 | - | - |
| TOTAL | <u>126,353,575,506</u> | | <u>90,228,050,990</u> | |

| | <i>VND</i> | |
|--|-------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Cost of investment in associates | 69,118,008,060 | 69,118,008,060 |
| Accumulated share in post-acquisition profit of the associates | 57,235,567,446 | 21,110,042,930 |
| | <u>126,353,575,506</u> | <u>90,228,050,990</u> |

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

11. LONG-TERM INVESTMENTS (continued)

11.1 *Investments in associates* (continued)

Saigon Asia Investment and Realty Corporation ("Saigon Asia Real Estate") is a joint stock company established in accordance with Business Registration Certificate No. 4103007346 issued by the DPI of Ho Chi Minh City on 19 July 2007, as amended. Saigon Asia Real Estate's registered office is located at 115 Nguyen Cong Tru Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City, Vietnam. Saigon Asia Real Estate's principal activities are to invest and trade real estates.

Escape Big C An Lac ("Big C") is a limited liability company with two or more members established in accordance with Investment Licence No. 2013/GP issued by the Ministry of Planning and Investment on 16 December 1997, as amended. Big C's registered office is located at 1231 National Road 1A, Quarter 5, Binh Tri Dong Ward, Binh Tan District, Ho Chi Minh City, Vietnam. Big C's principal activity is to develop and operate supermarket chains with retail and wholesale shops, warehouses and processing workshops.

Green Buildings Company Limited ("GB") is a limited liability company with two or more members established in accordance with Investment Certificate No. 411022000448 dated 14 August 2010 issued by the Ho Chi Minh City People's Committee. GB's registered office is located at 1231 National Road 1A, Quarter 5, Binh Tri Dong Ward, Binh Tan District, Ho Chi Minh City, Vietnam. GB's principal activity is to develop an apartment project named Green Building in Ho Chi Minh City for sale.

11.2 *Other long-term investments*

| | VND | | | |
|---|-----------------------|-----------------------------|--------------------------|-----------------------------|
| | <u>Ending balance</u> | | <u>Beginning balance</u> | |
| | Quantity | Value | Quantity | Value |
| Investment in securities | | | | |
| - Thu Duc Housing Development Corporation ("TDH") | 15,300 | 1,312,145,455 | 15,300 | 1,312,145,455 |
| - Ho Chi Minh City Housing Development Joint Stock Bank ("HDB") | 12,331 | 123,310,000 | 12,331 | 123,310,000 |
| Other long-term investments | | <u>5,619,448,759</u> | | <u>5,619,448,759</u> |
| TOTAL | | <u>7,054,904,214</u> | | <u>7,054,904,214</u> |
| Provision for long-term investments | | <u>(2,573,974,214)</u> | | <u>(2,220,544,214)</u> |
| NET AMOUNT | | <u>4,480,930,000</u> | | <u>4,834,360,000</u> |

12. CAPITALISED BORROWING COST

During the year, the Group capitalized interest expenses of VND 136,319,555,019 (for the year ended 31 December 2010: VND 76,537,448,936). These costs were relating to borrowings to finance for construction and development of Phong Phu 4 Residential project, Hamlet 1 Tan Tao Residential project, Nhat Lan 2 Apartment project, An Lac Plaza Complex project, Hamlet 2 Tan Tao Residential project, Binh Hung 11A Residential and Phong Phu Industrial Park.

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

13. SHORT-TERM LOANS

| | VND | |
|---|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Loans from banks | 153,500,000,000 | 124,936,800,000 |
| Current portion of long-term loans and debts (Note 17) | <u>233,174,675,681</u> | <u>163,236,540,000</u> |
| TOTAL | <u>386,674,675,681</u> | <u>288,173,340,000</u> |

Details of the short-term loans from bank are as follows:

| <i>Banks</i> | <i>Ending balance</i> | <i>Principal repayment term</i> | <i>Purpose</i> | <i>Interest rate</i> | <i>Description of collateral</i> |
|--|-------------------------------|--|--|----------------------|--|
| | VND | | | | |
| Vietnam International Bank – District 1 Branch | | | | | |
| Loan Agreement No. 0451/HDTD2-VIB608/11 | 29,500,000,000 | 12 months from the first drawdown date | Binh Hung 11A and Phong Phu 4 residential projects | 21.25% p.a. | Land use right of 7,954.8 m ² and attached infrastructure at Phong Phu, Binh Chanh District, Ho Chi Minh City |
| Lao Viet Joint Venture Bank – Ho Chi Minh Branch | | | | | |
| Loan Agreement No.01/2011/HD | 20,000,000,000 | 7 January 2012 | Phong Phu 4 residential project | 17.5% p.a. | Short-term bank deposits |
| Military Commercial Joint Stock Bank – Cho Lon Branch | | | | | |
| Loan Agreement No. 839.11.701.479633.T DNH | 50,000,000,000 | 3 months from the first drawdown date | Phong Phu 4 residential project | 17.5% p.a. | Short-term bank deposits |
| Southern Comercial Joint Stock Bank – Head Office | | | | | |
| Loan Agreement No. 004/01/11 | 30,000,000,000 | 12 months from the first drawdown date | Phong Phu Industrial Park | 21.6% p.a. | Land use right of 115,959 m ² at Phong Phu Commune, Binh Chanh District, Ho Chi Minh City |
| Vietnam Thuong Tin Commercial Joint Stock Bank – Ho Chi Minh Branch | | | | | |
| Loan Agreement No. CHCM.HDDN.11.02 | 24,000,000,000 | 12 months from the first drawdown date | Phong Phu Industrial Park | 20.75% p.a. | Land use right of 4,061.1 m ² at An Lac Ward, Binh Tan District, Ho Chi Minh City |
| TOTAL | <u>153,500,000,000</u> | | | | |

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

14. STATUTORY OBLIGATIONS

| | VND | |
|----------------------------------|------------------------------|------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Corporate income tax (Note 24.2) | 7,934,438,355 | 46,788,583,884 |
| Personal income tax | 43,741,541 | 743,558,572 |
| Natural resource tax | 40,625,562 | 33,684,884 |
| Value-added tax | 7,797,326,454 | 13,903,531,992 |
| TOTAL | <u>15,816,131,912</u> | <u>61,469,359,332</u> |

15. ACCRUED EXPENSES

| | VND | |
|---------------|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Project costs | 115,731,858,513 | 125,687,776,260 |
| Loan interest | 35,902,387,012 | 27,852,927,261 |
| Others | 718,643,049 | 466,231,987 |
| TOTAL | <u>152,352,888,574</u> | <u>154,006,935,508</u> |

16. OTHER PAYABLES

| | VND | |
|--|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Land compensation payables | 89,747,339,499 | 98,058,892,227 |
| Dividend payables | 1,963,220,200 | 51,656,649,000 |
| Advance received for transferring ownership interest in Phong Phu | 400,000,000,000 | - |
| Deposits received | 7,663,970,827 | 7,307,333,371 |
| Non-interest bearing borrowing from South Saigon Development Corporation | 7,690,000,000 | - |
| Repair and maintenance fee | 8,513,396,069 | 5,375,458,537 |
| Others | 15,803,112,261 | 14,814,570,141 |
| TOTAL | <u>531,381,038,856</u> | <u>177,212,903,276</u> |

17. LONG-TERM LOANS AND DEBTS

| | VND | |
|--|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Loans from banks (i) | 206,662,216,967 | 198,551,836,578 |
| Loans from other entities (ii) | 56,822,928,165 | 62,821,544,140 |
| Debt from Department of Finance Ho Chi Minh City (iii) | 85,290,660,000 | 77,526,540,000 |
| Bonds issued (iv) | 300,000,000,000 | 300,000,000,000 |
| TOTAL | <u>648,775,805,132</u> | <u>638,899,920,718</u> |
| <i>In which</i> | | |
| <i>Current portion</i> | 233,174,675,681 | 163,236,540,000 |
| <i>Non-current portion</i> | 415,601,129,451 | 475,663,380,718 |

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

17. LONG-TERM LOANS AND DEBTS (continued)

(i) Details of the long-term loans from banks are as follows:

| Banks | Ending balance | Principal repayment term | Purpose | Interest rate | Description of collateral |
|--|-------------------------------|-----------------------------------|--------------------------------------|---|--|
| VND | | | | | |
| Military Commercial Joint Stock Bank – Cho Lon Branch | | | | | |
| Loan agreement No. 300.09.701.479633. TDTH | 29,664,015,681 | 19 September 2012 | Nhat Lan 2 Apartment project | Savings deposit interest for 12 months plus 5.5% p.a. | Land use rights of 3,394.2 m ² and associated infrastructure at Tan Tao Ward, Binh Tan District, Ho Chi Minh City |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 29,664,015,681 | | | | |
| Loan agreement No. 331.09.701.479633. TDTH | 93,459,100,576 | 21 December 2014 | Hamlet 1 Tan Tao Residential project | Savings deposit interest for 12 months plus 5.5% p.a. | Land use rights of 6,127.9 m ² and associated infrastructure at Tan Tao Ward, Binh Tan District, Ho Chi Minh City |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 58,000,000,000 | | | | |
| Vietnam Joint Stock Commercial Bank for Industry and Trade – Tay Sai Gon Branch | | | | | |
| Loan agreement No. 100200117/HDTD.T DH | 52,198,794,710 | 1 November 2015 | Phong Phu Residential project | Savings deposit interest plus 3.5% p.a. | Land use rights of 14,850 m ² No. AC 241246, BD 747602, BD 747607 and BD 747654 of Phong Phu 4 project |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 13,000,000,000 | | | | |
| Saigon Commercial Joint Stock Bank – 20-10 Branch | | | | | |
| Loan agreement No. 08/HDTD-SCB-CN20/10.09 | 31,340,306,000 | 84 months from the first drawdown | Phong Phu Industrial Park | 25.4% p.a. | Land use rights of Phong Phu Industrial Park |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | <u>2,000,000,000</u> | | | | |
| TOTAL | <u>206,662,216,967</u> | | | | |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 102,664,015,681 | | | | |
| <i>Non-current portion</i> | 103,998,201,286 | | | | |

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

17. LONG-TERM LOANS AND DEBTS (continued)

(ii) Details of the long-term loan from other entities are as follows:

| Name of entities | Ending balance | Principal repayment term | Purpose | Interest | Description of collateral |
|---|-----------------------|--------------------------|--|----------|---|
| VND | | | | | |
| Ho Chi Minh City Finance and Investment State | | | | | |
| Loan agreement No. 210/2008/HDTD-QDT-TD | 15,831,013,165 | 5 December 2013 | Nhat Lan 2 Apartment | 16% p.a. | 500,000 shares in Phong Phu Industrial Park Joint Stock Company |
| <i>In which</i> | | | | | |
| <i>Current portion</i> | 12,000,000,000 | | | | |
| Loan agreement No. 17/2010/HDTD-QDT-TD | 9,491,915,000 | 30 June 2017 | Wastewater treatment project in Le Minh Xuan Industrial Park | 16% p.a. | 150,000 shares in Phong Phu Industrial Park Joint Stock Company |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 1,720,000,000 | | | | |
| Hoa Lam Real Estate Company Limited | | | | | |
| Loan agreement No. 09/HDTD-SADEC0.08 | 16,250,000,000 | 1 September 2011 | Phong Phu Industrial Park | 20% p.a. | Unsecured |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 16,250,000,000 | | | | |
| Loan agreement No. 08/KT/PPIP | 10,000,000,000 | 1 September 2011 | Phong Phu Industrial Park | 20% p.a. | Unsecured |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 10,000,000,000 | | | | |
| Tan Thuan Industrial Promotion Company Limited | | | | | |
| Loan agreement No. TTTUV 05/KT/PPIP | 5,250,000,000 | 1 September 2011 | Phong Phu Industrial Park | 20% p.a. | Unsecured |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 5,250,000,000 | | | | |
| TOTAL | 56,822,928,165 | | | | |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 45,220,000,000 | | | | |
| <i>Non-current portion</i> | 11,602,928,165 | | | | |

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

17. LONG-TERM LOANS AND DEBTS (continued)

(iii) This is a debt from Department of Finance Ho Chi Minh City relating to land rental amounting to US\$ 4,095,000 for capital contribution in establishment of Escape Big C An Lac in accordance with the Land Lease Contract No. 6063/HD-GTD dated 30 October 1998 with Department of Land and Housing Ho Chi Minh City. This is non-interest bear debt and was matured on 16 December 2010 but not yet paid at the balance sheet date.

(iv) On 22 December 2009, the Group issued VND 150,000,000,000 straight bonds at par value of VND 1 billion per unit which are redeemable at par value by 22 December 2014. The bonds bear interest rate of 12.50% p.a. for the first interest payment period which will be paid on 22 December 2010 and the average 12 month savings deposit interest rates announced by Vietnam Bank for Agriculture and Rural Development, Joint Stock Commercial Bank For Foreign Trade of Viet Nam, Vietnam Joint Stock Commercial Bank for Industry and Trade, and Bank for Investment and Development of Vietnam plus a margin of 4% p.a. in the following periods. Interest will be paid on 22 December annually.

On 1 April 2010, the Group issued VND 150,000,000,000 straight bonds at par value of VND 1 billion per unit which are redeemable at par value by 1 April 2015. The bonds bear interest rate of 12.50% p.a. for the first interest payment period which will be paid on 1 April 2011 and the average 12 month savings deposit interest rates announced by Vietnam Bank for Agriculture and Rural Development, Joint Stock Commercial Bank For Foreign Trade of Viet Nam, Vietnam Joint Stock Commercial Bank for Industry and Trade, and Bank for Investment and Development of Vietnam plus a margin of 4% p.a. in the following periods. Interest will be paid on 1 April annually.

The Group used the land use rights at 158 An Duong Vuong, An Lac Ward, Binh Tan District, Ho Chi Minh City and land use right of the An Lac Plaza Complex project as a mortgage for these bonds. The proceeds were used to finance the An Lac Plaza Complex project, Hamlet 2 Tan Tao Residential project and Binh Hung 11A Residential project of the Group.

18. UNEARNED REVENUES

| | VND | |
|---|-------------------------------|-------------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Unearned revenue from transfer of land lots, houses | 500,225,038,828 | 379,249,685,661 |
| Unearned revenue from land leases of Le Minh Xuan Industrial Park | 230,309,591,123 | 233,105,682,788 |
| TOTAL | <u>730,534,629,951</u> | <u>612,355,368,449</u> |

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

19. OWNERS' EQUITY

19.1 Movements in owners' equity

| | | | | | | | | VND |
|------------------------------------|-----------------|-----------------|--------------------------------------|---------------------------------|------------------------|---|------------------------|-------------------|
| | Share capital | Share premium | Foreign exchange differences reserve | Investment and development fund | Financial reserve fund | Other funds belonging to Owners' Equity | Undistributed earnings | Total |
| Previous year | | | | | | | | |
| Beginning balance | 542,000,000,000 | 430,000,000,000 | - | 38,240,275,252 | 24,380,408,572 | 2,535,000,000 | 152,053,019,385 | 1,189,208,703,209 |
| Increase in capital | 180,670,000,000 | 180,750,058,000 | - | - | - | - | - | 361,420,058,000 |
| Net profit for the year | - | - | - | - | - | - | 282,515,889,285 | 282,515,889,285 |
| Appropriation of profit | - | - | - | 41,470,000,000 | 20,735,000,000 | 4,147,000,000 | (66,352,000,000) | - |
| Transfer to bonus and welfare fund | - | - | - | - | - | - | (14,082,000,000) | (14,082,000,000) |
| Dividends declared | - | - | - | - | - | - | (88,526,900,000) | (88,526,900,000) |
| Others | - | - | - | - | - | - | (962,163,373) | (962,163,373) |
| Ending balance | 722,670,000,000 | 610,750,058,000 | - | 79,710,275,252 | 45,115,408,572 | 6,682,000,000 | 264,645,845,297 | 1,729,573,587,121 |
| Current year | | | | | | | | |
| Beginning balance | 722,670,000,000 | 610,750,058,000 | - | 79,710,275,252 | 45,115,408,572 | 6,682,000,000 | 264,645,845,297 | 1,729,573,587,121 |
| Net profit for the year | - | - | - | - | - | - | 82,216,262,833 | 82,216,262,833 |
| Appropriation of profit | - | - | - | 56,500,000,000 | 28,250,000,000 | 5,650,000,000 | (90,400,000,000) | - |
| Transfer to bonus and welfare fund | - | - | - | - | - | - | (3,730,000,000) | (3,730,000,000) |
| Foreign exchange differences | - | - | (2,268,654,926) | - | - | - | - | (2,268,654,926) |
| Dividends declared | - | - | - | - | - | - | (72,267,000,000) | (72,267,000,000) |
| Ending balance | 722,670,000,000 | 610,750,058,000 | (2,268,654,926) | 136,210,275,252 | 73,365,408,572 | 12,332,000,000 | 180,465,108,130 | 1,733,524,195,028 |

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

19. OWNERS' EQUITY (continued)

19.2 Capital transactions with owners and distribution of dividends

| | VND | |
|----------------------------|--------------------------|-------------------------|
| | Current year | Previous year |
| Contributed capital | | |
| Beginning balance | 722,670,000,000 | 542,000,000,000 |
| Increase | - | 180,670,000,000 |
| Ending balance | <u>722,670,000,000</u> | <u>722,670,000,000</u> |
| Dividends declared | (72,267,000,000) | (88,526,900,000) |
| Dividends paid | (121,960,428,800) | (43,254,219,611) |

19.3 Shares - ordinary shares

| | Ending balance | Beginning balance |
|--------------------------------|------------------|-------------------|
| | Number of shares | Number of shares |
| Shares authorised to be issued | 72,267,000 | 72,267,000 |
| Shares issued and fully paid | | |
| <i>Ordinary shares</i> | 72,267,000 | 72,267,000 |
| Shares in circulation | | |
| <i>Ordinary shares</i> | 72,267,000 | 72,267,000 |

19.4 Basic earnings per share

Basic earnings per share are calculated as follows:

| | VND | |
|--|-----------------------|------------------------|
| | Current year | Previous year |
| Net profit attributable to ordinary equity holders of the Company | 82,216,262,833 | 282,515,889,285 |
| Less: Bonus and welfare fund and sharing profit for business cooperation | - | (7,778,713,611) |
| Adjusted net profit attributable to ordinary equity holders of the Company | <u>82,216,262,833</u> | <u>274,737,175,674</u> |
| Weighted average number of ordinary shares | <u>72,267,000</u> | <u>59,941,841</u> |
| Basic earnings per share | <u>1,138</u> | <u>4,583</u> |

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

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

20. REVENUES

20.1 Revenues from sale of goods and rendering of services

| | VND | |
|--|------------------------|------------------------|
| | Current year | Previous year |
| Gross revenue | 216,873,252,396 | 797,288,630,297 |
| <i>Of which:</i> | | |
| <i>Sale of residential land properties</i> | 168,154,044,899 | 745,418,747,651 |
| <i>Rendering of services</i> | 48,719,207,497 | 51,869,882,646 |
| Less | | |
| Sales returns | - | - |
| Net revenue | 216,873,252,396 | 797,288,630,297 |
| <i>Of which:</i> | | |
| <i>Sale of residential land properties</i> | 168,154,044,899 | 745,418,747,651 |
| <i>Rendering of services</i> | 48,719,207,497 | 51,869,882,646 |

20.2 Financial income

| | VND | |
|-----------------|-----------------------|----------------------|
| | Current year | Previous year |
| Interest income | 21,170,922,554 | 8,909,011,477 |
| Others | 495,905,433 | 463,320,024 |
| TOTAL | 21,666,827,987 | 9,372,331,501 |

21. COST OF GOODS SOLD AND SERVICE RENDERED

| | VND | |
|--|-----------------------|------------------------|
| | Current year | Previous year |
| Cost of residential land properties sold | 72,002,615,930 | 355,448,926,598 |
| Cost of services rendered | 26,799,375,401 | 31,948,841,795 |
| TOTAL | 98,801,991,331 | 387,397,768,393 |

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

22. FINANCIAL EXPENSES

| | VND | |
|---|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Interest expense | 7,176,388,885 | 7,963,371,635 |
| Unrealised foreign exchange losses | 7,851,306,628 | 4,058,145,000 |
| Provision for diminution in value of investment | 353,430,000 | 573,731,736 |
| Commission fee | 7,000,000,000 | - |
| Others | 11,280,000 | 138,191,281 |
| TOTAL | <u>22,392,405,513</u> | <u>12,733,439,652</u> |

23. OTHER INCOME AND EXPENSES

| | VND | |
|--|-------------------------------|-------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Other income | 2,621,817,344 | 8,814,696,409 |
| Proceeds from disposal of fixed assets | 115,454,546 | 395,709,091 |
| Penalty for cancelation of contracts | 1,997,734,179 | 4,229,069,740 |
| Others | 508,628,619 | 4,189,917,578 |
| Other expenses | (9,852,801,970) | (14,070,912,914) |
| Others | (9,852,801,970) | (14,070,912,914) |
| NET | <u>(7,230,984,626)</u> | <u>(5,256,216,505)</u> |

24. CORPORATE INCOME TAX

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

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

24.1 Current CIT expense

| | VND | |
|---------------------------------------|------------------------------|------------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Current CIT expense | 18,112,175,364 | 85,719,397,689 |
| Under accrual of CIT from prior years | - | 1,587,364,894 |
| TOTAL | <u>18,112,175,364</u> | <u>87,306,762,583</u> |

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

24. CORPORATE INCOME TAX (continued)

24.2 Current CIT

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

A reconciliation between profit before tax in the consolidated income statement and estimated taxable profit is presented below:

| | VND | |
|---|-----------------------|------------------------|
| | Current year | Previous year |
| Profit before tax | 97,268,421,581 | 368,447,092,211 |
| Adjustments to increase (decrease) accounting profit: | | |
| Non-deductible expenses | 8,021,146,760 | 2,591,799,607 |
| Accrued project costs which was not deductible in prior years | - | (2,826,394,359) |
| Dividend earned | (41,697,900) | (47,612,000) |
| Losses in subsidiaries | 3,002,905,887 | 4,145,442,272 |
| Share of profit in associates | (36,125,524,516) | (28,081,466,135) |
| Provision for investment in subsidiaries | (2,727,550,358) | (3,553,006,949) |
| Inter-company interest income | 3,051,000,001 | 2,201,736,109 |
| Estimated current taxable profit | 72,448,701,455 | 342,877,590,756 |
| Estimated current CIT | 18,112,175,364 | 85,719,397,689 |
| CIT payable at beginning of year | 46,788,583,884 | 48,318,969,298 |
| Provisional CIT on cash collection | 2,419,507,063 | (1,833,323,416) |
| CIT paid during the year | (59,385,827,956) | (87,003,824,581) |
| Adjustment for under accrual of tax from prior years | - | 1,587,364,894 |
| CIT payable at end of year | 7,934,438,355 | 46,788,583,884 |

25. TRANSACTIONS WITH RELATED PARTIES

Remuneration to members of the Board of Directors and Management:

| | VND | |
|--------------------|---------------|---------------|
| | Current year | Previous year |
| Salaries and bonus | 3,729,327,230 | 4,424,146,767 |

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

26. COMMITMENTS

Operating lease commitments

The Group leases office premises under operating lease arrangements. Future minimum lease payables as at 31 December 2011 were as follows:

| | VND | |
|------------------|-----------------------|--------------------------|
| | <i>Ending balance</i> | <i>Beginning balance</i> |
| Less than 1 year | 499,872,000 | 499,872,000 |
| From 1-5 years | 624,840,000 | - |
| TOTAL | 1,124,712,000 | 499,872,000 |

Capital commitments

As at 31 December 2011, the Group has a commitment of VND 2,748,125,952 (31 December 2010: nil) principally related to the development of infrastructure of Le Minh Xuan Industrial Zone.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group'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 Group's property portfolio. The Group has loans and other receivables, trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations. The Group does not hold or issue any derivative financial instruments.

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

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

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

Market risk

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

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 and the proportion of financial instruments in foreign currency 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

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rate relates primarily to the Group's long-term debt obligations with floating interest rates.

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

Interest rate sensitivity

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

With all other variables held constant, the Group's construction in progress and the cost for development of property projects is affected through the impact on floating rate borrowings as follows:

| | | VND | VND |
|--|--|---|---|
| | <i>Increase/decrease in basis points</i> | <i>Effect on construction in progress on the consolidated balance sheet</i> | <i>Effect on inventory properties on progress on the interim consolidated balance sheet</i> |
| For the year ended 31 December 2011 | | | |
| VND | +300 | 1,885,209,180 | 15,019,345,174 |
| VND | -300 | (1,885,209,180) | (15,019,345,174) |
| For the year ended 31 December 2010 | | | |
| VND | +300 | 1,900,209,180 | 14,900,492,242 |
| VND | -300 | (1,900,209,180) | (14,900,492,242) |

Real estate risk

The Group has identified the following risks associated with the real estate portfolio: (i) the cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process; (ii) the exposure of the fair values of the portfolio to market and occupier fundamentals.

Credit risk

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

Credit risks related to receivables resulting from the sale of real estate properties

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

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Bank deposits

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

Liquidity risk

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

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

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

| | <i>Less than 1 year</i> | <i>From 1 to 5 years</i> | <i>VND</i> <i>Total</i> |
|-------------------------------------|---------------------------------|-------------------------------|---------------------------------|
| 31 December 2011 | | | |
| Loans and borrowings | 386,674,675,681 | 415,601,129,451 | 802,275,805,132 |
| Trade payables | 93,467,300,657 | - | 93,467,300,657 |
| Other payables and accrued expenses | 683,733,927,430 | 39,582,056,339 | 723,315,983,769 |
| TOTAL | <u>1,163,875,903,768</u> | <u>455,183,185,790</u> | <u>1,619,059,089,558</u> |
| 31 December 2010 | | | |
| Loans and borrowings | 286,823,340,000 | 475,663,380,718 | 762,486,720,718 |
| Trade payables | 62,712,008,993 | - | 62,712,008,993 |
| Other payables and accrued expenses | 332,569,838,784 | 34,671,333,797 | 367,241,172,581 |
| TOTAL | <u>682,105,187,777</u> | <u>510,334,714,515</u> | <u>1,192,439,902,292</u> |

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Collateral

The Group has pledged its land use rights of projects and shares of Phong Phu in order to fulfil the collateral requirements for the short-term and long-term loans obtained from banks (Notes 13 and 17). The Bank has an obligation to return the land use rights and the shares to the Group. There are no other significant terms and conditions associated with the use of collateral.

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

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

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

| | <i>Carrying amount</i> | | | | <i>Fair value</i> | | <i>VND</i> |
|---|------------------------|-------------------------|--------------------------|-------------------------|------------------------|--------------------------|------------|
| | <i>Ending balance</i> | | <i>Beginning balance</i> | | <i>Ending balance</i> | <i>Beginning balance</i> | |
| | <i>Cost</i> | <i>Provision</i> | <i>Cost</i> | <i>Provision</i> | | | |
| Financial assets | | | | | | | |
| Investment designated as financial assets through profit and loss | | | | | | | |
| - Listed shares | 1,435,455,455 | (1,137,725,455) | 1,435,455,455 | (784,295,455) | 297,730,000 | 651,160,000 | |
| Short term deposits | 1,438,433,110 | - | 1,149,895,300 | - | 1,438,433,110 | 1,149,895,300 | |
| Trade receivables | 196,483,799,842 | (3,638,763,370) | 253,273,355,195 | (2,903,790,128) | 192,845,036,472 | 250,369,565,067 | |
| Other receivables | 30,948,825,618 | (7,786,000,000) | 28,852,575,151 | (7,786,000,000) | 23,162,825,618 | 21,066,575,151 | |
| Cash and cash equivalents | 295,341,057,104 | - | 179,233,801,427 | - | 295,341,057,104 | 179,233,801,427 | |
| TOTAL | 525,647,571,129 | (12,562,488,825) | 463,945,082,528 | (11,474,085,583) | 513,085,082,304 | 452,470,996,945 | |

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

28. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

| | <i>Carrying amount</i> | | <i>Fair value</i> | | VND |
|---------------------------|------------------------------|--------------------------|--------------------------|--------------------------|-----|
| | <i>Ending balance</i> | <i>Beginning balance</i> | <i>Ending balance</i> | <i>Beginning balance</i> | |
| | Financial liabilities | | | | |
| Loans and borrowings | 802,275,805,132 | 763,836,720,718 | 802,275,805,132 | 763,836,720,718 | |
| Trade payables | 93,467,300,657 | 62,712,008,993 | 93,467,300,657 | 62,712,008,993 | |
| Other current liabilities | 683,733,927,430 | 331,219,838,784 | 683,733,927,430 | 331,219,838,784 | |
| TOTAL | 1,579,477,033,219 | 1,157,768,568,495 | 1,579,477,033,219 | 1,157,768,568,495 | |

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 borrowings is estimated by discounting future cash flows using rates currently available for debt or similar terms, credit risk and remaining maturities. As at 31 December 2011, the carrying amounts of such borrowings are not materially different from their calculated fair values.

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

29. EVENTS AFTER THE BALANCE SHEET DATE

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

30. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the consolidated income statement have been reclassified to reflect the presentation of the current year's consolidated financial statements.

| | <i>Previous year (previously presented)</i> | <i>Reclassification</i> | <i>Previous year (reclassified)</i> |
|--|---|-------------------------|---|
| CONSOLIDATED INCOME STATEMENT | | | |
| Other expenses | (15,658,277,808) | 1,587,364,894 | (14,070,912,914) |
| Other loss | (6,843,581,399) | 1,587,364,894 | (5,256,216,505) |
| Profit before tax | 366,859,727,317 | 1,587,364,894 | 368,447,092,211 |
| Current CIT expense | (85,719,397,689) | (1,587,364,894) | (87,306,762,583) |

In 2010, the Group paid an additional CIT expense of VND 1,587,364,894 of the year 2008 in accordance with tax minutes dated 15 July 2010. Accordingly, this additional CIT expense has been reclassified into the current CIT expense rather than other expenses as reported in the consolidated income statement for the year ended 31 December 2010.



Nguyen Thi Kim Thoa
Accountant in charge




Nguyen Thuy Nhan
General Director

25 March 2012