Binh Chanh Construction Investment Joint Stock Company

Consolidated financial statements

31 December 2012

Ernst & Young

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Binh Chanh Construction Investment Joint Stock Company

CONTENTS

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 ("DPI") of Ho Chi Minh City on 24 December 1999, as amended.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with License No. 128/QD-SGDHCM issued by the General Director of HOSE on 25 December 2008.

The principal activities of the Company and its subsidiaries 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 registered 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
Ms 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.

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 ("the Group") for the year ended 31 December 2012.

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 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 2012 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:

M.S.D.N:0301881016 C.T.C.P CÔNG TY CỔ PHẦN ĐẦU TƯ XÂY DỰNG BÌNH CHÁNH Q.BÌNH TÂN - TP.HỒ CHÍ MINH

Nguyen Thuy Nhan
General Director

15 March 2013

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Reference: 60933602/15504878

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 ("the Group") as set out on pages 4 to 40 which comprise the consolidated balance sheet as at 31 December 2012, 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 management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of opinion

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, 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.

CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM

Ernst & Young Vietnam Ltd.

Ernst & Young Vietnam Limited

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

Le Quang Minh
Auditor
Certificate No. 0426/KTV

Ho Chi Minh City, Vietnam

15 March 2013

CONSOLIDATED BALANCE SHEET
as at 31 December 2012

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	**A. CURRENT ASSETS**		**2,794,951,094,443**	**2,999,428,598,209**
110	***I. Cash and cash equivalents***	***4***	***337,727,926,208***	***295,341,057,104***
111	1. Cash		1,628,030,908	6,786,057,104
112	2. Cash equivalents		336,099,895,300	288,555,000,000
120	***II. Short-term investments***		-	***1,438,433,110***
121	1. Short-term investments		-	1,438,433,110
130	***III. Current accounts receivable***		***209,170,354,762***	***227,242,269,122***
131	1. Trade receivables	5	175,510,087,315	196,483,799,842
132	2. Advances to suppliers		9,021,191,833	12,584,274,032
135	3. Other receivables	6	37,206,953,798	30,948,825,618
139	4. Provision for doubtful debts	5,6	(12,567,878,184)	(12,774,630,370)
140	***IV. Inventories***		***2,244,596,030,255***	***2,462,032,498,719***
141	1. Inventories	7	2,244,596,030,255	2,462,032,498,719
150	***V. Other current assets***		***3,456,783,218***	***13,374,340,154***
151	1. Short-term prepaid expenses		-	2,874,000
152	2. Value-added tax deductible		894,580,184	2,011,268,044
154	3. Tax and other receivables from the State		-	63,583,104
158	4. Other current assets		2,562,203,034	11,296,615,006
200	**B. NON-CURRENT ASSETS**		**775,556,765,659**	**1,294,702,364,693**
220	***I. Fixed assets***		***526,324,534,027***	***1,060,468,726,018***
221	1. Tangible fixed assets	8	23,930,166,455	30,510,309,222
222	Cost		65,802,270,068	68,256,973,040
223	Accumulated depreciation		(41,872,103,613)	(37,746,663,818)
227	2. Intangible fixed assets	9	304,460,679	541,508,758
228	Cost		1,658,578,376	1,632,272,376
229	Accumulated amortisation		(1,354,117,697)	(1,090,763,618)
230	3. Construction in progress	10	502,089,906,893	1,029,416,908,038
240	***II. Investment properties***	**11**	***100,176,863,242***	***103,000,194,794***
241	1. Cost		149,753,090,478	149,571,726,842
242	2. Accumulated depreciation		(49,576,227,236)	(46,571,532,048)
250	***III. Long-term investments***		***148,968,281,630***	***130,834,505,506***
252	1. Investments in associates	12.1	146,959,841,630	126,353,575,506
258	2. Other long-term investments	12.2	4,025,535,894	7,054,904,214
259	3. Provision for long-term investments	12.2	(2,017,095,894)	(2,573,974,214)
260	***IV. Other long-term assets***		***87,086,760***	***398,938,375***
261	1. Long-term prepaid expenses		-	241,729,592
262	2. Deferred tax assets	26.3	72,586,977	-
268	3. Other long-term assets		14,499,783	157,208,783
270	**TOTAL ASSETS**		**3,570,507,860,102**	**4,294,130,962,902**

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2012

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	**A. LIABILITIES**		**1,686,770,409,689**	**2,371,215,396,325**
310	***I. Current liabilities***		***522,847,560,232***	***1,183,217,676,259***
311	1. Short-term loans	15	110,347,699,779	386,674,675,681
312	2. Trade payables		75,401,816,507	93,467,300,657
313	3. Advances from customers		646,194,001	1,400,682,992
314	4. Statutory obligations	16	61,740,893,109	15,816,131,912
315	5. Payables to employees		9,391,623,082	156,730,919
316	6. Accrued expenses	17	132,224,673,618	152,352,888,574
319	7. Other payables	18	130,250,440,496	531,381,038,856
323	8. Bonus and welfare fund		2,844,219,640	1,968,226,668
330	***II. Non-current liabilities***		***1,163,922,849,457***	***1,187,997,720,066***
333	1. Other long-term liabilities		10,212,999,361	41,861,960,664
334	2. Long-term loans and debts	19	376,128,954,778	415,601,129,451
338	3. Unearned revenues	20	777,580,895,318	730,534,629,951
400	**B. OWNERS' EQUITY**		**1,796,914,918,596**	**1,733,535,652,171**
410	***I. Capital***	***21.1***	***1,796,903,461,453***	***1,733,524,195,028***
411	1. Share capital	21.2	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	136,210,275,252
418	5. Financial reserve fund		73,365,408,572	73,365,408,572
419	6. Other funds belonging to owners' equity		12,332,000,000	12,332,000,000
420	7. Undistributed earnings		241,575,719,629	180,465,108,130
430	***II. Other fund***		***11,457,143***	***11,457,143***
432	1. Subsidised fund		11,457,143	11,457,143
439	**C. MINORITY INTERESTS**		**86,822,531,817**	**189,379,914,406**
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**3,570,507,860,102**	**4,294,130,962,902**

CÔNG TY CỔ PHẦN ĐẦU TƯ XÂY DỰNG BÌNH CHÁNH

Thai Kim Thanh Preparer	Nguyen Thi Kim Thoa Accountant in charge	Nguyen Thuy Nhan General Director

15 March 2013

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2012

VND

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
01	**1. Revenue from sale of goods and rendering of services**	**22.1**	**199,490,729,398**	**216,873,252,396**
02	**2. Deductions**	**22.1**	**-**	**-**
10	**3. Net revenue from sale of goods and rendering of services**	**22.1**	**199,490,729,398**	**216,873,252,396**
11	**4. Cost of goods sold and services rendered**	**23**	**(305,347,593,272)**	**(98,801,991,331)**
20	**5. Gross (loss) profit from sale of goods and rendering of services**		**(105,856,863,874)**	**118,071,261,065**
21	**6. Finance income**	**22.2**	**468,138,917,671**	**21,666,827,987**
22	**7. Finance expenses**	**24**	**(84,453,613,874)**	**(22,392,405,513)**
23	*- In which: Interest expense*		*(76,886,804,921)*	*(7,176,388,885)*
24	**8. Selling expenses**		**(2,098,149,135)**	**(3,512,052,531)**
25	**9. General and administrative expenses**		**(53,860,896,692)**	**(45,459,749,317)**
30	**10. Operating profit**		**221,869,394,096**	**68,373,881,691**
31	**11. Other income**	**25**	**1,505,973,153**	**2,621,817,344**
32	**12. Other expenses**	**25**	**(5,222,275,195)**	**(9,852,801,970)**
40	**13. Other loss**		**(3,716,302,042)**	**(7,230,984,626)**
45	**14. Share of profit in associates**		**41,226,266,124**	**36,125,524,516**
50	**15. Profit before tax**		**259,379,358,178**	**97,268,421,581**
51	**16. Current corporate income tax expense**	**26.2**	**(87,310,431,645)**	**(18,112,175,364)**
52	**17. Deferred income tax benefit**	**26.3**	**72,586,977**	**-**
60	**18. Net profit after tax**		**172,141,513,510**	**79,156,246,217**
	Attributable to:			
61	*18.1 Minority interests*		*(1,047,167,188)*	*(3,060,016,616)*
62	*18.2 Equity holders of the Company*		*173,188,680,698*	*82,216,262,833*
70	**19. Basic earnings per share**	**21.4**	**2,397**	**1,138**

CÔNG TY CỔ PHẦN ĐẦU TƯ XÂY DỰNG BÌNH CHÁNH

Thai Kim Thanh Preparer	Nguyen Thi Kim Thoa Accountant in charge	Nguyen Thuy Nhan General Director

15 March 2013

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**259,379,358,178**	**97,268,421,581**
	Adjustments for:			
02	Depreciation and amortisation	8, 9, 11	9,459,641,238	9,897,151,501
03	Provisions		(763,630,506)	739,658,242
04	Unrealised foreign exchange losses		-	7,851,306,628
05	Gains from investing activities		(506,962,867,057)	(57,345,826,231)
06	Interest expense	24	76,886,804,921	7,176,388,885
08	**Operating (loss) profit before changes in working capital**		**(162,000,693,226)**	**65,587,100,606**
09	Decrease in receivables		25,565,710,346	80,613,630,128
10	Decrease (increase) in inventories		218,237,347,867	(215,936,916,494)
11	Increase in payables		66,976,287,344	85,003,567,710
12	Decrease in prepaid expenses		244,603,592	450,993,299
13	Interest paid		(93,132,258,576)	(135,446,484,153)
14	Corporate income tax paid	26.2	(34,847,913,701)	(59,385,827,956)
15	Other cash inflows from operating activities		1,438,433,110	-
16	Other cash outflows from operating activities		(1,973,313,809)	(8,598,002,755)
20	**Net cash flows from (used in) operating activities**		**20,508,202,947**	**(187,711,939,615)**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		(196,694,869,029)	(27,658,314,378)
22	Proceeds from disposals of fixed assets		-	115,454,546
25	Payments for investments in other entities		(850,000,000)	-
26	Proceeds from sale of investments in other entities		297,023,754,182	400,000,000,000
27	Interest and dividends received		105,742,650,279	21,297,519,510
30	**Net cash flows from investing activities**		**205,221,535,432**	**393,754,659,678**
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		137,156,794,000	254,143,761,630
34	Repayment of borrowings		(215,445,944,575)	(222,118,797,216)
36	Dividends paid	21.2	(105,053,718,700)	(121,960,428,800)
40	**Net cash flows used in financing activities**		**(183,342,869,275)**	**(89,935,464,386)**

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
50	**Net increase in cash and cash equivalents**		**42,386,869,104**	**116,107,255,677**
60	**Cash and cash equivalents at beginning of year**	4	**295,341,057,104**	**179,233,801,427**
70	**Cash and cash equivalents at end of year**	4	**337,727,926,208**	**295,341,057,104**

M.S.D.N: 0301881016 - C.T.C.P. CÔNG TY CỔ PHẦN ĐẦU TƯ XÂY DỰNG BÌNH CHÁNH Q. BÌNH TÂN - TP. HỒ CHÍ MINH

Thai Kim Thanh
Preparer

Nguyen Thi Kim Thoa
Accountant in charge

Nguyen Thuy Nhan
General Director

15 March 2013

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 1999, as amended.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") in accordance with License No. 128/QD-SGDHCM issued by the General Director of HOSE on 25 December 2008.

The principal activities of 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 registered 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 2012 was 182 (31 December 2011: 219).

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.

  On 3 April 2012, the Company completed the disposal of all its ownership interest in Phong Phu to Saigon New Town Investment Corporation ("Saigon NIC") in accordance with the Share Transfer Agreement dated 29 August 2011. The disposal was approved by the Board of Directors and the DPI of Ho Chi Minh City through issuance of Business Registration Certificate No. 0302331382 dated 6 April 2012.

- 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.

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The consolidated financial statements of the Group, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standards 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 Company'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 consolidated financial statements are prepared in VND which is also the Group's accounting currency.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries for the year ended 31 December 2012.

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 the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Change in accounting 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 2011, except for the change in the accounting policy in relation to foreign currency transactions.

For the year ended 31 December 2012, the Group adopts Circular No. 179/2012/TT-BTC providing guidance on recognition, measurement, treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 ("Circular 179") in addition to Vietnamese Accounting Standard No. 10 - Effects of Changes in Foreign Exchange Rates (the "VAS 10") adopted in prior years.

Following Circular 179, at the end of the year, monetary assets and liabilities denominated in foreign currencies are translated into VND using buying exchange rate announced by the commercial bank where the Group maintains bank accounts. In 2011, inter-bank exchange rates ruling at the balance sheet date was used for this translation.

Circular 179 is applied from 2012 on a prospective basis. Impact of the change from using interbank exchange rate to buying exchange rate announced by the commercial bank for the year end translation to the consolidated financial statement as at and for the year ended 31 December 2012 was not material as a whole.

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 the consolidated income statement on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

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 or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

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

3.7 Investment properties

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

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

Depreciation of investment properties is 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Where the Group is the lessee

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

Where the Group is the lessor

Assets subject to operating leases are included as the Group's investment properties in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

3.9 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.

3.10 Prepaid expenses

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

3.11 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 over 20% of the voting rights.

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

The share of post-acquisition profit (loss) of the associates is presented on the 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 received from associates reduces the carrying amount of the investment.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated 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 Group.

3.14 *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 year up to the balance sheet date. Any changes to the accrued amount will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 42 of the Labour Code.

3.15 *Foreign currency transactions*

The Group follows the guidance under VAS 10 in relation to foreign currency transactions as applied consistently in prior years. In addition to VAS 10, starting from 2012, the Group adopts Circular 179 in relation to foreign currency transaction which impacts are presented in Note 3.1.

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 translated at buying exchange rate announced by the commercial bank where the Group maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the consolidated income statement.

3.16 *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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Appropriation of net profit* (continued)

- 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.

3.17 *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 Company by the weighted average number of ordinary shares outstanding during the year.

3.18 *Revenue recognition*

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

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.

Rental income

Rental income arising from operating leases is recorded to the consolidated income statement and accounted for on a straight-line basis over the terms of the lease.

Rendering of services

Revenues are recognised upon completion of the services provided.

Interest

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

Dividend

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

3.19 *Taxation*

Current income tax

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Taxation* (continued)

Deferred income tax

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

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

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

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

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

3.20 *Segment information*

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment), or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments. As the Group's revenue and profit are derived mainly from development and trading of real estate properties in Vietnam while other sources of revenue is not material as a whole, the management accordingly believed that the Group operates in a sole business segment of real estate properties. Geographical segment of the Company is in Vietnam only.

3.21 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments issued by the Ministry of Finance on 6 November 2009 ("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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 *Financial instruments* (continued)

Financial instruments – initial recognition and presentation (continued)

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 re-measurement

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

Offsetting of financial instruments

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

4. CASH AND CASH EQUIVALENTS

VND

	Ending balance	*Beginning balance*
Cash on hand	94,437,095	402,732,319
Cash in banks	1,533,593,813	6,383,324,785
Cash equivalents	336,099,895,300	288,555,000,000
TOTAL	**337,727,926,208**	**295,341,057,104**

Cash equivalents mainly represent short-term bank deposits with original maturity of less than three months which are readily convertible into known amount of cash without any significant risk of changes in value, and earn interest at the rate of 9% per annum.

5. TRADE RECEIVABLES

VND

	Ending balance	*Beginning balance*
Third parties	175,510,087,315	196,483,799,842
TOTAL	**175,510,087,315**	**196,483,799,842**
Provision for doubtful debts	(3,685,031,184)	(3,638,763,370)
NET	**171,825,056,131**	**192,845,036,472**

6. OTHER RECEIVABLES

VND

	Ending balance	*Beginning balance*
Advances for development of project	12,284,813,505	14,709,675,766
Provisional corporate income tax (*)	10,536,891,534	10,004,500,776
Late payment interest	8,794,268,760	-
Interest income	2,590,515,164	1,250,017,336
Advance for land compensation	-	3,014,362,000
Others	3,000,464,835	1,970,269,740
TOTAL	**37,206,953,798**	**30,948,825,618**
Provision for doubtful debts	(8,882,847,000)	(9,135,867,000)
NET	**28,324,106,798**	**21,812,958,618**

(*) In accordance with Circular No. 123/2012/TT-BTC issued by the Ministry of Finance on 27 July 2012 which provides guidelines for implementation of the Law on Corporate Income Tax, the Group is entitled to provisionally pay tax at the rate of 1% on cash collections from its customers pending the appropriate recognition of sales and cost of sales from those transactions.

7. INVENTORIES

VND

	Ending balance	*Beginning balance*
Inventory properties in progress (*)	2,228,823,217,159	2,454,960,378,106
Real estate properties available for sale	15,426,018,796	7,072,120,613
Raw materials	346,794,300	-
TOTAL	**2,244,596,030,255**	**2,462,032,498,719**

(*) This represents development and construction costs of the on-going residential area projects. Parts of these projects were pledged to obtain loans from banks *(Note 19)*.

8. TANGIBLE FIXED ASSETS

VND

	Buildings and structures	*Machinery and equipment*	*Motor vehicles*	*Office equipment*	*Total*
Cost:					
Beginning balance	21,101,538,909	29,603,292,674	12,712,526,508	4,839,614,949	68,256,973,040
Newly purchased	-	99,000,000	-	54,818,182	153,818,182
Decrease from disposal of a subsidiary *(Note 13)*	(1,528,858,728)	-	(850,349,949)	(229,312,477)	(2,608,521,154)
Ending balance	19,572,680,181	29,702,292,674	11,862,176,559	4,665,120,654	65,802,270,068
In which:					
Fully depreciated	*943,870,174*	*3,380,899,048*	*1,210,177,306*	*3,416,127,757*	*8,951,074,285*
Accumulated depreciation:					
Beginning balance	(6,467,853,197)	(20,785,355,370)	(6,587,908,544)	(3,905,546,707)	(37,746,663,818)
Depreciation for the year	(1,109,293,006)	(3,061,877,174)	(1,526,027,598)	(475,500,193)	(6,172,697,971)
Decrease from disposal of a subsidiary *(Note 13)*	1,295,283,089	-	567,464,929	184,510,158	2,047,258,176
Ending balance	(6,281,863,114)	(23,847,232,544)	(7,546,471,213)	(4,196,536,742)	(41,872,103,613)
Net carrying amount:					
Beginning balance	14,633,685,712	8,817,937,304	6,124,617,963	934,068,243	30,510,309,222
Ending balance	13,290,817,067	5,855,060,130	4,315,705,346	468,583,912	23,930,166,455

9. INTANGIBLE FIXED ASSETS

VND

	ISO certificate	*Computer software*	*Total*
Cost:			
Beginning balance	331,744,151	1,300,528,225	1,632,272,376
Newly purchased	-	45,200,000	45,200,000
Decrease from disposal of a subsidiary *(Note 13)*	-	(18,894,000)	(18,894,000)
Ending balance	331,744,151	1,326,834,225	1,658,578,376
In which:			
Fully amortised	*331,744,151*	*687,523,225*	*1,019,267,376*
Accumulated amortisation:			
Beginning balance	(331,744,151)	(759,019,467)	(1,090,763,618)
Amortisation for the year	-	(282,248,079)	(282,248,079)
Decrease from disposal of a subsidiary *(Note 13)*	-	18,894,000	18,894,000
Ending balance	(331,744,151)	(1,022,373,546)	(1,354,117,697)
Net carrying amount:			
Beginning balance	-	541,508,758	541,508,758
Ending balance	-	304,460,679	304,460,679

10. CONSTRUCTION IN PROGRESS

VND

	Ending balance	*Beginning balance*
510 Kinh Duong Vuong apartment project	252,881,877,180	252,720,242,430
Le Minh Xuan Industrial Zone	220,753,992,236	219,967,687,577
175 An Lac project	27,967,140,000	27,967,140,000
Phong Phu Industrial Park	-	528,272,640,554
Others	486,897,477	489,197,477
TOTAL	**502,089,906,893**	**1,029,416,908,038**

11. INVESTMENT PROPERTIES

	Factories	Infrastructure	VND Total
Cost:			
Beginning balance	7,146,210,413	142,425,516,429	149,571,726,842
Additions	-	181,363,636	181,363,636
Ending balance	7,146,210,413	142,606,880,065	149,753,090,478
Accumulated depreciation:			
Beginning balance	(5,379,602,672)	(41,191,929,376)	(46,571,532,048)
Depreciation for the year	(126,186,268)	(2,878,508,920)	(3,004,695,188)
Ending balance	(5,505,788,940)	(44,070,438,296)	(49,576,227,236)
Net carrying amount:			
Beginning balance	1,766,607,741	101,233,587,053	103,000,194,794
Ending balance	1,640,421,473	98,536,441,769	100,176,863,242

The fair values of the investment property as at 31 December 2012 had not yet been formally assessed and determined, but the management believed that it was much higher than the property's carrying values.

12. LONG-TERM INVESTMENTS

12.1 Investments in associates

	Ending balance		Beginning balance	
	VND	% of interest	VND	% of interest
Saigon Asia Investment and Reality Corporation	4,862,761,310	50	4,862,761,310	50
Espace Big C An Lac	122,324,090,056	20	101,430,501,824	20
Green Buildings Company Limited	19,772,990,264	20	20,060,312,372	20
TOTAL	**146,959,841,630**		**126,353,575,506**	

	Current year	VND Previous year
Cost of investment in associates	81,257,440,060	81,257,440,060
Dividends paid	(32,759,432,000)	(12,139,432,000)
Accumulated share in post-acquisition profit of the associates	98,461,833,570	57,235,567,446
	146,959,841,630	**126,353,575,506**

12. LONG-TERM INVESTMENTS (continued)

12.1 Investments in associates (continued)

Saigon Asia Investment and Reality 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.

Espace 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.

12.2 Other long-term investments

VND

	Ending balance		*Beginning balance*	
	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 Development Joint Stock Commercial Bank ("HDB")	12,331	123,310,000	12,331	123,310,000
Other long-term investments		2,590,080,439		5,619,448,759
TOTAL		**4,025,535,894**		**7,054,904,214**
Provision for long-term investments		(2,017,095,894)		(2,573,974,214)
NET AMOUNT		**2,008,440,000**		**4,480,930,000**

13. DISPOSAL OF A SUBSIDIARY

On 3 April 2012, the Company's Board of Directors decided to fully divest its investment in Phong Phu Industrial Park Joint Stock Company to Saigon New Town Investment Corporation ("Saigon NIC") with the proceeds of VND 607,399,028,450 in accordance with the Share Transfer Agreement. As a result, the Company lost its control of Phong Phu on that date.

The Company's management considered the substance of transaction and, on this basis, has decided to account for the transaction as follows:

- derecognised the assets and liabilities of the subsidiary at their carrying amounts at the date when control was lost;
- derecognised the carrying amount of any non-controlling interests in the former subsidiary at the date when control was lost; and
- recognized any resulting difference as a gain or loss in profit or loss attributable to the parent company.

The carrying values of identifiable assets and liabilities of Phong Phu at the date when control was lost are presented as follows:

	VND
	Carrying value
Cash	5,804,654,138
Receivables	4,570,649,745
Current assets	**10,375,303,883**
Fixed assets – net *(Notes 8 and 9)*	561,262,978
Construction in progress	723,080,225,378
Non-current assets	**723,641,488,356**
Total assets	**734,016,792,239**
Loans	(260,110,000,000)
Payables	(132,298,471,959)
Total liabilities	**(392,408,471,959)**
Net assets	**341,608,320,280**
70% of net assets	**239,125,824,196**
Proceeds from disposal	607,399,028,450
Gain from disposal *(Note 22.2)*	368,273,204,254

14. CAPITALISED BORROWING COST

During the year, the Group capitalized interest expenses of VND 800,879,403 (for the year ended 31 December 2011: VND 136,319,555,019). These costs were relating to borrowings to finance for construction and development of Phong Phu 4 Residential project.

15. SHORT-TERM LOANS

		VND
	Ending balance	*Beginning balance*
Loans from banks	-	153,500,000,000
Current portion of long-term loans and debts (*Note 19*)	110,347,699,779	233,174,675,681
TOTAL	**110,347,699,779**	**386,674,675,681**

16. STATUTORY OBLIGATIONS

		VND
	Ending balance	*Beginning balance*
Corporate income tax *(Note 26.2)*	60,929,347,057	7,934,438,355
Personal income tax	611,367,466	43,741,541
Value-added tax	155,465,005	7,797,326,454
Natural resource tax	44,713,581	40,625,562
TOTAL	**61,740,893,109**	**15,816,131,912**

17. ACCRUED EXPENSES

		VND
	Ending balance	*Beginning balance*
Project costs	111,481,113,585	115,731,858,513
Loan interest	20,457,812,760	35,902,387,012
Others	285,747,273	718,643,049
TOTAL	**132,224,673,618**	**152,352,888,574**

18. OTHER PAYABLES

		VND
	Ending balance	*Beginning balance*
Land compensation payables	86,404,902,499	89,747,339,499
Repair and maintenance fees	10,829,568,954	8,513,396,069
Deposits received	7,891,890,939	7,663,970,827
Commission fees	6,172,299,999	-
Dividend payables	5,310,001,500	1,963,220,200
Advance received for transferring ownership interest in Phong Phu	-	400,000,000,000
Non-interest bearing borrowing	-	7,690,000,000
Others	13,641,776,605	15,803,112,261
TOTAL	**130,250,440,496**	**531,381,038,856**

19. LONG-TERM LOANS AND DEBTS

	Ending balance	*Beginning balance*
		VND
Loans from banks (i)	93,414,079,557	206,662,216,967
Loans from other entities (ii)	7,771,915,000	56,822,928,165
Debt from Department of Finance Ho Chi Minh City (iii)	85,290,660,000	85,290,660,000
Bonds issued (iv)	300,000,000,000	300,000,000,000
TOTAL	**486,476,654,557**	**648,775,805,132**
In which:		
Current portion (Note 15)	*110,347,699,779*	*233,174,675,681*
Non-current portion	*376,128,954,778*	*415,601,129,451*

(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. 331.09.701.479 633.TDTH	29,074,079,557	21 December 2014	Tan Tao 1 Apartment project	Savings deposit interest for 24 months plus 3.5% per annum	Land use rights of 6,127.9 m^2 and associated infrastructure at Tan Tao Ward, Binh Tan District, Ho Chi Minh City
In which: Current portion	*14,537,039,779*				
Vietnam Joint Stock Commercial Bank for Industry and Trade – Tay Sai Gon Branch					
Loan agreement No. 100200117/HD TD.TDH	64,340,000,000	1 November 2015	Phong Phu 4 Residential project	Savings deposit interest plus 2.7% per annum	Land use rights of 14,850 m^2 No. AC 241246, BD 747602, BD 747607 and BD 747654 of Phong Phu 4 project
In which: Current portion	*8,800,000,000*				
TOTAL	**93,414,079,557**				
In which:					
Current portion	*23,337,039,779*				
Non-current portion	*70,077,039,778*				

19. LONG-TERM LOANS AND DEBTS (continued)

(ii) Details of the long-term loan from other entity is as follows:

Name of entity	*Ending balance*	*Principal repayment terms*	*Purpose*	*Interest*	*Description of collateral*
	VND				
Ho Chi Minh City Finance and Investment State					
Loan agreement No. 17/2010/ HDTD-QDT-TD	7,771,915,000	30 June 2017	Wastewater treatment project in Le Minh Xuan Industrial Park	12.75% per annum	Land use right of 4,086.1 m2 No.BB971671 at An Lac Ward, Binh Tan District, Ho Chi Minh City
In which: Current portion	*1,720,000,000*				
TOTAL	**7,771,915,000**				
In which:					
Current portion	*1,720,000,000*				
Non-current portion	*6,051,915,000*				

(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 Espace Big C An Lac in accordance with the Land Lease Contract No. 6063/HD-GTD dated 30 October 1998 with the Department of Land and Housing of Ho Chi Minh City. This is a non-interest bearing debt and was matured on 16 December 2010 but not yet paid at the balance sheet date.

(iv) On 22 December 2009, the Company 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% per annum 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% per annum in the following periods. Interest will be paid on 22 December annually.

On 1 April 2010, the Company 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% per annum 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% per annum in the following periods. Interest will be paid on 1 April annually.

The Company used the land use right at 158 An Duong Vuong Street, 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.

20. UNEARNED REVENUES

VND

	Ending balance	*Beginning balance*
Advances received for transfer of land lots, houses (*)	553,464,114,600	500,225,038,828
Advances received for land leases of Le Minh Xuan Industrial Park	224,116,780,718	230,309,591,123
TOTAL	**777,580,895,318**	**730,534,629,951**

(*) This represents advances from customers to buy land lots and houses for which the Group has issued invoices.

21. OWNERS' EQUITY

21.1 Movements in owners' equity

VND

	Share capital	*Share premium*	*Foreign exchange differences reserve*	*Investment and development fund*	*Financial reserve fund*	*Other funds belonging to owner's equity*	*Undistributed earnings*	*Total*
Previous 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
Current year								
Beginning 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
Net profit for the year	-	-	-	-	-	-	173,188,680,698	173,188,680,698
Transfer to bonus and welfare fund	-	-	-	-	-	-	(3,677,569,199)	(3,677,569,199)
Dividends declared	-	-	-	-	-	-	(108,400,500,000)	(108,400,500,000)
Decrease due to disposal of a subsidiary	-	-	2,268,654,926	-	-	-	-	2,268,654,926
Ending balance	722,670,000,000	610,750,058,000	-	136,210,275,252	73,365,408,572	12,332,000,000	241,575,719,629	1,796,903,461,453

21. OWNERS' EQUITY (continued)

21.2 Capital transactions with owners and distribution of dividends

	Current year	VND Previous year
Contributed share capital		
Beginning balance	722,670,000,000	722,670,000,000
Increase	-	-
Ending balance	722,670,000,000	722,670,000,000
Dividends declared	***(108,400,500,000)***	***(72,267,000,000)***
Dividends paid	***(105,053,718,700)***	***(121,960,428,800)***

21.3 Shares - ordinary shares

	Ending balance *Number of shares*	*Beginning balance* *Number of shares*
Shares authorised to be issued	72,267,000	72,267,000
Shares issued and fully paid		
Ordinary shares	72,267,000	72,267,000
Shares in circulation		
Ordinary shares	72,267,000	72,267,000

21.4 Basic earnings per share

Basic earnings per share are calculated as follows:

	Current year	*Previous year*
Net profit attributable to ordinary equity holders of the Company (VND)	173,188,680,698	82,216,262,833
Weighted average number of ordinary shares	72,267,000	72,267,000
Basic earnings per share (VND)	2,397	1,138

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

22. REVENUE

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

		VND
	Current year	*Previous year*
Gross revenue	**199,490,729,398**	**216,873,252,396**
Of which:		
Sale of residential land properties	*134,055,737,846*	*157,021,419,628*
Operating lease of factory, warehouse and land	*17,169,083,708*	*14,814,683,449*
Rendering of services	*48,265,907,844*	*45,037,149,319*
Less		
Sales returns	-	-
NET REVENUE	**199,490,729,398**	**216,873,252,396**
Of which:		
Sale of residential land properties	*134,055,737,846*	*157,021,419,628*
Operating lease of factory, warehouse and land	*17,169,083,708*	*14,814,683,449*
Rendering of services	*48,265,907,844*	*45,037,149,319*

22.2 *Finance income*

		VND
	Current year	*Previous year*
Gains on disposal of investment in Phong Phu Industrial Park Joint Stock Company *(Note 13)*	368,273,204,254	-
Interest income	86,456,982,607	21,170,922,554
Late payment interest	13,402,565,310	-
Dividends earned	6,165,500	-
Others	-	495,905,433
TOTAL	**468,138,917,671**	**21,666,827,987**

23. COSTS OF GOODS SOLD AND SERVICE RENDERED

		VND
	Current year	*Previous year*
Cost of residential land properties sold	272,549,727,497	68,914,118,973
Cost of operating lease of factory, warehouse and land	3,657,427,346	3,547,655,235
Cost of services rendered	29,140,438,429	26,340,217,123
TOTAL	**305,347,593,272**	**98,801,991,331**

24. FINANCE EXPENSES

	Current year	*VND* Previous year
Interest expense	76,886,804,921	7,176,388,885
Loss on disposal of investment	1.050.960.000	-
(Reversal) provision for diminution in value of investment	(556.878.320)	353.430.000
Unrealised foreign exchange losses	-	7.851.306.628
Others	7.072.727.273	7.011.280.000
TOTAL	**84,453,613,874**	**22,392,405,513**

25. OTHER INCOME AND EXPENSES

	Current year	*VND* Previous year
Other income	**1,505,973,153**	**2,621,817,344**
Penalty for cancelation of contracts	575,229,914	1,997,734,179
Proceeds from disposal of fixed assets	-	115,454,546
Others	930,743,239	508,628,619
Other expenses	**(5,222,275,195)**	**(9,852,801,970)**
Project's cost due to termination	(4,432,583,182)	-
Others	(789,692,013)	(9,852,801,970)
NET	**(3,716,302,042)**	**(7,230,984,626)**

26. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company and its subsidiaries is 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 be changed at a later date upon final determination by the tax authorities.

26.1 CIT expense

	Current year	*VND* Previous year
Current CIT expense	87,310,431,645	18,112,175,364
Deferred CIT benefit	(72,586,977)	-
TOTAL	**87,237,844,668**	**18,112,175,364**

26. CORPORATE INCOME TAX (continued)

26.2 Current CIT

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

A reconciliation between profit (loss) before tax and estimated taxable profit (loss) are presented below:

VND

	Current year			*Previous year*
	Real estate activities	*Other activities*	*Total*	
Profit (loss) before tax	**(146,743,921,056)**	**406,123,279,234**	**259,379,358,178**	**97,268,421,581**
Adjustments to increase (decrease) accounting profit (loss):				
Non-deductible expenses	871,985,748	-	871,985,748	8,021,146,760
Dividend earned	-	(6,165,500)	(6,165,500)	(41,697,900)
Accrued interest income	-	(1,624,468,968)	(1,624,468,968)	-
Severance allowance	1,914,816,875	-	1,914,816,875	-
Loss in subsidiaries	3,448,606,884	-	3,448,606,884	3,002,905,887
Share of profit in associates	-	(41,226,266,124)	(41,226,266,124)	(36,125,524,516)
Gains from disposal of a subsidiary	-	(5,874,175,804)	(5,874,175,804)	-
Realised inter-company interest income from disposal of a subsidiary	-	(7,317,241,665)	(7,317,241,665)	3,051,000,001
Provision for long-term investments	-	(833,234,594)	(833,234,594)	(2,727,550,358)
Estimated current taxable profit (tax loss)	**(140,508,511,549)**	**349,241,726,579**	**208,733,215,030**	**72,448,701,455**
Estimated current CIT	**-**	**87,310,431,645**	**87,310,431,645**	**18,112,175,364**
CIT payable at the beginning of year			7,934,438,355	46,788,583,884
Provisional CIT on cash collection			532,390,758	2,419,507,063
CIT paid during the year			(34,847,913,701)	(59,385,827,956)
CIT payable at the end of year			**60,929,347,057**	**7,934,438,355**

26. CORPORATE INCOME TAX (continued)

26.3 Deferred CIT

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

VND

	Consolidated balance sheet		*Credit (charge) to consolidated income statement*	
	Ending balance	*Beginning balance*	*Current year*	*Previous year*
Severance allowance	478,704,219	-	478,704,219	-
Interest income	(406,117,242)	-	(406,117,242)	-
Deferred tax assets	**72,586,977**	**-**		
Net deferred income tax benefit			**72,586,977**	**-**

26. CORPORATE INCOME TAX (continued)

26.4 *Unrecognised deferred tax for tax losses carried forward relating to real estate activities*

The Company is entitled to carry each individual tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. At the balance sheet date, the Company had accumulated tax losses of VND 140,508,511,549 (31 December 2011: Nil) available for offset against future taxable profits. Details are as follows:

VND

Originating year	*Can be utilized up to*	*Tax loss amount*	*Utilised up to 31 December 2012*	*Forfeited*	*Unutilised up to 31 December 2012*
2012	2017	140,508,511,549	-	-	140,508,511,549
TOTAL		**140,508,511,549**	**-**	**-**	**140,508,511,549**

Estimated tax losses as per the Company's CIT declaration have not been audited by the local tax authorities as of the date of these consolidated financial statements.

No deferred income tax asset was recognised in respect of the accumulated tax losses of VND 140,508,511,549 because future taxable profit generated from real estate activities can not be ascertained at this stage.

27. COMMITMENTS

Capital commitments

As at 31 December 2012, the Group has a commitment of VND 4,211,254,183 (31 December 2011: VND 2,748,125,952) principally related to the development of infrastructure of Le Minh Xuan Industrial Zone.

28. TRANSACTIONS WITH RELATED PARTIES

Significant transaction with related party during the year was as follows:

VND

Related party	*Relationship*	*Nature of transaction*	*Amount*
Espace Big C An Lac	Associate	Dividend received	20,620,000,000

Remuneration to members of the Board of Directors and Management

VND

	Current year	*Previous year*
Salaries and bonus	5,693,023,613	4,774,882,780

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities are loans and borrowings, 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 trade and other receivables, trade and other payable and cash and short-term deposits that arise directly from its operations. The Group does not hold or issue any derivative financial instruments.

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

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 2012 and 31 December 2011.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt 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 2012 and 31 December 2011.

Interest rate risk

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

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

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Market risk (continued)

Interest rate sensitivity

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

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

VND

	Increase/decrease in basis points	*Effect on construction in progress on the consolidated balance sheet*	*Effect on inventory properties on progress on the consolidated balance sheet*
For the year ended 31 December 2012			
VND	+300	-	12,035,579,837
VND	-300	-	(12,035,579,837)
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)

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.

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 management in accordance with the Group's policy.

The Group's maximum exposure to credit risk for the components of the consolidated 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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The Group monitors its liquidity risk by 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:

	Less than 1 year	*From 1 to 5 years*	*VND* *Total*
31 December 2012			
Loans and borrowings	110,347,699,779	376,128,954,778	486,476,654,557
Trade payables	75,401,816,507	-	75,401,816,507
Other payables and accrued expenses	262,475,114,114	-	262,475,114,114
	448,224,630,400	**376,128,954,778**	**824,353,585,178**
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
	1,163,875,903,768	**455,183,185,790**	**1,619,059,089,558**

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

Collateral

The Group has pledged its land use right of projects in order to fulfil the collateral requirements for the long-term loans obtained from banks (Note 19). The banks have an obligation to return the land use right to the Group. There are no other significant terms and conditions associated with the use of collateral.

The Group did not hold collateral at 31 December 2012 and 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 Group's financial instruments that are carried in the consolidated financial statements.

VND

	Carrying amount				*Fair value*	
	Ending balance		*Beginning balance*		*Ending balance*	*Beginning balance*
	Cost	*Provision*	*Cost*	*Provision*		
Financial assets						
Investment designated as financial assets through profit and loss						
- Listed shares	*1,435,455,455*	(1,127,015,455)	1,435,455,455	(1,137,725,455)	308,440,000	297,730,000
Short term deposits	-	-	1,438,433,110	-	-	1,438,433,110
Trade receivables	175,510,087,315	(3,685,031,184)	196,483,799,842	(3,638,763,370)	171,825,056,131	192,845,036,472
Other receivables	37,206,953,798	(7,786,000,000)	30,948,825,618	(7,786,000,000)	29,420,953,798	23,162,825,618
Cash and cash equivalents	337,727,926,208	-	295,341,057,104	-	337,727,926,208	295,341,057,104
TOTAL	**551,880,422,776**	**(12,598,046,639)**	**525,647,571,129**	**(12,562,488,825)**	**539,282,376,137**	**513,085,082,304**

30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

VND

	Carrying amount		*Fair value*	
	Ending balance	*Beginning balance*	*Ending balance*	*Beginning balance*
Financial liabilities				
Loans and borrowings	486,476,654,557	802,275,805,132	486,476,654,557	802,275,805,132
Trade payables	75,401,816,507	93,467,300,657	75,401,816,507	93,467,300,657
Other current liabilities	262,475,114,114	683,733,927,430	262,475,114,114	683,733,927,430
TOTAL	**824,353,585,178**	**1,579,477,033,219**	**824,353,585,178**	**1,579,477,033,219**

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 on similar terms, credit risk and remaining maturities. As at 31 December 2012, the carrying amounts of such borrowings are not materially different from their calculated fair values.

31. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the balance date that has affected or may significantly affect the consolidated operations of the Group, the consolidated results of those operations or the state of consolidated affairs of the Group in subsequent periods.

32. RECLASSIFICATION OF CORRESPONDING FIGURES

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

	31 December 2011 (previously presented)	*Reclassification*	*31 December 2011 (reclassified)*
Consolidated balance sheet			
Other long-term liabilities	39,582,056,339	2,279,904,325	41,861,960,664
Provision for severance allowance	2,279,904,325	(2,279,904,325)	-

As at 31 December 2011, the accrual for severance pay following Article 42 of the Labour code is presented under the same caption in the consolidated balance sheet with provision for retrenchment allowance. Starting from 2012, the balance of provision for retrenchment allowance at the year ended should be nil following the guidance in Circular 180. Therefore, the accrual for severance pay is reclassified to Other Long-term Liabilities to suit current year presentation.

M.S.D.N: 0301881016-C.T.C.P
CÔNG TY
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ĐẦU TƯ XÂY DỰNG
BÌNH CHÁNH
Q. BÌNH TÂN - TP. HỒ CHÍ MINH

Thai Kim Thanh Preparer	Nguyen Thi Kim Thoa Accountant in charge	Nguyen Thuy Nhan General Director

15 March 2013