

Separate financial statements

31 December 2012

Ernst & Young

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GENERAL INFORMATION

#### THE COMPANY

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

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

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

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

### BOARD OF DIRECTORS

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

Chairman
Member
Member
Member
Member

# **BOARD OF SUPERVISION**

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

Ms. Pham Thi Hong Lien	Head of the Board of Supervision	appointed on 9 July 2012
Ms. Pham Thi Anh Trang	Head of the Board of Supervision	resigned on 26 April 2012
Mr. Le Quang Son	Member	appointed on 26 April 2012
Ms. Nguyen Thi Lang	Member	resigned on 5 March 2013
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### MANAGEMENT

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

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

### LEGAL REPRESENTATIVE

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

### **AUDITORS**

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

REPORT OF MANAGEMENT

Management of Investment and Trading of Real Estate Joint Stock Company ('the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2012.

# MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

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

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

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

# STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2012 and of the separate results of its operations and its separate cash flows for the year ended 31 December 2012 in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

The Company is the parent company of a subsidiary listed in Note 12.1 of Notes to the separate financial statements and it is in the process of completing the consolidated financial statements of the Company and its subsidiary ("the Group") as at 31 December 2012 and for the year then ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year then ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

For and on behalf of the management:

Truong Minh Thuan General Director

25 March 2013

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Ernst & Young Vietnam Limited

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Reference: 60792124/15503258

# INDEPENDENT AUDITORS' REPORT

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

We have audited the separate financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") as set out on pages 4 to 41 which comprise the separate balance sheet as at 31 December 2012, and the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

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

# Basis of opinion

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

#### Opinion

In our opinion, the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2012, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

Without qualifying our opinion, we draw attention to Note 2.1 of the separate financial statements, which states that the Company is a parent company with a subsidiary and it is in the process of completing the consolidated financial statements of the Company and its subsidiary ("the Group") as at 31 December 2012 and for the year then ended to meet the prevailing regulatory reporting requirements. Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year then ended in order to obtain full information on the consolidated financial position, consolidated results of perfations and consolidated cash flows of the Group as a whole.

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Ernst & Young Vietnam Limited

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

Bui Xuan Vinh Auditor

Certificate No. 0842/KTV

Ho Chi Minh City, Vietnam

25 March 2013

SEPARATE BALANCE SHEET as at 31 December 2012

VND

Code	AS	SETS	Notes	Ending balance	Beginning balanc
100	Α.	CURRENT ASSETS		2,171,598,559,745	2,203,106,595,60
110 111 112	I.	Cash and cash equivalents 1. Cash 2. Cash equivalents	4	<b>11,694,354,209</b> 11,694,354,209	<b>15,898,380,00</b> 7,898,380,00 8,000,000,00
130	11.	Current accounts receivable		326,301,421,446	463,616,736,62
131	"	Trade receivables	5	101,376,835,748	203,671,204,62
132		Advances to suppliers	6	158,653,169,824	202,125,150,88
135		3. Other receivables	7	70,388,168,743	61,937,133,98
139		4. Provision for doubtful debts	5	(4,116,752,869)	(4,116,752,869
140	III.	Inventories	8	1,833,158,890,562	1,723,242,282,83
141 149		Inventories     Provision for obsolete		1,916,054,847,304	1,834,827,911,96
		inventories		(82,895,956,742)	(111,585,629,122
150	IV.	Other current asset		443,893,528	349,196,14
158		Other current assets		443,893,528	349,196,14
200	В.	NON-CURRENT ASSETS		510,171,464,809	568,484,603,11
220	I.	Fixed assets		47,039,674,454	50,014,475,00
221		<ol> <li>Tangible fixed assets</li> </ol>	9	47,039,674,454	50,006,368,52
222		Cost		64,845,327,137	65,876,226,32
223		Accumulated depreciation	4.0	(17,805,652,683)	(15,869,857,798
227		Intangible fixed assets	10	27 700 000	8,106,47
228 229		Cost Accumulated amortisation		37,700,000 (37,700,000)	37,700,00 (29,593,522
240	11.	Investment properties	11	98,772,897,729	103,194,563,42
241		1. Cost	0.00	110,541,642,390	110,541,642,39
242		Accumulated depreciation		(11,768,744,661)	(7,347,078,96
250	III.	Long-term investments	12	343,608,580,986	386,418,280,98
251		Investments in a subsidiary	12.1	34,000,000,000 268,448,938,645	34,000,000,00
252		Investments in associates     Other long-term	12.2	200,440,930,040	277,248,938,64
258		<ol> <li>Other long-term investments</li> </ol>	12.3	51,901,500,000	102,046,200,00
259		Provision for long-term	12.3	31,301,300,000	102,040,200,00
200		investments	12	(10,741,857,659)	(26,876,857,659
260	IV.	Other long-term assets		20,750,311,640	28,857,283,69
223		Long-term prepaid			1211120001238
261		expenses	1000	2,084,742,131	2,106,895,59
262		Deferred tax assets	26.2	18,603,569,509	26,688,388,09
268		Other long-term assets		62,000,000	62,000,00
270	то	TAL ASSETS		2,681,770,024,554	2,771,591,198,71

SEPARATE BALANCE SHEET (continued) as at 31 December 2012

VND

Code	RE	SOURCES	Notes	Ending balance	Beginning balance
300	Α.	LIABILITIES		906,149,076,641	971,187,109,210
310	1.	Current liabilities		647,121,680,676	792,579,199,494
311	250	<ol> <li>Short-term loans and</li> </ol>	1 10000	27 No. 10. 10.	
		borrowings	14	193,370,866,943	231,545,297,880
312		2. Trade payables	15	56,796,671,352	67,405,792,830
313		3. Advances from customers	16	274,996,391,797	320,904,875,240
314		4. Statutory obligations	17	65,864,151,685	85,183,242,584
315		5. Payables to employees	2001	3,949,071	113,434,000
316		6. Accrued expenses	18	11,500,778,777	13,435,400,491
319		7. Other payables	19	34,651,731,864	63,373,917,816
320		8. Short-term provision	2677	1,533,181,819	3,111,660,282
338		Unearned revenue		8,059,467,942	6,769,444,245
323		10. Bonus and welfare fund		344,489,426	736,134,126
330	H.	Non-current liabilities		259,027,395,965	178,607,909,716
333	2.000	<ol> <li>Other long-term liabilities</li> </ol>		6,490,687,473	4,923,909,716
334		<ol><li>Long-term loans</li></ol>	20	252,536,708,492	173,684,000,000
400	В.	OWNERS' EQUITY		1,775,620,947,913	1,800,404,089,508
410	1.	Capital	21.1	1,775,620,947,913	1,800,404,089,508
411		Share capital		690,866,880,000	690,866,880,000
412		<ol><li>Share premium</li></ol>		974,114,436,600	974,114,436,600
414		<ol><li>Treasury shares</li></ol>		(9,825,117,611)	(9,825,117,611)
417		<ol> <li>Investment and</li> </ol>			
		development fund		30,640,486,547	30,640,486,547
418		<ol><li>Financial reserve fund</li></ol>		26,559,466,833	26,559,466,833
420		6. Undistributed earnings		63,264,795,544	88,047,937,139
440	7	TAL LIABILITIES AND		2,681,770,024,554	2,771,591,198,718

Pham Van Khanh Preparer Doan Huu Chi Chief Accountant Truong Minh Thuan General Director

CO PHÂN

25 March 2013

SEPARATE INCOME STATEMENT for the year ended 31 December 2012

VND

Code	ITE	EMS	Notes	Current year	Previous year
01	1.	Revenue from sale of goods and rendering of services	22.1	123,972,104,789	142,734,087,161
10	2.	Net revenue from sale of goods and rendering of services	22.1	123,972,104,789	142,734,087,161
11	3.	Cost of goods sold and services rendered	23	(82,385,159,891)	(233,174,963,490
20	4.	Gross profit (loss) from sale of goods and rendering of services		41,586,944,898	(90,440,876,329
21	5.	Financial income	22.2	23,501,390,155	20,493,552,492
<b>22</b> 23	6.	Financial expenses In which: Interest expense	24	(44,573,785,194) (43,510,635,023)	(68,842,941,134) (39,899,900,475)
24	7.	Selling expenses		(714,176,375)	(465,727,338
25	8.	General and administration expenses		(19,388,678,590)	(25,934,177,185
30	9.	Operating profit (loss)		411,694,894	(165,190,169,494
31	10.	Other income	25	22,868,325,831	6,996,289,14
32	11.	Other expenses	25	(5,655,179,731)	(4,138,164,301
40	12.	Other profit	25	17,213,146,100	2,858,124,83
50	13.	Profit (loss) before tax		17,624,840,994	(162,332,044,655
51	14.	Current corporate income tax expense	26.1	_	
52	15.	Deferred income tax (expense) income	26.2	(8,084,818,589)	24,527,713,56
60	16	Net profit (loss) after tax		9,540,022,405	(137,804,331,086

Pham Van Khanh Preparer Doan Huu Chi Chief Accountant Truong Minh Thuan General Director

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25 March 2013

SEPARATE CASH FLOW STATEMENT for the year ended 31 December 2012

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM			
	OPERATING ACTIVITIES		47 004 040 004	(400 220 044 CEE)
01	Profit (loss) before tax Adjustments for:		17,624,840,994	(162,332,044,655)
02	Depreciation and amortisation	9,10,11	7,450,916,064	7,679,706,093
03	Provisions	0,10,11	(28,689,672,380)	121,628,958,040
05	Profits from investing activities		(22,286,243,248)	(20,590,428,163
06	Interest expense	24	43,510,635,023	39,899,900,475
08	Operating profit (loss) before		Colonia and Aurica, Michael Albanda (Colonia)	
	changes in working capital		17,610,476,453	(13,713,908,210
09	Decrease in receivables		137,220,617,790	220,959,526,070
10	Increase in inventories	1 1	(81,226,935,344)	(385,450,164,585
11	(Decrease) increase in payables	1 1	(88,753,246,118)	106,985,763,750
12	Decrease (increase) in prepaid			
40	expenses		22,153,466	(1,203,088,268
13	Interest paid	20.4	(43,529,949,796)	(35,522,091,935
14	Other cash outflows from	26.1	(16,767,580,148)	(13,000,000,000
10	operating activities		(391,644,700)	
20	Net cash used in operating			
	activities		(75,816,108,397)	(120,943,963,178
	II. CASH FLOWS FROM			
04	INVESTING ACTIVITIES	0.44	(45.407.040)	(0.000.007.040
21	Purchase of fixed assets	9,11	(45,187,318)	(2,836,907,819
22	Proceeds from disposal of fixed assets	25	211,676,818	173,636,364
25	Payments for investments in	20	211,070,010	175,050,50
20	other entities		_	(4,269,600,000
26	Proceeds from sale of		(A)	(1,200,000,000
	investments in other entities		63,029,264,118	30,141,395,000
27	Interest and dividend received		1,855,002,312	13,287,486,799
30	Net cash from investing activities		65,050,755,930	36,496,010,344

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

VND

Code	ITEMS	Notes	Current year	Previous year
32 33 34 36	III. CASH FLOWS FROM FINANCING ACTIVITIES Capital redemption Drawdown of borrowings Repayment of borrowings Dividends paid	21.2	103,421,198,284 (62,742,920,729) (34,116,950,885)	(9,825,117,611) 269,847,508,037 (224,583,547,208) (28,677,560)
40	Net cash from financing activities		6,561,326,670	35,410,165,658
50	Net decrease in cash and cash equivalents		(4,204,025,797)	(49,037,787,176)
60	Cash and cash equivalents at beginning of year	4	15,898,380,006	64,936,167,182
70	Cash and cash equivalents at end of year	4	11,694,354,209	15,898,380,006

Pham Van Khanh Preparer

Doan Huu Chi Chief Accountant Truong Minh Thuan General Director

CÓNG TY CỔ PHẨN

25 March 2013

# 1. CORPORATE INFORMATION

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

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

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

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

The number of the Company's employees as at 31 December 2012 was 136 (31 December 2011; 152).

#### 2. BASIS OF PREPARATION

# 2.1 Accounting standards and system

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

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

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

The Company is the parent company of a subsidiary listed in Note 12.1 ("the Group") and it is in the process of completing the consolidated financial statements of the Group as at 31 December 2012 and for the year ended to meet the prevailing regulatory reporting requirements.

Users of these separate financial statements should read them together with the consolidated financial statements of the Group as at 31 December 2012 and for the year ended in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# 2. BASIS OF PREPARATION (continued)

# 2.2. Applied accounting documentation system

The Company's applied accounting documentation system is the Journal Voucher system.

# 2.3 Fiscal year

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

# 2.4 Accounting currency

The Company maintains its accounting records in VND.

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

# 3.1 Change in accounting policy and disclosures

The accounting policies adopted by the Company in preparation of the separate financial statements are consistent with those followed in the preparation of the Company's annual separate 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 Company 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 Company 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 transalation to the separate financial statement as at and for the year ended 31 December 2012 is immaterial as a whole.

#### 3.2 Cash

Cash comprise cash on hand and cash in banks.

# 3.3 Inventories

Inventory properties

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

#### Cost includes:

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

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

# 3.3 Inventories (continued)

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

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

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

#### Other inventories

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

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

Raw materials

cost of purchase on a weighted average basis.

Work-in-process

 cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity.

# Provision for obsolete inventories

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

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

# 3.4 Receivables

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

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

# 3.5 Fixed assets

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

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Depreciation and amortisation

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

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

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

# 3.7 Investment properties

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

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

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

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

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

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

# 3.8 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

# 3.9 Prepaid expenses

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

# 3.10 Investment in a subsidiary

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

#### 3.11 Investments in associates

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

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

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

# 3.12 Investments in securities and other investments

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

# 3.13 Payables and accruals

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

### 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 period up to the reporting date. Any changes to the accrued amount will be taken to the separate 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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

# 3.15 Provisions

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

# 3.16 Treasury shares

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

# 3.17 Appropriation of net profit

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

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

#### Financial reserve fund

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

Investment and development fund

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

Bonus and welfare fund

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

#### 3.18 Revenue recognition

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

### Construction contract

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

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

# 3.18 Revenue recognition (continued)

#### Rental income

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

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

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

# Sale of completed property

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

#### Interest

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

### Dividends

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

# 3.19 Taxation

#### Current income tax

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

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

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

# 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.

# 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.19 Taxation (continued)

Deferred income tax (continued)

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

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

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

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

#### 3.20 Financial instruments

Initial recognition and presentation

# Financial assets

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

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

The Company's financial assets include cash, trade and other receivables and unquoted financial instruments.

# Financial liabilities

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

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

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

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

# 4. CASH AND CASH EQUIVALENTS

	ONOTI AITO ONOTI EQUIVALENTO		
			VND
		Ending balance	Beginning balance
	Cash on hand Cash in banks Cash equivalents	3,546,756,231 8,147,597,978	1,538,150,121 6,360,229,885 8,000,000,000
	TOTAL	11,694,354,209	15,898,380,006
5.	TRADE RECEIVABLES		
			VND
		Ending balance	Beginning balance
	Receivables from sales of land lots and		
	apartments (*)	71,253,233,520	166,029,789,865
	Receivables from provision of construction services Receivables from Hai Au Concrete Joint Stock	12,515,650,390	17,318,506,720
	Company	9,826,095,208	11,041,808,707
	Others	7,781,856,630	9,281,099,330
	TOTAL	101,376,835,748	203,671,204,622
	Provision for doubtful debts	(4,116,752,869)	(4,116,752,869)
	NET	97,260,082,879	199,554,451,753

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

		VND
	Ending balance	Beginning balance
6B Project	28,188,960,346	41,271,767,131
Thinh Vuong building	17,550,336,090	44,351,264,035
An Khang building	15,594,914,814	63,926,156,062
Phong Phu Project	5,088,424,600	8,503,944,600
Binh Hoa Project	3,132,310,125	6,278,370,492
An Cu building	1,698,287,545	1,698,287,545
TOTAL	71,253,233,520	166,029,789,865

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# TRADE RECEIVABLES (continued)

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

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

# 6. ADVANCES TO SUPPLIERS

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

		VND
	Ending balance	Beginning balance
Binh Trung Dong Project	43,795,000,000	43,795,000,000
Lot E4 An Phu, An Khanh Project	27,505,000,000	27,505,000,000
Long Binh Ward - District 9 Project	19,899,197,600	19,899,197,600
Minh Khai Street - Hanoi Project	12,000,000,000	12,000,000,000
Nhon Duc Commune, Nha Be District Project	10,000,000,000	10,000,000,000
Related party (Note 27)	1,904,153,406	3,185,399,100
6B Project		47,000,000,000
Others	43,549,818,818	38,740,554,189
TOTAL	158,653,169,824	202,125,150,889

# 7. OTHER RECEIVABLES

	VIVD
Ending balance	Beginning balance
42,270,218,428	-
1,700,000,000	34,239,761,311
20,000,000,000	20,000,000,000
1,621,008.650	1,592,901,607
4,796,941,665	6,104,471,063
70,388,168,743	61,937,133,981
	42,270,218,428 1,700,000,000 20,000,000,000 1,621,008,650 4,796,941,665

#### 8. INVENTORIES

		VND
	Ending balance	Beginning balance
Real estate properties and construction projects in progress (*) Properties for sale	1,916,054,847,304	1,816,337,187,195 18,490,724,765
TOTAL	1,916,054,847,304	1,834,827,911,960
Provision for obsolete inventories	(82,895,956,742)	(111,585,629,122)
NET	1,833,158,890,562	1,723,242,282,838

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

	VND
Ending balance	Beginning balance
758,714,495,842	632,025,863,632
545,835,672,062	529,961,279,721
207,379,722,265	207,153,701,933
124,232,665,279	150,662,450,479
125,171,184,160	124,766,939,313
72,032,633,865	71,298,803,865
21,363,766,189	41,372,261,834
61,324,707,642	59,095,886,418
1,916,054,847,304	1,816,337,187,195
	758,714,495,842 545,835,672,062 207,379,722,265 124,232,665,279 125,171,184,160 72,032,633,865 21,363,766,189 61,324,707,642

- (i) Land use right of 24,047 square meters on total land of 484,814 square meters at Long Thoi – Nha Be Project was pledged to obtain the loan from Gia Dinh Development Investment Corporation (Note 14).
- (ii) Land use rights at No. 146 Nguyen Van Troi Street, Phu Nhuan District and 223 Hoang Van Thu Street, Phu Nhuan District were pledged to obtain the loan from Saigon Commercial Joint Stock Bank – District 4 branch (Note 20).
- (iii) Land use right at No. 106 Ly Chinh Thang Street, District 3 was pledged to obtain the loan from Bank for Investment and Development of Vietnam (Notes 14 and 20).

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

	Current year	VND Previous year
TEAN FRANKI SE SE SERVEYE SE SE SE SE SE SE SE	Current year	r revious year
Provision for obsolete inventories at beginning of year	111,585,629,122	13,657,432,253
Add: Provision created during the year	- 111,000,029,122	97,928,196,869
Less: Reversal during the year	(28,689,672,380)	
Provision for obsolete inventories at end of year	82,895,956,742	111,585,629,122

# 9. TANGIBLE FIXED ASSETS

					VND
	Buildings and structures (*)	Machinery and equipment	Motor vehicles	Office equipment	Total
Cost:					
Beginning balance Newly purchased	56,756,951,958	437,095,156	5,926,061,185	2,756,118,025 91,499,818	65,876,226,324 91,499,818
Adjustment Disposal		(46,312,500)	(349,528,556)	(726,557,949)	(46,312,500) (1,076,086,505)
Ending balance	56,756,951,958	390,782,656	5,576,532,629	2,121,059,894	64,845,327,137
In which: Fully depreciated	208,068,806	284,470,513	844,310,602	988,352,789	2,325,202,710
Accumulated depreciation:					
Beginning balance Depreciation for the year Adjustment Disposal	10,418,218,184 2,263,523,126	319,995,412 21,262,429 (9,262,500)	2,848,062,111 476,878,290 (349,528,556)	2,283,582,091 259,480,045 (726,557,949)	15,869,857,798 3,021,143,890 (9,262,500) (1,076,086,505)
Ending balance	12,681,741,310	331,995,341	2,975,411,845	1,816,504,187	17,805,652,683
Net carrying amount:					
Beginning balance	46,338,733,774	117,099,744	3,077,999,074	472,535,934	50,006,368,526
Ending balance	44,075,210,648	58,787,315	2,601,120,784	304,555,707	47,039,674,454

<sup>(\*)</sup> Included in Buildings and structures is land use right at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1 with carrying value of VND 26,471,477,820 which was pledged to obtain the short-term loan from Lien Viet Post Bank (Note 14).

# 10. INTANGIBLE FIXED ASSET

11.

			VND
			Computer software
Cost:			
Beginning and ending balances			37,700,000
Accumulated amortisation:			
Beginning balance Amortization for the year			29,593,522 8,106,478
Ending balance			37,700,000
Net carrying amount:			
Beginning balance			8,106,478
Ending balance			
INVESTMENT PROPERTIES			
			VND
	Buildings	Houses	Total
Cost:			
Beginning and ending balances	97,781,182,124	12,760,460,266	110,541,642,390
Accumulated depreciation:			
Beginning balance Depreciation for the year	6,198,637,540 3,911,247,285	1,148,441,425 510,418,411	
Ending balance	10,109,884,825	1,658,859,836	11,768,744,661
Net carrying amount:			
Beginning balance	91,582,544,584	11,612,018,841	103,194,563,425
Ending balance	87,671,297,299	11,101,600,430	98,772,897,729

Included in Houses is the land use right at No. 20 Nguyen Binh Khiem street, Da Kao Ward, District 1 which was pledged to obtain short-term loan from Vietnam Bank for Agriculture and Rural Development (Notes 14 and 20).

The fair value of the investment properties had not yet been formally assessed and determined as at 31 December 2012. However, given that these properties are currently rented out and income generating, it is management's assessment that these properties' market values are still higher than their carrying value as at balance sheet date.

# 12. LONG-TERM INVESTMENTS

		VND
	Ending balance	Beginning balance
Investment in a subsidiary	34,000,000,000	34,000,000,000
Investments in associates	268,448,938,645	277,248,938,645
Other long-term investments	51,901,500,000	102,046,200,000
Long-term securities	49,766,500,000	99,911,200,000
Other long-term investments	2,135,000,000	2,135,000,000
Provision for long-term investments	(10,741,857,659)	(26,876,857,659)
TOTAL	343,608,580,986	386,418,280,986

# 12.1 Investment in a subsidiary

Name	31 December 2012		
	Amount (VND)	% of interest (%)	
Intresco Construction Joint Stock Company	34,000,000,000	85	

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

# 12.2 Investments in associates

Name	Ending balance Amount		Beginning balance	
0.5440			Amount	
	(VND)	%	(VND)	%
Pham Gia Construction Limited Company Saigon Binh Duong Joint stock	150,968,925,000	46.19	150,968,925,000	46.19
Company	80,480,013,645	26.83	80,480,013,645	26.83
Long Binh Construction – Trading – Producing JS Company An Dong Liksin Investment Joint	21,000,000,000	36.36	21,000,000,000	36.36
Stock Company	16,000,000,000	40.00	16,000,000,000	40.00
Hai Au Concrete JS Company		50	8,800,000,000	40.00
TOTAL	268,448,938,645		277,248,938,645	
Provision for diminution in value of investments	(1,816,857,659)		(10,616,857,659)	
NET	266,632,080,986		266,632,080,986	

# LONG-TERM INVESTMENTS (continued)

# 12.2 Investments in associates (continued)

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

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

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

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

# 12. LONG-TERM INVESTMENTS (continued)

# 12.3 Other long-term investments

Ending balance		Ending		Beginn	ning balance
Number of shares	Amount (VND)	Number of shares	Amount (VND)		
	34,000,000,000	2,125,000	34,000,000,000		
54,665	5,466,500,000	54,665	5,466,500,000		
50,000	5,000,000,000	50,000	5,000,000,000		
310,000	3,100,000,000	310,000	3,100,000,000		
22,000	2,200,000,000	22,000	2,200,000,000		
· ·	2 ST ST ST	3,000,000	30,000,000,000		
0	2,135,000,000	2,014,470	20,144,700,000 2,135,000,000		
	51,901,500,000		102,046,200,000		
	(8,925,000,000)		(16,260,000,000)		
	42,976,500,000		85,786,200,000		
	Number of shares 54,665 50,000	Number of shares Amount (VND)  34,000,000,000  54,665 5,466,500,000  50,000 5,000,000,000  310,000 3,100,000,000  22,000 2,200,000,000  - 2,135,000,000  51,901,500,000  (8,925,000,000)	Number of shares         Amount (VND)         Number of shares           34,000,000,000         2,125,000           54,665         5,466,500,000         54,665           50,000         5,000,000,000         50,000           310,000         3,100,000,000         310,000           22,000         2,200,000,000         22,000           -         -         2,014,470           -         2,135,000,000         -           (8,925,000,000)         (8,925,000,000)		

# 13. BORROWING COSTS

	Current year	VND Prior year
Interest expense (Note 24) Capitalized as part of cost of real estate projects	43,510,635,023 28,656,397,752	39,899,900,475 32,351,289,365
TOTAL	72,167,032,775	72,251,189,840

# 14. SHORT-TERM LOANS

					VND
			Ending	balan	
Bank loans Loans from other or Loans from individu Current portion of lo	als	te 20)	80,067 77,000 24,724 11,579	,000,0	00 65,000,000,000 00 29,096,125,000
TOTAL			193,370	,866,9	43 231,545,297,880
Details of bank loan	s are as follows:				
Lenders	Ending balance VND	Princip repayment ter		terest rate	Description of collateral
Bank for Investme	nt and Developn	nent of Vietnam			
Loan Contract No. 01/2011/HD/93512 dated 18 July 2011	21,567,301,943	12 months fro the withdraw date to 2 December 201	al 26	%р.а.	Land use right at No. 106 Ly Chinh Thang Street, District 3, Ho Chi Minh City (Note 8)
Vietnam Bank for	Agriculture and I	Rural Developm	ent		
Loan Contract No. No 6220-LAV- 201100116/HDTD dated 17 February 2011	46,000,000,000	12 months from the withdrawal to da 25 October 20°	te	%р.а.	Land use rights at 20 Nguyen Binh Khiem Street, Da Kao Ward, Disrict 1, Ho Chi Minh City (Note 11)
Lien Viet Post Bar	nk				
Loan Contract No. 092-12/HDHMTD- LienvietPostBank- HCM dated 7 June 2012	12,500,000,000	9 months from the withdrawal date 7 June 201	to	%p.a.	Land use right at 16 Nguyen Dinh Chieu Street, DaKao Ward, District 1, Ho Chi Minh City (Note 9)
TOTAL	80,067,301,943				

The Company obtained these loans to support its real estate project development and working capital requirement.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

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

Details of loans from other organizations are as follows:

Principal

repayment

Interest

Description of

Lenders

Ending balance

term

Purpose

rate

collateral

VND

# Gia Dinh Development Investment Corporation (Note 27)

Loan contract no 376/DTKDN/HDVV

dated 20 June 2011

50,000,000,000 20 June 2013

the land

To finance 15%p.a. Land use right at Long Thoi residential area.

compensation for Long Thoi project

Nhon Duc Commune, Nha Be District, Ho Chi Minh City (Note 8)

# An Dong Liksin Investment Joint Stock Company (Note 27)

Loan contract No.

15,000,000,000 12 April 2013

To finance 14%p.a.

179/DTKDN/HDVV dated 15 March

for Long Thoi project Unsecured

2012

# Saigon Trading Group (SATRA)

Financial Investment

Cooperation

Contract No

12,000,000,000

15 January 2013

To finance working

capital

17%p.a.

Right to buy An Khang

apartments at the price of 80% market price

179A/2012 dated 20 November 2012

33/2008 dated 4 April 2008 and appendix

TOTAL

77,000,000,000

Loans from individuals represent unsecured short-term loans amounting to VND 24,724,565,000 obtained from twenty two (22) individuals for the purpose of financing the land compensation of Long Thoi - Nha Be residential project for a period twelve (12) months at the interest rate ranging from 14% to 18% per annum.

#### TRADE PAYABLES 15.

Ending balance

VND

44.333.038.138 12,463,633,214 33.352,664,754 34,053,128,076

Beginning balance

Third parties TOTAL

Related party (Note 27)

56,796,671,352

67,405,792,830

# 16. ADVANCES FROM CUSTOMERS

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

	land lots of the following projects:		
			VND
		Ending balance	Beginning balance
	6A Project	103,984,029,000	104,884,029,000
	6B Project	94,309,481,128	134,102,301,657
	Binh Trung Dong Project	11,126,908,000	11,126,908,000
	Nhon Duc Commune, Nha Be District project	11,000,000,000	11,000,000,000
	House of No. 26 Phung Khac Khoan street	20,000,000,000	20,000,000,000
	Others	34,575,973,669	39,791,636,583
	TOTAL	274,996,391,797	320,904,875,240
17.	STATUTORY OBLIGATIONS		
			VND
		Ending balance	Beginning balance
		Ending balance	beginning balance
	Value-added tax	22,647,004,373	28,500,038,802
	Corporate income tax (Note 26.1)	40,407,003,933	55,285,502,539
	Personal income tax	104,309,455	35,393,152
	Other taxes	2,705,833,924	1,362,308,091
	TOTAL	65,864,151,685	85,183,242,584
18.	ACCRUED EXPENSES		
10.	Additional Entered		1415
			VND
		Ending balance	Beginning balance
	Interest expense	11,200,778,777	7,705,195,947
	Construction-related expenses		5,204,454,544
	Others	300,000,000	525,750,000
	TOTAL	11,500,778,777	13,435,400,491
**			
19.	OTHER PAYABLES		
		SALESSANT WALKS LITTLE SALES	VND
		Ending balance	Beginning balance
	Land compensation for Long Thoi - Nha Be		
	project payable to residents	6,054,539,298	39,827,195,091
	Apartment building maintenance	13,810,771,291	9,514,214,500
	Dividends payable	3,166,482,024	2,960,268,909
	Deposits received	2,213,000,000	3,778,245,327
	Additional land use fees of land lot No.7 – 6B	1 050 507 005	
	project and 13E project	1,250,597,025	1 000 020 000
	Related party Others	8,156,342,226	1,000,020,000 6,293,973,989
	TOTAL	34,651,731,864	63,373,917,816
	75/8/75		

# 20. LONG-TERM LOANS

WW.32
VND

Ending balance Beginning balance

Loans from bank 264,115,708,492 185,263,000,000

In which:

Lender

Current portion (Note 14) 11,579,000,000 11,579,000,000 Non-current portion 252,536,708,492 173,684,000,000

Details of long-term bank loan are as follows:

Principal repayment Interest Description of

building

Ending balance term Purpose rate collateral

VND

# Saigon Commercial Joint Stock Bank, District 4 Branch

Long-term loan agreement No LDC731600005	173,684,000,000	November 2027	To finance purchase of houses and land at No. 146 Nguyen Van Troi street and No. 223 Hoang Van Thu street, Ho Chi Minh City and development and construction of	Interest deposit for period of 13 months plus 0.45%p.a.	Land use rights at No. 146 Nguyen Van Troi street and No. 223 Hoang Van Thu, Phú Nhuận District, Ho Chi Minh City (Note 8)
--	-----------------	------------------	---	--	--

# Bank for Investment and Development of Vietnam

Loan Contract	80,431,708,492	18 months	To finance	14% p.a.	Land use
No.		from the	Long Thoi -		right at No.
01/2011/HD/93		withdrawal	Nha Be project		106 Ly Chinh
512 dated 18		date to 7	and 146		Thang street,
July 2011		July 2014	Nguyen Van		District 3, Ho
			Troi street, Phu		Chi Minh
			Nhuan District		City (Note 8)
			project		

# Vietnam Bank for Agriculture and Rural Development

Loan Contract	10,000,000,000	17 January	To finance	15% p.a.	Land use
No. 6220-LAV-		2014	working		rights at 20
201100116/HD			capital		Nguyen Binh
TD dated 17			CASCAMAN		Khiem, Da
February 2011					Kao Ward,
					Disrict 1, Ho
					Chi Minh City
					(Note 11)

TOTAL 264,115,708,492

# 21. OWNERS' EQUITY

# 21.1 Movements in owners' equity

							VND
	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
Previous year							
Beginning balance Repurchase of	690,866,880,000	974,114,436,600	-	30,640,486,547	16,417,006,154	246,137,189,583	1,958,175,998,884
ordinary shares	(#)		(9,825,117,611)	50	1.5	(=)	(9,825,117,611)
Net loss for the year				7.0	1 (#1)	(137,804,331,086)	(137,804,331,086)
Profit appropriation					10,142,460,679	(20,284,921,358)	(10,142,460,679)
Ending balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	88,047,937,139	1,800,404,089,508
Current year							
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	88,047,937,139	1,800,404,089,508
Net profit for the year	17	-	-	<u>-</u>	1	9,540,022,405	9,540,022,405
Dividend declared						(34,323,164,000)	(34,323,164,000)
Ending balance	690,866,880,000	974,114,436,600	(9,825,117,611)	30,640,486,547	26,559,466,833	63,264,795,544	1,775,620,947,913

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

#### 21. OWNERS' EQUITY (continued)

#### Capital transactions with owners and distribution of dividends and profits 21.2

		2	VND
		Current year	Previous year
	Contributed share capital		
	Beginning and ending balances	690,866,880,000	690,866,880,000
	Dividends declared Dividends paid	34,323,164,000 34,116,950,885	28,677,560
21.3	Shares - ordinary shares		Shares
		Ending balance	Beginning balance
	Shares authorised to be issued	69,086,688	69,086,688
	Shares issued and fully paid	68,646,328	68,646,328
	Ordinary shares	69,086,688	69,086,688
	Treasury shares	(440,360)	(440,360)
22.	REVENUE		

# REVENUE

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

			VND
		Current year	Previous year
	Gross revenue	123,972,104,789	142,734,087,161
	Of which: Sale of real estate properties Revenue from construction contracts Revenue from other services	40,310,335,980 64,560,049,205 19,101,719,604	45,174,058,326 77,037,338,660 20,522,690,175
22.2	Financial income		
			VND
		Current year	Previous year
	Proceeds from disposal of investments Dividends received Interest income Others	21,249,270,000 1,515,000,000 340,002,312 397,117,843	7,136,095,000 9,801,340,000 3,486,146,799 69,970,693
	TOTAL	23,501,390,155	20,493,552,492

# 23. COSTS OF GOODS SOLD AND SERVICES RENDERED

			VND
		Current year	Previous year
	Cost of real estate properties Cost of construction Cost of services rendered	8,788,144,235 62,033,818,221 11,563,197,435	148,080,708,423 73,423,946,945 11,670,308,122
	TOTAL	82,385,159,891	233,174,963,490
24.	FINANCIAL EXPENSES		
			VND
		Current year	Previous year
	Bank loan interest Provision for diminution in value of investments Others	43,510,635,023 1,029,705,882 33,444,289	39,899,900,475 28,943,040,659
	TOTAL	44,573,785,194	68,842,941,134
25.	OTHER INCOME AND EXPENSES		
			VND
		Current year	Previous year
	Other income Gain on the settlement of advances made to employees related to discontinued Tang Nhon	22,868,325,831	6,996,289,140
	Phu project Penalty for late payment and cancellation of	22,003,960,130	<u> 12</u> 1
	apartment or project sale contracts	300,758,000	1,352,586,314
	Proceeds from disposal of fixed assets	211,676,818	173,636,364
	Gain on revaluation of contributed net assets Others	351,930,883	2,551,974,289 2,918,092,173
	Other expenses Cancellation of compensation contracts Additional land use fees of land lot No.7 – 6B	<b>(5,655,179,731)</b> (3,531,015,000)	(4,138,164,301)
	project and 13E project	(1,250,597,025)	
	Net book value of disposed fixed assets Others	(873,567,706)	(6,790,000) (4,131,374,301)
	NET	17,213,146,100	2,858,124,839
	PROFESS.		

# 26. CORPORATE INCOME TAX

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

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

# 26. CORPORATE INCOME TAX (continued)

### 26.1 Current CIT

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

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

		VND
	Current year	Previous year
Profit (loss) before tax Adjustments to (decrease) increase accounting profit (loss):	17,624,840,994	(162,332,044,655)
Non-deductible expenses Provision for obsolete inventory Accrual for severance allowance unused as at 31 December 2011 after actual	34,393,245,360 (28,689,672,380)	21,289,707,077 97,928,196,869
payment made in 2012 Internal realised profit Dividend received Provision for investment in associates	3,310,771,600 (6,961,173,753) (1,515,000,000) (8,800,000,000)	(9,801,340,000) 10,616,857,659
Adjusted net profit/(loss) before tax loss carry forward Tax loss carried forward	<b>9,363,011,821</b> (9,363,011,821)	(42,298,623,050)
Estimated current taxable profit (tax loss)	-	(42,298,623,050)
Estimated current CIT CIT payable at beginning of year CIT paid during the year Tax from prior periods of construction divisions Adjustment for over accrual of tax from prior year Provisional CIT made (1% over invoiced revenue)	55,285,502,539 (16,767,580,148) 1,883,221,542 - 5,860,000	67,502,103,053 (13,000,000,000) (223,871,373) 1,007,270,859
CIT payable at end of year	40,407,003,933	55,285,502,539

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VND

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# 26. CORPORATE INCOME TAX (continued)

#### 26.2 Deferred CIT

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

	Separate ba	alance sheet	Credit (charge income s	
	Ending balance	Beginning balance	Current year	Previous year
Internal unrealised profit Accrual for	466,245,487	2,206,338,881	(1,740,093,394)	45,664,352
severance pay Provision for	827,692,900	-	827,692,900	
obsolete inventory	17,309,631,122	24,482,049,217	(7,172,418,095)	24,482,049,217
Deferred income tax assets	18,603,569,509	26,688,388,098		
Net deferred incom	me tax (expense) i	benefit	(8,084,818,589)	24,527,713,569

# 27. TRANSACTIONS WITH RELATED PARTIES

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

			VND
Related party	Relationship	Transaction	Amount
Intresco Construction Joint Stock Company	Subsidiary	Construction service Expenses paid on behalf	38,526,368,778 105,000,000
Gia Dinh Development Investment Corporation	Related party	Dividends received Loan	1,275,000,000 50,000,000,000
Long Binh Construction – Trading – Producing JS Company	Associate	Dividends received	240,000,000
An Dong Liksin Investment Joint Stock Company	Associate	Loan	15,000,000,000

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# 27. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related party     Relationship     Transaction     (Payable)       Other receivable       Saigon Binh Duong Joint stock Company     Associate     Interest income     1,592,901,607       Intresco Construction Joint Stock Company     Subsidiary     Expenses paid on behalf     28,107,043       Advance to supplier     Intresco Construction Joint Stock Company     Subsidiary     Advance for rendering of construction service       Trade payable     Intresco Construction Joint Stock Company     Subsidiary     Rendering of construction service     (44,333,038,138)       Loan     Gia Dinh Development Investment Corporation     Associate     Loan     (50,000,000,000)       An Dong Liksin Investment Joint Stock Company     Associate     Loan     (15,000,000,000)       Transactions with other related parties       Remuneration to members of the Board of Directors and Management       VND Current year     Previous year       Salaries and bonuses     1,030,243,000     2,457,765,000       Allowance for the Board of Directors     1,030,243,000     2,457,765,000				VND
Saigon Binh Duong Joint stock Company  Intresco Construction Joint Stock Company  Intresco Construction Joint Stock Company  Intresco Construction Joint Stock Company  Advance to supplier  Intresco Construction Joint Stock Company  Intresco Construction Joint Stock Company  Intresco Construction Joint Stock Company  Trade payable  Intresco Construction Joint Stock Company  Intresco Construction Service	Related party	Relationship	Transaction	Receivable (Payable)
Company   Intresco Construction Joint Stock Company   Expenses paid on behalf   28,107,043   1,621,008,650	Other receivable			
Advance to supplier  Intresco Construction Joint Stock Company  Trade payable Intresco Construction Joint Stock Subsidiary Construction service  Trade payable Intresco Construction Joint Stock Subsidiary Company  Loan  Gia Dinh Development Associate Loan (50,000,000,000) Investment Corporation  An Dong Liksin Investment Joint Stock Company  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VNC  Current year Previous year  Salaries and bonuses  Allowance for the Board of Directors  1,904,153,406  1,904,153,406  444,333,038,138)  (44,333,038,138)  (50,000,000,000)  (65,000,000,000)  100,800,000  2,457,765,000		Associate	Interest income	1,592,901,607
Advance to supplier  Intresco Construction Joint Stock Company  Trade payable  Intresco Construction Joint Stock Subsidiary Construction service  Intresco Construction Joint Stock Company  Loan  Gia Dinh Development Associate Loan (50,000,000,000)  Investment Corporation  An Dong Liksin Investment Joint Stock Company  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VNC  Current year  Salaries and bonuses  Allowance for the Board of Directors  1,030,243,000 2,457,765,000 100,800,000		Subsidiary		28,107,043
Intresco Construction Joint Stock Company  Trade payable Intresco Construction Joint Stock Company  Intresco Construction Service  Intresco Construction Joint Stock Company  Intresco Construction Service  Intresco Construction Service  Intresco Construction Joint Stock Intresco Construction Service  Intresco Construct				1,621,008,650
Trade payable Intresco Construction Joint Stock Company  Loan  Gia Dinh Development Associate Loan (50,000,000,000) Investment Corporation An Dong Liksin Investment Joint Stock Company  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VNC  Current year  Salaries and bonuses Allowance for the Board of Directors  1,904,153,406  1,904,153,	Advance to supplier			
Intresco Construction Joint Stock Company  Loan  Gia Dinh Development Investment Corporation  An Dong Liksin Investment Joint Stock Company  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VND Current year  Salaries and bonuses Allowance for the Board of Directors  Associate Loan (15,000,000,000) (65,000,000,000)  VND Current year  Previous year  1,030,243,000 100,800,000  2,457,765,000		Subsidiary	rendering of	1,904,153,406
Company  Loan  Gia Dinh Development Associate Loan (50,000,000,000) Investment Corporation  An Dong Liksin Investment Joint Stock Company  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VNC  Current year Previous year  Salaries and bonuses  Allowance for the Board of Directors  1,030,243,000 2,457,765,000	Trade payable			
Gia Dinh Development Investment Corporation  An Dong Liksin Investment Joint Stock Company  Associate Loan (15,000,000,000)  (65,000,000,000)  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VND  Current year Previous year  Salaries and bonuses 1,030,243,000 2,457,765,000  Allowance for the Board of Directors 100,800,000	Will be a second of the second	Subsidiary		(44,333,038,138)
An Dong Liksin Investment Joint Stock Company  Associate Loan (15,000,000,000)  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  Current year Previous year  Salaries and bonuses 1,030,243,000 2,457,765,000  Allowance for the Board of Directors 100,800,000	Loan			
Stock Company  (65,000,000,000)  Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VND  Current year  Salaries and bonuses Allowance for the Board of Directors  1,030,243,000 2,457,765,000		Associate	Loan	(50,000,000,000)
Transactions with other related parties  Remuneration to members of the Board of Directors and Management  VND  Current year Previous year  Salaries and bonuses Allowance for the Board of Directors  1,030,243,000 2,457,765,000		Associate	Loan	(15,000,000,000)
Remuneration to members of the Board of Directors and Management  VND  Current year Previous year  Salaries and bonuses 1,030,243,000 2,457,765,000  Allowance for the Board of Directors 100,800,000				(65,000,000,000)
Current year   Previous year	Transactions with other related p	parties		
Current year         Previous year           Salaries and bonuses         1,030,243,000         2,457,765,000           Allowance for the Board of Directors         100,800,000         -	Remuneration to members of the B	oard of Directors	and Management	
Salaries and bonuses 1,030,243,000 2,457,765,000 Allowance for the Board of Directors 100,800,000 3457,765,000				VND
Allowance for the Board of Directors 100,800,000 -			Current year	Previous year
TOTAL 1,131,043,000 2,457,765,000		s		2,457,765,000
	TOTAL		1,131,043,000	2,457,765,000

#### 28. COMMITMENTS

# Capital commitment

At 31 December 2012, the Company has outstanding commitments of VND 93,133,378,578 (31 December 2011: VND 115,176,430,393) principally relating to the outstanding construction contracts of apartments building and development of infrastructure of the ongoing residential projects.

#### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

#### Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31 December 2012 and 31 December 2011 and have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant.

### Interest rate risk

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

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

# 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Market risk (continued)

# Interest rate sensitivity

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

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

	Increase/decrease in basis points	Effect on profit before tax	VND Effect on balance sheet items
For the year ended 31 December	r 2012		
VND	+200	(4,716,736,458)	4,084,471,509
VND	-200	4,716,736,458	(4,084,471,509)
For the year ended 31 December	r 2011		
VND	+200	(4,966,276,200)	2,979,325,958
VND	-200	4,966,276,200	(2,979,325,958)

#### Real estate risk

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

#### Credit risk

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

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

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

# Bank deposits

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

# 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

# Liquidity risk

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

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

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

			VND
	Less than 1 year	From 1 to 5 years	Total
31 December 2012			
Loans and borrowings	193,370,866,943	252,536,708,492	445,907,575,435
Trade payables	56,796,671,352		56,796,671,352
Other payables and	49,332,426,514		49,332,426,514
accrued expenses	49,332,420,314		49,332,420,314
	299,499,964,809	252,536,708,492	552,036,673,301
31 December 2011			
Loans and borrowings	231,545,297,880	173,684,000,000	405,229,297,880
Trade payables	67,405,792,830	25	67,405,792,830
Other payables and accrued expenses	78,764,633,898		78,764,633,898
	377,715,724,608	173,684,000,000	551,399,724,608

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

### Collateral

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

The Company 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 Company's financial instruments that are carried in the financial statements.

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Carrying amount				Fair value	
Ending I	balance	Beginning balance		Ending balance	Beginning balance
Cost	Provision	Cost	Provision		
101,376,835,748	(4,116,752,869)	192,629,395,915	(4,116,752,869)	97,260,082,879	188,512,643,046
1,621,008,650	10 B 1 1	12,634,710,314		1,621,008,650	12,634,710,314
68,767,160,093		60,344,232,374		68,767,160,093	60,344,232,374
20 00 00					
51,901,500,000	(8,925,000,000)	102,046,200,000	(16,260,000,000)	42,976,500,000	85,786,200,000
11,694,354,209		15,898,380,006		11,694,354,209	15,898,380,006
235,360,858,700	(13,041,752,869)	383,552,918,609	(20,376,752,869)	222,319,105,831	363,176,165,740
	Cost 101,376,835,748 1,621,008,650 68,767,160,093 51,901,500,000 11,694,354,209	Ending balance  Cost Provision  101,376,835,748 (4,116,752,869) 1,621,008,650 68,767,160,093 - 51,901,500,000 (8,925,000,000) 11,694,354,209 -	Ending balance         Beginning           Cost         Provision         Cost           101,376,835,748         (4,116,752,869)         192,629,395,915           1,621,008,650         -         12,634,710,314           68,767,160,093         -         60,344,232,374           51,901,500,000         (8,925,000,000)         102,046,200,000           11,694,354,209         -         15,898,380,006	Ending balance         Beginning balance           Cost         Provision         Cost         Provision           101,376,835,748         (4,116,752,869)         192,629,395,915         (4,116,752,869)           1,621,008,650         -         12,634,710,314         -           68,767,160,093         -         60,344,232,374         -           51,901,500,000         (8,925,000,000)         102,046,200,000         (16,260,000,000)           11,694,354,209         -         15,898,380,006         -	Ending balance         Beginning balance         Ending balance           Cost         Provision         Cost         Provision           101,376,835,748         (4,116,752,869)         192,629,395,915         (4,116,752,869)         97,260,082,879           1,621,008,650         -         12,634,710,314         -         1,621,008,650           68,767,160,093         -         60,344,232,374         -         68,767,160,093           51,901,500,000         (8,925,000,000)         102,046,200,000         (16,260,000,000)         42,976,500,000           11,694,354,209         -         15,898,380,006         -         11,694,354,209

	Carrying amount		Fair value	
	Ending balance	Beginning balance	Ending balance	Beginning balance
Financial liabilities				
Loans and borrowings	445,907,575,435	405,229,297,880	445,907,575,435	405,229,297,880
Payable to related parties	44,333,038,138	34,352,684,754	44,333,038,138	34,352,684,754
Trade payable	12,463,633,214	34,053,128,076	12,463,633,214	34,053,128,076
Other current liabilities	49,332,426,514	77,764,613,898	49,332,426,514	77,764,613,898
TOTAL	552,036,673,301	551,399,724,608	552,036,673,301	551,399,724,608

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

# 30. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of loans from banks as well as other non-current financial liabilities is
  estimated by discounting future cash flows using rates currently available for debt on
  similar terms, credit risk and remaining maturities. As at 31 December 2012, the
  carrying amounts of such borrowings are not materially different from their calculated
  value.

#### 31. OTHER MATTERS

In 2004 and 2005, the Company compensated and developed certain residential real estate projects under the approval of the Board Management of the Saigon South and the People's Committee of Ho Chi Minh City. Land lots were sold to its customers and the related land use fees of these projects were paid to the relevant authorities based on the tax notices from the Department of Tax of Binh Chanh District, Ho Chi Minh City ("DoT") and in accordance with applicable land regulations in the years 2004 and 2005. The land use fees of these projects were calculated based on the land use fee frame applicable to the projects' location at that time.

However, the Company received an additional tax notice from DoT, requesting the Company to pay additional land use fee of VND 244,500,400,000 arising primarily from the different land use fee frame applied by DoT in assessing the projects' current locations.

In June 2011, the Government Inspectors performed an inspection on the compliance with applicable regulations on land use and construction planning and land management of Ho Chi Minh City for the period from 2001 to 2010, including land lot No.7 – 6B project and 13E project ("these projects") of the Company in accordance with the Decision No. 404/QD-TTCP dated 8 March 2011 of the Government Inspectorate of Vietnam.

Under the Minutes dated 30 June 2011 between the Government Inspectors and the Company, the Government Inspectors commented the land use and management of these projects of the Company as follows:

- Land compensation: up to 31 December 2005, the Company has completed its land compensation process. In accordance with Decree No. 120/2010/ND-CP dated 30 December 2010 of the Government, Official Letter No. 7694/UB-DT dated 14 December 2004 of the People's Committee of Ho Chi Minh City and Official Letter No. 678/PC-BQL dated 27 December 2004 of the Management Board of Saigon South, the Company is entitled to the land use fee frame for the compensated land areas in the years 2004 and 2005 based on areas actually handed-over.
- Project locations: the projects' locations applied for land use fee computation by the DoT were not in conformity with the inter-departmental official letter No. 41/HD-LS dated 21 January 1995 and No. 734/HD-LS dated 31 January 2005, and also did not apply Decision No. 21/2002/QD-UB dated 11 March 2002 of People's Committee of Ho Chi Minh City in the determination of the location of these projects.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# OTHER MATTERS (continued)

In Official Letter No. 1812/UBND-DTMT dated 23 April 2012, the People's Committee of Ho Chi Minh City required the Finance Service of Ho Chi Minh City to cooperate with Inspectors of Ho Chi Minh City and Department of Natural Resources and Environment of Ho Chi Minh City, Ho Chi Minh Department of Transportation, the Management Board of Saigon South, Department Tax of Ho Chi Minh City, the People's Committee of Binh Chanh District and Office of the People's Committee of Ho Chi Minh City to inspect and reassess the correct land use fees payable of these above projects.

In the Official Letter No. 5005/CT-QLD dated 29 June 2012 sent to Finance Service of Ho Chi Minh City, the Department Tax of Ho Chi Minh City confirmed that the land use fee of these projects was computed by DoT based on the land use fee frame in 2004 and 2005 in conformity with the applicable land price list in the Decision No.2123/QD-UB dated 17 May 2004 and Official Letter No. 4001/UB-QLDT dated 24 September 1999 issued by the People's Committee of Ho Chi Minh City.

In its Official Letter No.4787/UBND-DTMT dated 17 September 2012, the People's Committee of Ho Chi Minh City opined that (a) the Company was temporarily transferred land from years 2002 to 2004, (b) the Company completed the compensation stage for the whole project before year 2006, (c) DoT determined that the project's land use fees were appropriate and complied with applicable regulations and official letters of People's Committee of Ho Chi Minh City at that time and (d) an additional land use fees amounting to VND 1,250,597,025 was required to be paid. And the People's Committee of Ho Chi Minh City recommended the Ministry of Finance, Government Inspectorate of Vietnam and Auditors General of State of Audit Office of Vietnam to finalise this matter based on suggested solution of the People's Committee of Ho Chi Minh City. Accordingly, the above land use fees has been reflected in the Company's separate financial statement as at and for the year ended 31 December 2012.

In Official Letter No. 3306/TTCP-V.I dated 12 December 2012 sent to Prime Minister and Official Letter No. 57/KTNN-TH dated 15 January 2013 sent to the People's Committee of Ho Chi Minh City, the Government Inspectorate of Vietnam and the Auditors General of State of Audit Office of Vietnam concurred with the above opinion of the People's Committee of Ho Chi Minh City.

As at the date of this financial statement, the Company is waiting for the final comments from Minister of Finance.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2012

# 32. RECLASSIFICATION OF CORRESPONDING FIGURES

As at 31 December 2011, the accrual for severance pay following Article 42 of the Labour code amounting to VND 2,968,594,125 was presented under the same caption in the balance sheet with provision for retrenchment allowance. Starting from 2012, the balance of provision for retrenchment allowance at year end should be nil following the guidance in Circular No. 180/2012/TT-BTC guiding the financial settlement of redundancy pay given to employee issued by the Ministry of Finance on 24 October 2012. Accordingly, the accrual for severance pay has been reclassified to Other Long-term Liabilities to conform with the current year presentation.

	31 December 2011 (previously presented)	Reclassification	VND 31 December 2011 (reclassified)
BALANCE SHEET Other long-term liabilities	1,955,315,591	2,968,594,125	4,923,909,716
Provision for severance allowance	2,968,594,125	(2,968,594,125)	

# 33. EVENTS AFTER THE BALANCE SHEET DATE

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

Pham Van Khanh

Preparer

Doan Huu Chi Chief Accountant Truong Minh Thuan General Director

25 March 2013