

KinhBac City Development Holding Corporation

Separate financial statements

31 December 2014



Building a better
working world

KinhBac City Development Holding Corporation

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KinhBac City Development Holding Corporation

GENERAL INFORMATION

COMPANY

KinhBac City Development Holding Corporation ("the Company") is a shareholding company incorporated under the Law on Corporate of Vietnam pursuant to the Investment Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh on 27 March 2002, with the 15th amendment No. 2300233993 on 30 January 2015.

The Company's corporate structure includes 4 subsidiaries:

- ▶ Saigon - Bacgiang Industrial Park Corporation;
- ▶ Sai Gon - Hai Phong Industrial Park Corporation;
- ▶ Northwest Saigon City Development Corporation; and
- ▶ Trang Cat One Member Urban Development Company Limited.

The current principal activities of the Company are investing, constructing and trading residential areas, re-settlement areas, workman's residential areas, industrial parks; leasing out and selling the plants and houses constructed by the Company in the industrial parks, residential areas, financial investment; and others activities in accordance with the Investment Certificate.

The Company's head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam and its branch is located at 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City.

The Company's shares are listed in Ho Chi Minh Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by Ho Chi Minh Stock Exchange on 7 December 2009.

BOARD OF DIRECTORS

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

Mr. Dang Thanh Tam	Chairman	
Ms. Nguyen Thi Thu Huong	Member	
Mr. Ngo Manh Hung	Member	
Mr. Huynh Phat	Member	
Mr. Pham Phuc Hieu	Member	Appointed on 25 April 2014

BOARD OF SUPERVISION

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

Ms. Nguyen Chung Thuy	Head of Board of Supervision	
Ms. Le Thi Thu Hang	Member	
Mr. Phan Anh Tuan	Member	Appointed on 25 April 2014
Mr. Bui Ngoc Quan	Member	Resigned on 25 April 2014

BOARD OF MANAGEMENT

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

Ms. Nguyen Thi Thu Huong	General Director	
Mr. Phan Anh Dung	Deputy General Director	
Mr. Pham Phuc Hieu	Deputy General Director and Chief Accountant	
Mr. Ngo Tuan Dung	Deputy General Director	Resigned on 28 March 2014

KinhBac City Development Holding Corporation

GENERAL INFORMATION (continued)

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Dang Thanh Tam. In accordance with the authorization letter No. 2311/2012/KBC/UQ dated on 23 November 2012, Ms. Nguyen Thi Thu Huong has been authorized to sign the financial statements by Mr. Dang Thanh Tam.

AUDITORS

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

Ernst & Young
Vietnam Limited

KinhBac City Development Holding Corporation

REPORT OF MANAGEMENT

Management of KinhBac City Development Holding Corporation ("the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2014.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The management is responsible for the separate financial statements of each financial year which give a true and fair view of the state of affairs of the Company and of the Company's separate results and 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 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 confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements for the year ended 31 December 2014.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2014 and of the separate results of its operations and its separate cash flows for the year then ended 31 December 2014 in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

For and on behalf of management:



Nguyễn Thị Thu Hương
General Director

Bac Ninh, Vietnam

27 March 2015

Reference: 60774739/16942208

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of KinhBac City Development Holding Corporation

We have audited the accompanying separate financial statements of KinhBac City Development Holding Corporation ("the Company") as prepared on 27 March 2015 and set out on pages 6 to 58, which comprise the separate balance sheet as at 31 December 2014, and the separate income statement and separate cash flow statement for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2014, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

Emphasis of Matter

We draw attention to Note 2.1 of the separate financial statements. The Company has prepared the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of consolidated financial statements. We have audited these consolidated financial statements and our auditors' report dated 27 March 2015 expressed an unmodified opinion. Our opinion is not qualified in respect of this matter.

Ernst & Young Vietnam Limited




Bui Anh Tuan
Deputy General Director
Audit Practising Registration
Certificate No. 1067-2013-004-1



Nguyen Quang Trung
Auditor
Audit Practising Registration
Certificate No. 1938-2013-004-1

Hanoi, Vietnam

27 March 2015

SEPARATE BALANCE SHEET
as at 31 December 2014

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		2,180,351,013,297	2,238,785,815,934
110	I. Cash and cash equivalents	4	81,177,184,342	59,010,513,275
111	1. Cash		81,177,184,342	20,857,625,775
112	2. Cash equivalents		-	38,152,887,500
120	II. Short-term investments	5	2,497,416,000	2,060,368,200
121	1. Short-term investments		7,490,461,369	7,490,461,369
129	2. Provision for short-term investments		(4,993,045,369)	(5,430,093,169)
130	III. Current accounts receivable		878,595,985,462	1,066,987,299,067
131	1. Trade receivables	6.1	273,375,424,684	253,245,086,719
132	2. Advances to suppliers	7	371,178,178,085	441,814,026,844
135	3. Other receivables	8	251,573,314,760	388,924,906,737
139	4. Provision for doubtful debts	6.1, 8	(17,530,932,067)	(16,996,721,233)
140	IV. Inventories	9	1,188,081,628,004	1,085,977,832,606
141	1. Inventories		1,188,081,628,004	1,085,977,832,606
150	V. Other current assets		29,998,799,489	24,749,802,786
152	1. Value-added tax deductible		16,624,939	15,424,142
154	2. Tax and other receivables from the State	10	6,267,075,116	6,475,129,370
158	3. Other current assets	11	23,715,099,434	18,259,249,274

SEPARATE BALANCE SHEET (continued)
as at 31 December 2014

Currency: VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		7,087,340,720,363	6,753,795,292,647
210	I. Long-term receivables		2,613,006,738,696	2,208,812,270,563
211	1. Long-term trade receivables	6.2	461,757,137,391	281,833,824,327
218	2. Other long-term receivables	12	2,151,249,601,305	1,926,978,446,236
220	II. Fixed assets		327,226,658,168	330,482,804,407
221	1. Tangible fixed assets	13	90,718,285,167	92,049,748,988
222	Cost		152,582,286,115	140,847,783,462
223	Accumulated depreciation		(61,844,000,948)	(48,798,034,474)
227	2. Intangible fixed assets		-	1,039,958
228	Cost		36,958,000	34,648,125
229	Accumulated amortisation		(36,958,000)	(33,608,167)
230	3. Construction in progress	14	236,508,373,001	238,432,015,461
240	III. Investment properties	15	-	104,606,992,537
241	1. Cost		-	116,549,931,191
242	2. Accumulated depreciation		-	(11,942,938,654)
250	IV. Long-term investments	17	4,127,682,342,591	4,093,431,641,293
251	1. Investment in subsidiaries	17.1	2,749,066,314,000	2,749,366,314,000
252	2. Investments in associates, jointly controlled entities	17.2	716,450,491,074	727,823,491,074
258	3. Other long-term investments	17.3	1,141,492,700,000	1,065,084,700,000
259	4. Provision for long-term investments	17	(479,327,162,483)	(448,842,863,781)
260	V. Other long-term assets		19,424,980,908	16,461,583,847
261	1. Long-term prepaid expenses	18	19,364,980,908	16,461,583,847
268	2. Other long-term assets		60,000,000	-
270	TOTAL ASSETS		9,267,691,733,660	8,992,581,108,581

SEPARATE BALANCE SHEET (continued)
as at 31 December 2014

Currency: VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		4,835,468,189,284	5,752,944,287,876
310	i. Current liabilities		2,441,363,823,551	5,590,206,382,818
311	1. Short-term loans and borrowings	19	953,619,704,004	3,261,955,350,713
312	2. Trade payables	20.1	36,316,868,829	365,215,647,970
313	3. Advances from customers	20.2	265,795,112,309	298,954,107,459
314	4. Statutory obligations	21	74,135,032,856	70,361,233,967
315	5. Payables to employees		1,173,226,500	-
316	6. Accrued expenses	22	784,427,627,466	706,215,650,443
319	7. Other payables	23	321,572,872,254	883,181,012,933
323	8. Bonus and welfare fund		4,323,379,333	4,323,379,333
330	ii. Non-current liabilities		2,394,104,365,733	162,737,905,058
333	1. Other long-term trade payables	24	1,903,046,982	8,198,761,591
334	2. Long-term loans and debts	25	2,353,446,666,680	113,868,520,986
335	3. Deferred tax payable	32.3	38,754,652,071	38,962,706,326
338	4. Unearned revenue		-	1,707,916,156
400	B. OWNERS' EQUITY		4,432,223,544,376	3,239,636,820,705
410	i. Capital	26	4,432,223,544,376	3,239,636,820,705
411	1. Issued share capital		3,957,111,670,000	2,957,111,670,000
412	2. Share premium		611,072,430,000	611,072,430,000
414	3. Treasury shares		(364,466,650,000)	(364,466,650,000)
417	4. Investment and development fund		2,223,693,823	2,223,693,823
420	5. Undistributed earnings		226,282,400,553	33,695,676,882
440	TOTAL LIABILITIES AND OWNERS' EQUITY		9,267,691,733,660	8,992,581,108,581

OFF BALANCE SHEET ITEMS

	Ending balance	Beginning balance
Foreign currencies		
- United states dollar (US\$)	10,822	2,698


Vu Thanh Dieu
Preparer


Pham Phuc Hieu
Chief Accountant


Nguyen Thi Thu Huong
General Director



Bac Ninh, Vietnam


27 March 2015

SEPARATE INCOME STATEMENT
for the year ended 31 December 2014

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	27.1	487,608,490,050	398,231,466,243
02	2. Deductions	27.1	-	4,989,551,415
10	3. Net revenue from sale of goods and rendering of services	27.1	487,608,490,050	393,241,914,828
11	4. Cost of goods sold and services rendered	28	147,925,681,576	138,879,960,463
20	5. Gross profit from sale of goods and rendering of services		339,682,808,474	254,361,954,365
21	6. Finance income	27.2	129,000,059,635	17,772,843,687
22	7. Finance expenses	29	223,612,798,474	297,440,389,467
23	- in which: Interest expenses		168,761,424,287	228,189,948,662
24	8. Selling expenses		11,879,092,914	8,920,660,564
25	9. General and administrative expenses		40,608,092,824	34,776,588,784
30	10. Operating profit/(loss)		192,582,883,897	(69,002,840,763)
31	11. Other income	30	82,756,194	11,271,323,183
32	12. Other expenses	30	78,916,420	3,830,581,369
40	13. Other profit	30	3,839,774	7,440,741,814
50	14. Profit/(loss) before tax		192,586,723,671	(61,562,098,949)
51	15. Current corporate income tax expense	32.1	208,054,254	208,063,251
52	16. Deferred income tax income	32.3	208,054,254	208,063,251
60	17. Net profit/(loss) after tax		192,586,723,671	(61,562,098,949)


Vu Thanh Dieu
Preparer

Pham Phuc Hieu
Chief Accountant

 Nguyen Thi Thu Huong
General Director

Bac Ninh, Vietnam

27 March 2015

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2014

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit/(loss) before tax		192,586,723,671	(61,562,098,949)
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		21,565,971,530	23,137,303,171
03	Provision		50,581,461,736	58,419,486,015
04	Unrealised foreign exchange losses/(gains)	29, 27.2	3,588,622,690	(347,673,118)
05	Profits from investing activities		(109,673,240,754)	(17,425,170,569)
06	Interest expense	29	168,761,424,287	228,189,948,662
08	Operating profit before changes in working capital		327,410,963,160	230,411,795,212
09	Increase in receivables		(216,122,532,597)	(173,648,163,512)
10	Decrease in inventories		25,950,032,220	201,938,323,754
11	Increase in payables (other than interest, corporate income tax)		197,635,456,883	77,347,079,129
12	(Increase)/decrease in prepaid expenses		(4,900,310,951)	11,014,707,312
13	Interest paid		(237,432,858,599)	(307,557,328,037)
14	Corporate income tax paid	32.2	-	(51,122,531)
15	Other cash inflow from operating activities		-	17,048,661,389
16	Other cash outflows from operating activities		(5,517,050,957)	(16,833,293,573)
20	Net cash flows from operating activities		87,023,699,159	39,670,659,143
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(21,023,103,480)	(20,699,974,348)
23	Loans to other entities and payments for purchase of debt instruments of other entities		-	(200,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		-	1,500,000,000
25	Payments for investments in other entities		(186,895,000,000)	(200,000,000)
28	Proceeds from sale of investments in other entities/disposal of a subsidiary		209,110,000,000	-
29	Interest and dividends received		2,709,604,389	276,415,865
30	Net cash flows from/(used in) investing activities		3,901,500,909	(19,323,558,483)

SEPARATE CASH FLOW STATEMENT (continued)
for the year ended 31 December 2014

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		1,101,769,000,000	122,518,000,000
34	Repayment of borrowings		(1,170,526,501,015)	(139,086,662,645)
40	Net cash flows used in financing activities		(68,757,501,015)	(16,568,662,645)
50	Net increase in cash and cash equivalents		22,167,699,053	3,778,438,015
60	Cash and cash equivalents at the beginning of the year		59,010,513,275	55,232,075,260
61	Impact of exchange rate fluctuation		(1,027,986)	-
70	Cash and cash equivalents at the end of the year	4	81,177,184,342	59,010,513,275


Vu Thanh Diu
Preparer

Pham Phuc Hieu
Chief AccountantNguyen Thi Thu Huong
General Director

Bac Ninh, Vietnam

27 March 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
as at and for the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company is a shareholding company incorporated under the Law on Corporate of Vietnam pursuant to the Investment Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh on 27 March 2002, with the 15th amendment No. 2300233993 on 30 January 2015.

The current principal activities of the Company are investing, constructing and trading residential areas, re-settlement areas, workman's residential areas, industrial parks; leasing out and selling the plants and houses constructed by the Company in the industrial parks, residential areas, financial investment; and others activities in accordance with Investment Certificate.

The Company's head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam and its branch is located at 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City.

The Company's shares were listed on Ho Chi Minh Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by Ho Chi Minh Stock Exchange on 7 December 2009.

The total number of employees as at 31 December 2014 was 161 (31 December 2013: 208).

Corporate structure

At 31 December 2014, The Company's corporate structure includes 4 subsidiaries, in which:

<i>Number</i>	<i>Company</i>	<i>Voting right (%)</i>	<i>Interest right (%)</i>	<i>Head Office</i>	<i>Main Activities</i>
1	Saigon - Bacgiang Industrial Park Corporation	59.5	59.5	Quang Chau Industrial Park, Quang Chau commune, Viet Yen district, Bac Giang province	Investment, building and trading real estates
2	Sai Gon - Hai Phong Industrial Park Corporation (*)	86.54	86.54	Trang Due Industrial Park, Le Loi commune, An Duong district, Hai Phong city	Investment, building and trading real estates
3	Northwest Saigon City Development Corporation	60.52	60.52	Tram Bom, National Road No. 22, Tan Phu Trung, Cu Chi, Ho Chi Minh City	Investment, building and trading real estates
4	Saigon - Bacgiang Industrial Park Corporation	100	100	Bai Trieu Area, Trang Cat Commune, Hai An District, in Dinh Vu - Cat Hai Economical Zone, Hai Phong.	Investment, building and trading real estates

(*) During the year, Sai Gon – Hai Phong Industrial Park Corporation increased its share capital to VND 416 billion by issuing dividend stocks to existing shareholders and employees. Therefore, the voting rights and interests of the Company in this company decreased to 86.54%.

Besides, since the Company has not contributed capital into Bac Giang Thermal Power Joint Stock Company and Saigon – Long An Industrial Park Corporation as committed and that the capital contribution period was expired, these entities are no longer subsidiaries of the Company.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

2. BASIS OF PREPARATION

2.1 *Purpose of preparation the separate financial statements*

KinhBac City Development Holding Corporation has the subsidiaries as disclosed in Note 1. The Company prepared and released the separate financial statements in the accordance with the requirement of information disclosure stated in Circular 52/2012/TT-BTC providing the guidance on public disclosure in the stock market. According to this Circular, the Company has prepared and released the consolidated financial statements of the Company and its subsidiaries as at and for the year ended 31 December 2014 on 27 March 2015.

Users of the separate financial statements should read these separate financial statements in conjunction with the consolidated financial statements of the Company and its subsidiaries as at 31 December 2014 and for the year then ended in order to obtain full information on the consolidated financial position of the Company and its subsidiaries, the consolidated results of its operations and its consolidated cash flows for the year then ended.

2.2 *Accounting standards and system*

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

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

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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

2. BASIS OF PREPARATION (continued)

2.3 Applied accounting documentation system

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

2.4 Fiscal year

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

2.5 Accounting currency

The separate financial statements are prepared in VND which is also the Company's accounting currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Inventories

Industrial and urban real estate which has been built for sale in the normal course of operations of the Company, not for rent or for waiting the price to increase, was recorded as inventory at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

The cost of real estate for sale including expenses on compensation and site restoration, construction of road and drainage system, greenery planting and other infrastructure costs, construction fee paid for contractors, capitalized borrowing cost, consultancy cost, design cost, ... and other related costs

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.

Provision for obsolete inventories

An inventories provision is created for the estimated loss arising due to the impairment of value (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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Receivables*

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

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

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

3.5 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use. Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the separate income statement as incurred. When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

3.6 *Depreciation and amortisation*

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

Buildings and structures (Land and infrastructure development cost)	8 – 25 years
Machinery and equipment	4 – 8 years
Means of transportation	6 – 10 years
Office equipment	3 – 5 years

Periodically, the estimated useful life for fixed asset and its depreciation/amortization rate is reviewed to ensure that the depreciation/amortization method and period are consistent with the expected economic benefits to be received from the use of fixed asset.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Investment properties* (continued)

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

Factories	8 years
Land and infrastructure development cost	45 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 in the year of retirement or disposal.

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

3.8 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expense:

- ▶ Prepaid rental was amortised over the prepayment term;
- ▶ Bond issuance expense was amortised over the bond maturities; and
- ▶ Other long-term prepaid expense was amortised over 1 to 3 years

3.9 *Investments*

Investment in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Other distributions are considered a recovery of investment and are deducted to the cost of the investment.

Investment 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Investments (continued)

Investments in securities and other investments

Investments in securities and other investments are stated at their acquisition costs.

Short-term investment includes ownership of listed shares, non-listed shares with maturity is less than 1 year and short-term loans. Long-term loans include listed shares and non-listed shares with maturity over 1 year and long-term loans.

Provision for investment

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009 and amended under Circular 89/2013/TT-BTC issued by the Ministry of Finance on 28 June 2013. Increases and decreases to the provision balance are recorded as finance expense in the separate income statement.

3.10 Borrowing costs

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

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

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

3.11 Payable and accrual

Payable and accrual are recognised for amount to be paid in the future for goods and services received, whether or not billed to the Company.

3.12 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 Labor 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 48 of the Labour Code.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Company maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the separate income statement.

3.14 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.

3.15 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval by the appropriate level of in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements. Dividend was declared from undistributed profit based on the capital contribution of shareholders

3.16 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. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Long-term lease of land and infrastructure

Revenue is recognised when the Company have passed the significant risks and rewards attached to the piece of land to the buyer and the revenue can be reliably measured.

Sale of factories

Revenue is recognised when the Company have passed the significant risks and rewards attached to the buildings to the buyer and the revenue can be reliably measured.

Lease of factories

Revenue is arisen in according to operating lease contract is recognised to the separate income statement on a straight-line basis over the lease term.

Rendering of services

Revenue is recognised when service has been delivered to the buyer, and is determined by the net value after deducting discounts, value-added tax, and other deductions.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue recognition (continued)

Income from investment in securities and capital assignment

Income is determined by the difference between the selling price and cost of the securities. Income is recorded on the date of occurrence, which is when the assignment contract is effective.

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.

3.17 Cost of land and infrastructure

Cost of leased land and infrastructure includes all direct costs that are attributable to the development of land and infrastructure or costs allocated on a reasonable basis to such activities including:

- ▶ All costs incurred for land and land development activities;
- ▶ All costs incurred for construction and construction related activities;
- ▶ Mandatory and non-saleable costs associated to development activities that would be incurred on existing and future land and infrastructure of the project such as common infrastructure, mandatory land reserve for public facilities, etc.

3.18 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 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 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**3.18 Taxation** (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset 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 off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on:

- ▶ either the same taxable entity;
- ▶ or when the Company intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Segment information

A segment is a component can be separately identified in which Company takes part in providing the sale of relevant goods or services (segment divided by business operation activities), or providing the sale of goods or services within a particular economic environment (segment divided by geographic regions), each of which is subject to risks and benefits and is different from other parts. Real estate trading activities in the Vietnam territory is the major activity to generate the revenue and profit for the Company. Thus, the Company's Management assumes that the Company operated in only one business segment which is a real estate business segment and in critical geographic region which is Vietnam.

3.20 Financial instruments

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("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 recognized initially at cost plus directly attributable transaction costs.

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

Financial liabilities

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

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

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

Financial instruments – subsequent measurement

There is currently no guidance in relation to subsequent re-measurement of financial instruments under Circular 210. Accordingly, the financial instruments are subsequently 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Convertible bond

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or another financial asset) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

In 2014, the Company has successfully issued convertible bonds amounting to 900 billion Vietnam for a 3 year period out of VND 1,200 billion convertible bonds (Note 25.4). The management have assessed that there is no equity element of the convertible bonds mentioned above (so can not definitely determined the number of ordinary shares which may be converted) and recorded the entire bonds are financial liabilities.

4. CASH AND CASH EVQUIVALENTS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	7,005,317,305	400,829,192
Cash at banks	74,171,867,037	20,456,796,583
Cash equivalents	-	38,152,887,500
TOTAL	81,177,184,342	59,010,513,275

5. SHORT-TERM INVESTMENT

	<i>Currency: VND</i>			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Quantity</i>	<i>Value</i>	<i>Quantity</i>	<i>Value</i>
Short-term investment in listed securities	312,177	7,490,461,369	312,177	7,490,461,369
Total short-term investments		7,490,461,369		7,490,461,369
Provision for diminution in short-term investment		(4,993,045,369)		(5,430,093,169)
TOTAL		2,497,416,000		2,060,368,200

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Short-term trade receivables

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables (i)	273,375,424,684	64,688,089,088
Receivables from related parties	-	188,556,997,631
TOTAL	273,375,424,684	253,245,086,719
Provision for short term doubtful debts	(6,435,932,067)	(6,401,721,233)
TOTAL	266,939,492,617	246,843,365,486

(i) Trade receivables include the following receivables with significant balance as at 31 December 2014:

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Saigon Investment Corporation	104,130,000,000	-
Kinh Bac Service JSC	63,995,833,153	36,000,000,000
Others receivables	105,249,591,531	28,688,089,088
TOTAL	273,375,424,684	64,688,089,088
Provision for short term doubtful debts	(6,435,932,067)	(6,401,721,233)
TOTAL	266,939,492,617	58,286,367,855

6.2 Long-term trade receivables

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Long-term trade receivables (*)	461,757,137,391	281,833,824,327
TOTAL	461,757,137,391	281,833,824,327

(*) This is receivable from Kinh Bac Service JSC related to revenue from lease of land and infrastructure and sale of factories in Que Vo industrial zone in 2013 and 2014. In which, the receivables from lease of land and infrastructure and sale of factories in 2013 is VND 197,755,644,442 and was committed to pay no later than 31 December 2016 and bear the deferred interest of 13% per annum. The remaining receivable related to lease of land and infrastructure and sale of factories in 2014 was committed to pay no later than 31 December 2017 and bear the deferred interest of 9% per annum.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014**7. ADVANCE TO SUPPLIERS**

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Kinh Bac Investment and Consultant Corporation (i)	336,992,799,434	352,035,461,563
Cuu Long Development and Construction JSC-Bac Ninh Branch	-	50,550,800,626
Foster and Partners Limited	25,961,600,000	29,521,333,333
Others	8,223,778,651	9,706,631,322
TOTAL	<u>371,178,178,085</u>	<u>441,814,026,844</u>

- (i) As at 31 December 2014, the Company had advanced to Kinh Bac Investment and Consultant Corporation for the implementation of site clearance compensation and constructing of certain on-going contracts.

8. OTHER RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from related parties (Note 33)	136,929,723,661	292,296,969,472
Receivables from non-interest loan (i)	50,300,000,000	50,000,000,000
Receivables from Scanviwood Limited (ii)	21,190,000,000	21,190,000,000
Receivables from province Bac Ninh's People Committee (price support for infrastructure lease (iii))	19,440,000,000	19,440,000,000
Receivables from deferred payment of land and infrastructure leasing and sale of factories (iv)	16,385,571,712	-
Receivables from Van Duong ward's People Committee	2,228,672,000	2,228,672,000
Other	5,099,347,387	3,769,265,265
TOTAL	<u>251,573,314,760</u>	<u>388,924,906,737</u>
Provision for other receivables (ii)	<u>(11,095,000,000)</u>	<u>(10,595,000,000)</u>
TOTAL	<u>240,478,314,760</u>	<u>378,329,906,737</u>

- (i) These are non-interest bearing receivables. Details of non-interest lending are as follows:

	<i>Principal VND</i>	<i>Maturity date</i>	<i>Collateral</i>
Sai Gon Manufacturing and Trading Corporation	50,000,000,000	31 December 2015	Unsecured
Sai Gon – Tay Ninh Industrial Investment and Development Joint Stock Company	<u>300,000,000</u>	31 December 2015	Unsecured
TOTAL	<u>50,300,000,000</u>		

- (ii) It is the advance for purchase shares of Scanviwood Co., Ltd. During the year, the Company made provision for this advance with the amount of VND 10,595,000,000.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

8. OTHER RECEIVABLES (continued)

- (iii) According to minute of interdisciplinary between Finance Department of Bac Ninh province, Department of Planning and Investment of Bac Ninh, Department of Natural Resources and Environment of Bac Ninh, Office of Industry Management and KinhBac City Development Corporation dated 14 August 2007 and the Decision in regards of supporting investment capital for enterprises No. 1951/QD-UBND dated 31 December 2007, People's committee of Bac Ninh committed to support on leasing price with infrastructure through infrastructure investment project at Que Vo Industrial Park. Thereafter, the amount of VND19.44 billion is the investment support from Province's budget to invest in the wastewater treatment factory project at Que Vo Industrial Park.
- (iv) Comprising interest on deferred payment of land and infrastructure leasing and sale of factories to Sai Gon Manufacturing and Trading Corporation of VND 13,433,250,604 and Kinh Bac Service JSC of VND 2,952,321,108.

9. INVENTORIES

Currency: VND

Ending balance Beginning balance

Work in progress

Phuc Ninh Urban Area	763,875,971,070	725,657,230,954
Nam Son - Hap Linh Industrial Park	194,505,863,659	179,692,012,270
Que Vo I Industrial Park	74,814,613,682	73,524,927,883
Que Vo II Industrial Park	117,840,809,247	70,091,111,154
Residential houses for low – income people	23,897,163,067	23,897,163,067
Other projects	13,147,207,278	13,115,387,278
TOTAL	<u>1,188,081,628,004</u>	<u>1,085,977,832,606</u>

Work in progress of the Company at 31 December 2014 includes compensation cost and infrastructure development cost, capitalized interest and overhead allocated which incurred in the development process of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh Urban Area, Nam Son - Hap Linh Industrial Park and other projects of the Company for the purpose of re-selling. The majority part of the Company's inventories are used as pledges for loans as detailed in Note 25.

10. TAX AND OTHER RECEIVABLES FROM THE STATE

Currency: VND

Ending balance Beginning balance

Corporate income tax prepaid (Note 32.2)	6,267,075,116	6,475,129,370
TOTAL	<u>6,267,075,116</u>	<u>6,475,129,370</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

11. OTHER CURRENT ASSETS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advance to employees	10,863,971,030	5,408,120,870
<i>Advance to related parties (Note 33)</i>	<i>8,680,598,508</i>	<i>3,970,772,420</i>
<i>Advance to other employees</i>	<i>2,183,372,522</i>	<i>1,437,348,450</i>
Deposit (*)	12,851,128,404	12,851,128,404
TOTAL	<u>23,715,099,434</u>	<u>18,259,249,274</u>

(*) Deposits for implementing the business co-operation contract with Hanoi 1 Agriculture Development and Investment One-member Limited Company.

12. OTHER LONG-TERM RECEIVABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivable from non-interest loan (Note 33)	2,091,478,446,236	1,926,678,446,236
Receivable from loan interest expense of related parties (Note 33)	59,771,155,069	-
Non-interest loan	-	300,000,000
TOTAL	<u>2,151,249,601,305</u>	<u>1,926,978,446,236</u>

KinhBac City Development Holding Corporation

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

13. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures (including cost of land development and infrastructure)	Machinery and equipment	Transportations	Office equipment	Others	Total
Cost:						
Beginning balance	113,671,411,221	4,538,152,308	17,284,679,741	4,565,158,374	788,381,818	140,847,783,462
Newly purchased	-	638,963,637	2,934,367,818	-	-	3,573,331,455
Transferred from construction in progress	8,219,171,198	-	-	-	-	8,219,171,198
Disposal	-	-	(78,000,000)	-	-	(78,000,000)
Ending balance	121,890,582,419	5,177,115,945	20,141,047,559	4,565,158,374	788,381,818	152,562,286,115
Fully depreciation	-	448,196,364	4,121,273,236	2,484,616,748	213,381,818	7,267,468,166
Accumulated depreciation:						
Beginning balance	32,017,073,441	2,406,493,795	10,508,918,340	3,249,804,579	615,744,319	48,798,034,474
Depreciation for the year	10,324,849,757	568,962,432	1,787,958,353	370,320,932	71,875,000	13,123,966,474
Disposal	-	-	(78,000,000)	-	-	(78,000,000)
Ending balance	42,341,923,198	2,975,456,227	12,218,876,693	3,620,125,511	687,619,319	61,844,000,948
Net carrying amount:						
Beginning balance	81,654,337,780	2,131,658,513	6,775,761,401	1,315,353,795	172,637,499	92,049,748,988
Ending balance	79,548,659,221	2,201,659,718	7,922,170,866	945,032,863	100,762,499	90,718,285,167

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

14. CONSTRUCTION IN PROGRESS

Currency: VND

	<i>Ending balance</i>	<i>Beginning balance</i>
Lotus Hotel Project (*)	119,161,983,744	119,161,983,744
Hanoi Diplomatic Area (**)	106,555,116,818	106,555,116,818
Que Vo I Industrial Park	4,892,811,683	3,901,256,073
Bac Giang Thermal Power	3,116,503,893	3,116,503,893
Que Vo II Industrial Park	1,994,980,499	4,910,178,569
Others	786,976,364	786,976,364
TOTAL	<u>236,508,373,001</u>	<u>238,432,015,461</u>

- (i) In accordance with the Decision No. 413/QĐ-UBND dated 22 January 2010, the Company was approved as the investor of Hanoi Lotus Hotel Project with area of around 40,484m². Total cost incurred includes support of USD US5.5 million to Hanoi's People Committee, design and consultancy fee paid to foreign contractors and other expenses.
- (ii) Under the contract for infrastructure transfer No. 2592/2009/HANCORP-KBC dated 5 October 2009, Hanoi Construction Corporation transferred the existing infrastructure to the Company for further development of the project of building the head offices, representative offices of international bodies at Hanoi Diplomatic Area.

15. INVESTMENT PROPERTIES

Currency: VND

*Factories
(including cost of
land development
and infrastructure)*

Cost:

Beginning balance	116,549,931,191
Increase	14,447,553,432
Reclassified to inventory	<u>(130,997,484,623)</u>
Ending balance	-

Depreciation:

Opening balance	11,942,938,654
Increase	8,438,655,223
Reclassified to inventory	<u>(20,381,593,877)</u>
Ending balance	-

Net carrying amount

Opening balance	<u>104,606,992,537</u>
Ending balance	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

16. CAPITALIZED BORROWING COSTS

During the year, the Company capitalized borrowing costs amounting to VND 71.3 billion. These costs relate to borrowings taken to finance the construction of Que Vo II Industrial Park, Nam Son - Hap Linh Industrial Park, Phuc Ninh Urban Area and other development projects of the Company.

17. LONG-TERM INVESTMENTS

		<i>Currency: VND</i>	
	<i>Notes</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in subsidiaries	17.1	2,749,066,314,000	2,749,366,314,000
Investments in associates	17.2	716,450,491,074	727,823,491,074
Other long-term investments	17.3	1,141,492,700,000	1,065,084,700,000
Provision for long-term investments		<u>(479,327,162,483)</u>	<u>(448,842,863,781)</u>
TOTAL		<u>4,127,682,342,591</u>	<u>4,093,431,641,293</u>

17.1 Investments in subsidiaries

	<u>Ending balance</u>			<u>Beginning balance</u>		
	<i>% of voting right</i>	<i>No. of shares</i>	<i>VND</i>	<i>% of voting right</i>	<i>No. of shares</i>	<i>VND</i>
Trang Cat Urban Development One Member Company Limited	100%	150,000,000	1,500,000,000,000	100%	150,000,000	1,500,000,000,000
Northwest Saigon city Development Corporation	60.52%	30,259,574	662,066,314,000	60.52%	30,259,574	662,066,314,000
Sai Gon - Hai Phong Industrial Park Corporation	86.54%	3,600,000	468,000,000,000	90%	1,800,000	468,000,000,000
Saigon - Bacgiang Industrial Park Corporation	59.50%	1,309,000	119,000,000,000	59.50%	1,190,000	119,000,000,000
Saigon – Long An Industrial Park Corporation (*)	0%	-	-	51%	30,000	300,000,000
TOTAL			<u>2,749,066,314,000</u>			<u>2,749,366,314,000</u>

(*) Besides, since the Company has not contributed capital into Saigon – Long An Industrial Park Corporation as committed and that the capital contribution period was expired, these entities are no longer subsidiaries of the Company. The investment is classified as other long-term investments at 31 December 2014.

Detailed information on subsidiaries at 31 December 2014 is presented in Note 1.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. INVESTMENTS (continued)

17.2 Investments in associates

	Note	% of voting right	31 December 2014		31 December 2013	
			No. of shares	VND	No. of shares	VND
Investment in associates						727,823,491,074
Saigon Telecommunication & Technologies Corporation	(i)	21.48%	15,896,923	423,492,661,074	15,896,923	423,492,661,074
Saigon – Hue Investment Corporation	(ii)	28.14%	9,849,000	210,627,000,000	-	-
SGL-Lao Hydropower Joint Stock Company	(iii)	0%	-	-	19,000,000	190,000,000,000
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	(iv)	27.44%	8,233,083	82,330,830,000	8,233,083	82,330,830,000
Nam Viet Land Joint Stock Company	(v)	0%	-	-	2,000,000	20,000,000,000
Saigon-Ca Mau Infrastructure Corporation	(v)	0%	-	-	1,000,000	10,000,000,000
Saigon-Dung Quat Development Investment Corporation	(v)	0%	-	-	200,000	2,000,000,000
TOTAL				716,450,491,074		727,823,491,074

(i) Saigon Telecommunication & Technologies Corporation

Saigon Telecommunication & Technologies Corporation was established pursuant to the Business Registration Certificate No. 4103000992 issued by the Department of Planning and Investment of Ho Chi Minh city on 14 May 2002 and amended subsequent Business with the latest, being the 13th amended Business Registration Certificate dated 11 August 2014 with registered charter capital of VND740,019,140,000. Its principal activities include trading computer, electronic equipment, materials, telecommunication and post equipment; trading and installation of transmission equipment, connection, security equipment for communication; information technology consulting; designing and installation of computer system; constructing industrial park, residential area, traffic, bridge and road, irrigation. Its registered office is located at 46th, Quang Trung Software Park, Ward Tan Chanh Hiep, District 12, Ho Chi Minh City.

(ii) Saigon – Hue Investment Corporation

Saigon – Hue Investment Corporation was established pursuant to the Business Certification Registration No. 3103000255 issued by the Department of Planning and Investment of Thua Thien – Hue on 9 October 2007 and the first amended Business Certification Registration on 16 February 2012 with registered charter capital of VND350 billion. Its principal activities include infrastructure investment and development, industrial and civil construction.

During the year 2014, the Company purchased 21.36% of shares of this company, accordingly, increased its ownership in this associate to 28.14%.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. INVESTMENTS (continued)

17.2 Investments in associates (continued)

(iii) *SGI-Laos hydropower Joint Stock Company*

The Company holds directly 19% voting rights and indirectly 15.3% through Bac Giang Thermal Power Joint Stock Company in SGI-Laos Hydropower Joint Stock Company. This Company was established as per the certificate of business registration No. 0104761136 issued by the Department of Planning and Investment of Hanoi on 15 June 2010 and the third amended business license on 26 October 2012, its total registered charter capital of VND1,000 billion. Its principal activities are to operate, produce and trade electricity; to import equipment, tools, materials, consumables for the production and trading of power; to construct railway works, roads, train; to manage, operate, provide maintenance for power plans; and other activities in according to the Business Licence. This company is based at 20 Mac Dinh Chi, Truc Bach Ward, Hanoi, Vietnam.

As at 31 December 2014, the Company no longer controlled Bac Giang Thermal Power Joint Stock Company since it did not contribute capital into the entity as committed, and therefore, the Company only holds directly 19% of voting right in SGI – Lao Hydro Power Joint Stock Company. Accordingly, this company was reclassified to other long-term investment.

(iv) *Saigon High-tech Park Infrastructure Development Investment Joint Stock Company*

Saigon High-tech Park Infrastructure Development Investment Joint Stock Company was established pursuant to the Business Registration Certificate No. 4103006017 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 January 2007 with registered charter capital of VND300 billion. Its principal activities include infrastructure investment and development; leasing and selling office, trading centre and apartment buildings; consignment and trading agent; civil and industrial construction; development of road and drainage system; investment, management and construction consulting; brokerage; providing custom declaration services; restaurant, hotel, resort, travel businesses. Its registered office is located at 6-1, Ree Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh City.

(v) These investments in associates were liquidated during the year.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. INVESTMENTS (continued)

17.3 Other long-term investment

	Note	31 December 2014		31 December 2013	
		VND	No. of shares	VND	No. of shares
Saigon - Binh Dinh Power Corporation	(1)	48,300,000	483,000,000,000	48,300,000	483,000,000,000
Saigon - Quy Nhon Mineral Corporation	(2)	6,900,000	339,000,000,000	6,900,000	339,000,000,000
SGL - Lao Hydro Power Joint Stock Company	(3)	19,000,000	190,000,000,000	-	-
Song Tranh 4 Hydropower JSC	(4)	-	-	5,130,000	51,300,000,000
Sai Gon - Da Nang Investment Corporation	(5)	3,900,000	39,000,000,000	3,900,000	39,000,000,000
VTC-Saigontel Media Corporation	(6)	3,070,020	30,700,200,000	3,070,020	30,700,200,000
Saigon - Hue Investment Corporation	(7)	-	-	2,373,200	23,732,000,000
Hung Vuong University	(8)	-	-	-	20,000,000,000
Sai Gon-Binh Phuoc Industrial Park Corporation	(9)	190,000	19,000,000,000	190,000	19,000,000,000
Ban Viet Capital Healthcare Fund	(10)	86	8,640,000,000	150	15,000,000,000
Saigon Investment Construction and Building Construction Material Corporation	(11)	950,000	11,352,500,000	950,000	11,352,500,000
Saigon - Cantho Industrial Park Corporation	(12)	-	-	100,000	10,000,000,000
Saigon - NhonHoi Industrial Park Corporation	(13)	100,000	10,000,000,000	100,000	10,000,000,000
Saigon - Hamtan Tourism Corporation	(14)	70,000	7,000,000,000	70,000	7,000,000,000
Sai Gon - Tan Ky Cement Joint Stock Company	(15)	-	-	250,000	2,500,000,000
Sai Gon - Binh Thuan Investment Development Power Plant Corporation	(16)	350,000	3,500,000,000	350,000	3,500,000,000
Saigon - Long An Industrial Park Corporation	(17)	30,000	300,000,000	-	-
TOTAL			1,141,492,700,000		1,065,084,700,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. INVESTMENTS (continued)

17.3 Other long-term investment (continued)

- (1) Saigon - Binh Dinh Power Joint Stock Company was established in accordance with Business Registration Certificate No. 350300174 issued by Planning and Investment Department of Binh Dinh province on 28 December 2007 and the first amendment dated 16 December 2009. Total charter capital is VND10,000 billion in which VND4,300 billion is committed by founding shareholders. As at 31 December 2014, the Company contributed VND483 billion, equivalent to 11.23% of total charter capital. This company is located at 160 Tang Bat Ho, Quy Nhon city, Binh Dinh province. At 31 December 2014, the Company notified to waive its right to contribute capital to this company (with respects to un-contributed capital to this company).
- (2) In accordance with Business Registration Certificate No. 353031000005 dated 11 December 2006, 8th amendment dated 2nd March 2012, charter capital of Saigon - Quy Nhon Mineral Corporation is VND1,200 billion. As at 31 December 2014, the Company holds 6,900,000 shares (par value is VND10,000), equivalent to 5.75% of charter capital.
- (3) In accordance with Business Registration Certificate No. 0104761136 issued by the Department of Planning and Investment of Hanoi on 15 June 2010 and the third amended business license on 26 October 2012, its total registered charter capital of VND1,000 billion. As at 31 December 2014, the Company contributed VND 190 billion, equivalent to 19% of this company's charter capital.
- (4) The Company disposed this investments in 2014.
- (5) In accordance with Business Registration Certificate No. 04.00.503777 dated 3 August 2005, 5th amendment dated 22 November 2011, charter capital of Sai Gon - Da Nang Investment Corporation is VND 200 billion, of which, 19.5% is contributed by the Company. As at 31 December 2014, the Company contributed VND39 billion, equivalent to 19.5% of charter capital.
- (6) Under the Business Cooperation Agreement on 12 February 2008 between the VTC Wireless Telecommunications JSC ("VTC") and Saigon Telecommunication & Technologies Corporation and the certificate of business registration number 0103025781 as at 11 July 2008, the charter capital of VTC - Saigontel Media Corporation is VND 160 billion, including capital contribution rate of 19.2% from the company. The company has transferred VND 30,700,200,000 (equivalent to 19.2% of registered capital) to Huu Nghi Communications JSC (the company being authorized under official letter by VTC) on 10 March 2008. The company is currently in the process of working with VTC to withdraw this investment (see details in Note 34)
- (7) This investment was classified as investments in associate (Note 17.2).
- (8) This is investment in Hung Vuong University, Ho Chi Minh city. As agreement in the contract and among the shareholders, this is non-profit investment, therefore the Company made full provision for the investment value. As at 31 December 2014, the Company wrote off this investment from its list of long-term investments.
- (9) Pursuant to the Business Registration Certificate No. 3800339968 issued by the Department of Planning and Investment of Binh Dinh province on 19 June 2006 and the 2nd amended subsequent Business Registration Certificate dated 16 August 2012, Sai Gon-Binh Phuoc Industrial Park Corporation's registered charter capital is VND180 billion. As at 31 December 2014, the Company contributed VND19 billion, equivalent to 10.56% of charter capital.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

17. INVESTMENTS (continued)

17.3 Other long-term investment (continued)

- (10) In accordance with Notice no. 677/UBCK-QLQ dated 20 February 2014, issued by the State Securities Committee on confirmation of establishment Viet Capital Healthcare Fund (VCHF), Fund's charter capital is VND 287.984 billion. As at 31 December 2014, the Company contributed VND 8.64 billion to this Fund.
- (11) In accordance with Business Registration Certificate No. 4103001931 dated 19 November 2003, 1st amendment dated 14 May 2004, charter capital of Saigon Investment Construction and Building Construction Material Corporation is VND 50 billion, of which, 10% is the contribution committed by the Company. As at 31 December 2014, the Company holds 950,000 shares (par value is VND10,000), equivalent to 19% of charter capital.
- (12) The Company disposed this investment in 2014.
- (13) In accordance with Business Registration Certificate No. 3503000070 dated 24 December 2005, 4th amendment dated 2 January 2008, charter capital of Saigon – NhonHoi Industrial Park Corporation is VND100 billion, of which, 10% is contributed by the Company. As at 31 December 2014, the Company contributed VND10 billion, equivalent to 10% of charter capital.
- (14) In accordance with Business licence No. 4103000892 dated 25 March 2002, 10th amendment dated 16 June 2010, charter capital of Saigon – Hamtan Tourism Corporation is VND 108 billion, of which. As at 31 December 2014, the Company has contributed VND7 billion, equivalent to 6.5% of charter capital.
- (15) The Company disposed this investment in 2014.
- (16) In accordance with Business Registration Certificate No. 4803000122 issued by Department of Planning and Investment of Binh Thuan on 26 September 2007, total charter capital of Sai Gon - Binh Thuan Investment Development Power Plant Corporation is VND 1,000 billion, of which the Company committed to contribute 38.5% of charter capital. As at 30 June 2014, the Company contributed VND3.5 billion, equivalent to 0.35% of charter capital. According to the minutes of meetings of the Board of Directors No. 108/2009/HDQT-QD December 1, 2009, members of the Board of the Company decided to transfer this investment. Therefore, the Company does not make additional capital contributions as originally committed.
- (17) In accordance with Business Registration Certificate No. 5003000256 issued by Department of Planning and Investment of Long An on 19 September 2007, total charter capital of Saigon – Long An Industrial Park Corporation is VND 200 billion. As at 31 December 2014, the Company contributed VND 300 million, equivalent to 0.15% of charter capital (Note 1).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

18. LONG-TERM PREPAID EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Underwriting fee for bond issuance	18,997,419,829	16,123,367,016
Others	367,561,079	338,216,831
TOTAL	<u>19,364,980,908</u>	<u>16,461,583,847</u>

19. SHORT-TERM LOANS AND BORROWINGS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans	113,664,148,452	438,965,424,791
<i>In which:</i>		
Loans from related parties (Note 33)(*)	112,330,830,000	438,965,424,791
Other loans (**)	1,333,318,452	-
Current portion of long-term loans and debts (Note 25)	839,955,555,552	2,822,989,925,922
TOTAL	<u>953,619,704,004</u>	<u>3,261,955,350,713</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

19. SHORT-TERM LOANS AND BORROWINGS (continued)

(*) As at 31 December 2014, short-term loans from related parties are follows:

	Contract	Ending balance VND	Duration and maturity date	Interest rate	Collaterals/guarantees	Currency: VND
<i>Other short-term loans from related parties</i>						
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Contract No. 03.5/05-2011/HEVV Contract No. 04.5/05-2011/HEVV	82,330,830,000 30,000,000,000	30 June 2015 30 June 2015	0.12%/year 0.12%/year	Unsecured Unsecured	
	TOTAL	112,330,830,000				

The Company utilised the above loans with the aim to develop its project of industrial parks, urban areas, other projects and supplement to its working capitals.

(**) This includes unsecured non-interest bearing loan from Saigon Investment Corporation.

The company has used the loan for the development projects of industrial parks, urban areas and other investment projects and also supplement working capital needs.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

20. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

20.1 Short-term trade payables

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade payable (i)	36,299,708,829	365,198,487,970
Trade payables to Saigon Telecommunication & Technologies Corporation - Bac Ninh branch (Note 33)	<u>17,160,000</u>	<u>17,160,000</u>
TOTAL	<u>36,316,868,829</u>	<u>365,215,647,970</u>

(*) During the year, the Company has issued additional shares, with par value of VND10,000 per share, to offset with VND 333 billion of payables to Pham Thi Le, Quach Thi Nga and Sam Thi Huong (Note 25.1).

20.2. Advances from customers

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Deposit for buying houses and land use rights in Phuc Ninh and Quang Chau urban area	196,210,907,200	197,230,853,200
Deposit by National Citizen Bank (previously known as Nam Viet Commercial Joint Stock Bank) for buying houses and land use rights in Phuc Ninh project	66,582,840,000	66,582,840,000
Prepayment for land and infrastructure in industrial parks	-	35,128,673,032
Others	<u>3,001,365,109</u>	<u>11,741,227</u>
TOTAL	<u>265,795,112,309</u>	<u>298,954,107,459</u>

21. STATUTORY OBLIGATIONS

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Value added tax	73,501,280,142	69,390,974,336
Personal Income Tax	232,149,000	216,643,333
Others	<u>401,603,714</u>	<u>753,616,298</u>
TOTAL	<u>74,135,032,856</u>	<u>70,361,233,967</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

22. ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Future development cost for leased	179,464,000,986	217,319,242,525
<i>Que Vo I Project</i>	38,715,957,304	57,207,143,852
<i>Que Vo II Project</i>	140,748,043,682	160,112,098,673
<i>Phuc Ninh project</i>	-	-
Interest accruals (*)	586,695,264,743	483,449,661,560
Bond issuance expense	13,950,000,000	-
Accrued expenses to related parties (Note 33)	235,894,743	314,496,324
Other accruals	4,082,466,994	5,132,250,034
TOTAL	<u>784,427,627,466</u>	<u>706,215,650,443</u>

(*) Mostly include the bond interest expenses incurred with PVCombank. As at 31 December 2014, PVCombank issued an official letter approving the restructuring and extension of the terms of principal and bond interest payment (see Note 25.3).

23. OTHER PAYABLES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Non-interest loan (*)	77,570,642,264	605,410,575,731
Kinh Bac Investment and Trading JSC (*)	-	63,315,023,450
Other payables to related parties (Note 32)	115,849,588,817	176,767,387,905
Saigon Investment Corporation (**)	70,000,000,000	-
Cholimex Mechatronics i Informatics JSC (***)	55,500,000,000	-
Cuu Long Development and Construction JSC- Bac Ninh Branch	-	32,531,764,650
Other payables	2,652,641,173	5,156,261,197
TOTAL	<u>321,572,872,254</u>	<u>883,181,012,933</u>

(*) During the year, the Company has issued additional shares, with par value of VND10,000 per share, to offset with payables to Kinh Bac Investment and Consultant Corporation and Kinh Bac Investment and Trading JSC with the amounts of VND603,685,000,000 and VND63,315,000,000 respectively (Note 26.1).

(**) This is the deposit to purchase bonds from Saigon Investment Corporation.

(***) During the year, the Company received VND 55.5 billion from Cholimex Mechatronics Informatics JSC for the purpose of infrastructure development of Phuc Ninh Urban Zone in accordance with the Business Cooperation Agreement No. 1004/HĐHTKD-KBC/2014 dated 10 April 2014.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

24. OTHER LONG-TERM LIABILITIES

	<i>Currency: VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Long-term deposits (*)	951,079,020	7,246,793,629
Accrual for severance allowance	951,967,962	951,967,962
TOTAL	1,903,046,982	8,198,761,591

(*) This is the deposit by customers for leasing factories at Que Vo II Industrial Park.

25. LONG-TERM LOANS AND DEBTS

The Company obtained loans and issued bonds for the purpose of development of industrial parks, urban zone and other projects of the Company. As at 31 December 2014, long-term loans and bonds are follows:

		<i>Currency: VND</i>	
		<i>Ending balance</i>	<i>Beginning balance</i>
Loans from banks	25.1	91,902,222,232	235,358,446,908
Loans from related parties (Note 33)	25.2	1,500,000,000	1,500,000,000
Bonds issued	25.3	2,200,000,000,000	2,700,000,000,000
Convertible bonds	25.4	900,000,000,000	-
TOTAL		3,193,402,222,232	2,936,858,446,908
<i>In which:</i>			
<i>Non-current portion</i>		2,353,446,666,680	113,868,520,986
<i>Current portion (Note 19)</i>		839,955,555,552	2,822,989,925,922

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

25. LONG-TERM LOANS AND DEBTS (continued)

25.1 Long-term loans from banks

As at 31 December 2014, long-term loans from banks are follows:

<i>Banks</i>	<i>Principal VND</i>	<i>Interest receivables %/year</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade – Que Vo Branch	72,900,000,000	11.5%/year
Vietnam Joint Stock Commercial Bank for Industry and Trade – Que Vo Branch	19,002,222,232	11.5%/year
	<u>91,902,222,232</u>	
<i>In which:</i>		
<i>Current portion</i>	88,455,555,552	

Loans are secured by assets formed in the future of Project financed by the loans and the rights over asset arising from economic contracts financed by the loans in Que Vo II Industrial Park, Nam Son- Hap Linh Industrial Park, Phuc Ninh Urban Zone.

25.2 Other long-term loans

<i>Contract</i>	<i>Ending balance</i>	<i>Duration and maturity date</i>	<i>Interest rate</i>	<i>Collaterals/ guarantees</i>
Sai Gon – Da Nang Investment Corporation Agreement dated 10 July 2012	1,500,000,000	10 July 2015	0% p.a.	Unsecured
	<u>1,500,000,000</u>			
<i>In which:</i>				
<i>Current portion</i>	1,500,000,000			

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
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25. LONG-TERM LOANS AND DEBTS (continued)

25.3 Bonds issued

As at 31 December 2014, bonds issued by the Company are follows:

Bond	Type of bond	Number of bonds	Par value VND	Amount VND	Interest rate	Duration	Collaterals
KBC Bond 001	Secured corporate bond issued to Vietnam Joint Stock Commercial Bank for Industry and Trade (*)	5,500,000	100,000	550,000,000,000	11.5%/year	From November 2014 to May 2017	All assets which the Company have invested and will invest in the future on the expansion of Que Vo II of 300 ha and 45 ha of land at Phuc Ninh Residential Area.
KBC Bond 003	Corporate bond issued to PVcombank (**)	2,000,000	100,000	200,000,000,000	12.5%/ year	31 October 2015	Inventories of Trang Cat Urban and Service Zone Project
KBC Bond 004	Corporate bond issued to PVcombank (**)	4,000,000	100,000	400,000,000,000	12%/ year	30 April 2016	Inventories of Trang Cat Urban and Service Zone Project
KBC Bond 005 (**)	Secured corporate bond issued to Vietnam Development and Investment Bank (***)	4,500,000	100,000	450,000,000,000	9.5% adjusted annually	28 December 2017	12.63 million of SGT shares and 16.75 million KBC shares owned by Mr. Dang Thanh Tam and asset formed in the future in Quang Chau IZ
KBC Bond 006	Corporate bond issued to PVcombank (**)	3,000,000	100,000	300,000,000,000	12%/year	31 October 2016	Inventories of Trang Cat Urban and Service Zone Project
KBC Bond 007	Corporate bond issued to PVcombank (**)	3,000,000	100,000	300,000,000,000	11.5%/year	31 October 2016	Inventories of Trang Cat Urban and Service Zone Project
	TOTAL	22,000,000		2,200,000,000,000			
	<i>Current portion</i>			<i>750,000,000,000</i>			

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

25. LONG-TERM LOANS AND DEBTS (continued)

25.3 Bonds issued (continued)

In 2014, the Company and its bondholders signed agreements on restructuring the principal payment terms of bonds issued with details as follows:

- (i) On 8 May 2014, the Company reached an agreement with Vietnam Joint Stock Commercial Bank for Industry and Trade to extend the principal payment term of KBC Bond 001 to the period from November 2014 to May 2017. The bond's coupon is payable on semiannual basis.
- (ii) On 31 December 2014, PVCombank issued an official letter approving the restructuring and extending the principal payment term to late 2014 and 31 October 2016. The bond coupon is payable upon bond principal repayment on semiannual basis to 31 October 2019. The Company and PVCombank are in the process of completing necessary legal procedures.
- (iii) On 27 December 2014, the Company and Bank for Investment and Development of Vietnam JSC reached an agreement extending the principal payment term to 28 December 2017.

Other commitments relating to the restructuring of these bonds signed between the Company and these banks are disclosed in Note 34.

25.4 Convertible bonds

As at 23 December 2014 ("issuance date"), the Company issued 1,200 convertible bonds in VND, with total par value of VND1,200 billion. During the year, the Company successfully issued 900 convertible bonds with total amount of VND900 billion. These bonds are unsecured, bearing interest at a fixed rate of 8% per annum and the first interest payment date will be 12 months after issuance date.

In accordance with conditions and terms of convertible bonds issued by the Company, the bondholders are allowed to convert these bonds into ordinary shares in 05 (five) lots, at stipulated conversion date as follows:

- ▶ 1st lot: 1 month after issuance date;
- ▶ 2nd lot: 6 months after issuance date;
- ▶ 3rd lot: 12 months after issuance date;
- ▶ 4th lot: 24 months after issuance date; and
- ▶ 5th lot: 36 months after issuance date.

The number of bonds eligible for conversion in each lot is at the discretion of bondholders. Ordinary shares issued on the 1st and 2nd conversion lot will be restricted from trading within 1 year from issuance date. From 3rd lot on, ordinary shares issued are freely traded after the conversion and listing.

As at 31 December 2014, the bondholders of the Company have not exercised their conversion rights.

KinhBac City Development Holding Corporation

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

26. OWNERS' EQUITY

26.1 Increase and decrease in owners' equity

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Total
Previous year						
Opening balance	2,957,111,670,000	611,072,430,000	(364,466,650,000)	2,223,693,823	95,257,775,831	3,301,198,919,654
- Net loss for the year	-	-	-	-	(61,562,098,949)	(61,562,098,949)
Ending balance	<u>2,957,111,670,000</u>	<u>611,072,430,000</u>	<u>(364,466,650,000)</u>	<u>2,223,693,823</u>	<u>33,695,676,882</u>	<u>3,239,636,820,705</u>
Current year						
Opening balance	2,957,111,670,000	611,072,430,000	(364,466,650,000)	2,223,693,823	33,695,676,882	3,239,636,820,705
- Increase in capital (*)	1,000,000,000,000	-	-	-	-	1,000,000,000,000
- Net profit for the year	-	-	-	-	192,586,723,671	192,586,723,671
Ending balance	<u>3,957,111,670,000</u>	<u>611,072,430,000</u>	<u>(364,466,650,000)</u>	<u>2,223,693,823</u>	<u>226,282,400,553</u>	<u>4,432,223,544,376</u>

(*) In accordance with General Shareholder Resolution No. 0411/2013/KBC/NQ-DHDCĐ dated 4 November 2011, the General Shareholder approved the issuance of 100 million shares, with total value of VND 1,000 billion, to offset with payables to individuals and entities and increase working capital. After that, the General Shareholder issued Resolution No. 3103/2014/KBC/NQ-HĐQT dated 31 March 2014 on the criteria for investor selection and the list of potential investors. These shares are restricted from trading within one year from the completion date of the private placement and when State Securities Commission of Vietnam is reported on the placement. The owner's equity of the Company increased VND1,000 billion thanks to this private placement, which was completed during the 1st half of 2014.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

26. OWNERS' EQUITY (continued)

26.2 Shares

	Ending balance		Beginning balance	
	Shares	VND	Shares	VND
Issued shares	395,711,167	3,957,111,670,000	295,711,167	2,957,111,670,000
Issued and paid-up shares	395,711,167	3,957,111,670,000	295,711,167	2,957,111,670,000
<i>Ordinary shares</i>	395,711,167	3,957,111,670,000	295,711,167	2,957,111,670,000
<i>Preferred shares</i>	-	-	-	-
Treasury shares	5,950,978	59,509,780,000	5,950,979	59,509,790,000
<i>Ordinary shares</i>	5,950,978	59,509,780,000	5,950,979	59,509,790,000
<i>Preferred shares</i>	-	-	-	-
Shares in circulation	389,760,189	3,897,601,890,000	289,760,188	2,897,601,880,000
<i>Ordinary shares</i>	389,760,189	3,897,601,890,000	289,760,188	2,897,601,880,000
<i>Preference shares</i>	-	-	-	-

Par value of outstanding share: VND10,000/share (2013: VND10,000/share).

27. REVENUES

27.1 Revenues from sales of goods and rendering of services

	Currency: VND	
	Current year	Previous year
Gross revenue	487,608,490,050	398,231,466,243
<i>Of which:</i>		
<i>Revenue from lease of land and infrastructures</i>	189,551,793,479	201,019,023,000
<i>Revenue from sale of factories</i>	229,531,415,000	143,365,151,017
<i>Revenue from warehouse, building and office lease</i>	26,634,865,743	28,083,159,675
<i>Revenue from supply of clean water, electricity, service, water treatment supply</i>	41,890,415,828	25,764,132,551
Less		
Sales returns	-	(4,989,551,415)
Net revenue	487,608,490,050	393,241,914,828
<i>In which:</i>		
<i>Revenue from lease of land and infrastructures</i>	189,551,793,479	201,019,023,000
<i>Revenue from sale of factories</i>	229,531,415,000	138,375,599,602
<i>Revenue from warehouse, building and office lease</i>	26,634,865,743	28,083,159,675
<i>Revenue from supply of clean water, electricity, service, water treatment supply</i>	41,890,415,828	25,764,132,551

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

27. REVENUES (continued)

27.2 Finance income

	Currency: VND	
	Current year	Previous year
Gain on transfer of financial investments (*)	106,950,000,000	-
Interest from land and building lease contracts (**)	19,340,455,246	16,561,569,946
Interest income from deposits	1,570,009,575	863,600,623
Gains from securities trading and financial activities	1,139,594,814	-
Unrealised foreign exchange gains	-	347,673,118
TOTAL	129,000,059,635	17,772,843,687

(*) Mainly includes gain on transfer of share in Nam Viet Land Joint Stock Company and Song Tranh 4 Hydropower Joint Stock Company.

(**) Mostly comprises of the interest on receivable from Kinh Bac Service JSC under the contracts of leasing land and plants.

27.3 Revenues and expense related to investment properties

	Currency: VND	
	Current year	Previous year
Income from lease of investment properties	26,634,865,743	28,083,159,675
Direct operating expenses of investment properties generated rental income during the year	(8,241,080,516)	(10,386,550,741)
Direct operating expenses of investment properties generated no rental income during the year	(197,574,707)	(514,718,333)
Income from sales of investment properties	18,196,210,520	17,181,890,601

28. COST OF GOODS SOLD AND SERVICES RENDERED

	Currency: VND	
	Current year	Previous year
Cost leased land and infrastructures	40,491,833,667	27,196,712,641
Cost of factories sold	81,063,911,451	85,558,885,555
Cost of leased warehouses, factories and offices	8,241,080,516	10,386,550,741
Cost of services rendered	18,128,855,942	15,737,811,526
TOTAL	147,925,681,576	138,879,960,463

29. FINANCE EXPENSES

	Currency: VND	
	Current year	Previous year
Loan interest	168,761,424,287	228,189,948,662
Provision for investment diminution	50,047,250,902	64,705,391,939
Interest incurred from the deposit for buying house in Phuc Ninh project	975,751,170	4,428,540,000
Custody fees	111,335,841	110,357,186
Unrealised foreign exchange losses	3,588,622,690	-
Realised foreign exchange losses	128,413,584	6,151,680
TOTAL	223,612,798,474	297,440,389,467

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

30. OTHER INCOME AND EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Other income	82,756,194	11,271,323,183
Penalty for breach of contract	-	7,654,833,479
Other	82,756,194	3,616,489,704
Other expense	78,916,420	3,830,581,369
Commission for real estate broker	-	3,290,626,944
Other	78,916,420	539,954,425
TOTAL	<u>3,839,774</u>	<u>7,440,741,814</u>

31. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Land, infrastructures, buildings development and services rendering expenses	139,684,601,060	117,214,652,665
Labour costs	20,727,145,876	25,499,194,244
Depreciation of fixed assets	21,565,971,530	23,147,548,628
Provision	50,047,250,902	59,293,549,216
Expenses for external services	188,570,620,840	244,931,528,490
Support expenses	-	1,259,533,813
Other expenses	3,430,075,580	7,792,464,715
TOTAL	<u>424,025,665,788</u>	<u>479,138,471,771</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

32. CORPORATE INCOME TAX

Tax rate of corporate income tax ("CIT") applicable to the Company is 22% of profit after tax except for the followings:

For the operating activities at the Que Vo I Industrial Park, the Company is obliged to pay Corporate Income Tax ("CIT") with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for the four years from 2005 to 2008, and a 50% reduction of the applicable CIT rate for the following nine years. The statutory CIT rate applicable for the fiscal year 2014 is 10% and 50% deduction.

For the operating activities at the Que Vo II Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 25% for the following years. The Company is entitled to an exemption from CIT for the three years from 2005 to 2007, and a 50% reduction of the applicable CIT rate for the following seven years. The statutory CIT rate applicable for the fiscal year 2014 is 10% and 50% deduction.

For leasing factories in industrial zone, the Company is obliged to pay corporate income tax at the rate of 15% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for the three years from 2005 to 2007, and a 50% reduction of the applicable CIT rate for the following seven years from 2008 to 2014. The statutory CIT rate applicable for the fiscal year 2014 is 15% and 50% deduction.

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

32.1 CIT expenses

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Current CIT expense	208,054,254	208,063,251
CIT expense paid over	-	-
Deferred CIT expense	<u>(208,054,254)</u>	<u>(208,063,251)</u>
TOTAL	<u>-</u>	<u>-</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

32. CORPORATE INCOME TAX

32.2 Current CIT

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

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

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Profit/(loss) before tax	192,586,723,671	(61,562,098,949)
Adjustments		
<i>Adjustments to increase</i>		
Tax penalty	-	-
Non-deductible expenses	482,271,000	4,057,441,489
Severance allowance accrued	-	-
Taxable income from previous year's land leasing activities to be taxable in this year	4,161,204,996	4,161,204,996
<i>Adjustments to decrease</i>		
Dividend paid	-	-
Estimated current taxable profit	197,230,199,667	(53,343,452,464)
<i>Profit/(Loss) before tax in current year</i>	<i>193,068,994,671</i>	<i>(57,504,657,460)</i>
<i>Taxable income from land leasing activities in previous years</i>	<i>4,161,204,996</i>	<i>4,161,204,996</i>
<i>Tax loss carried forward</i>	<i>(193,068,994,671)</i>	<i>-</i>
Estimated current CIT	208,054,254	208,063,251
CIT payable at the beginning of the year	(6,475,129,370)	(6,632,070,090)
CIT paid during the year	-	(51,122,531)
CIT payable at the end of the year (Note 10)	(6,267,075,116)	(6,475,129,370)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

32. CORPORATE INCOME TAX (continued)

32.3 *Deferred CIT*

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

Currency: VND

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
<i>Deferred tax assets</i>			-	-
<i>Deferred tax liabilities</i>				
Deferred tax liabilities arisen from allocation of CIT	38,754,652,071	38,962,706,326	208,054,254	208,063,251
	38,754,652,071	38,962,706,326		
Net deferred income tax credit to separate income statement			208,054,254	208,063,251

32.4 *Unrecognized deferred tax*

Tax losses carried forward

The Company is entitled to carry the tax loss forward to offset with the taxable profit arising within 5 years subsequent to the year in which the loss was incurred. As at balance sheet date, the Company has accumulated loss of VND 93,477,255,540 (31 December 2013: VND 286,546,250,211) which available for offset against future taxable profits. Details are as follows:

Currency: VND

<i>Originating year</i>	<i>Can be utilized up to</i>		<i>Tax loss amount(*)</i>	<i>Utilized up to 31 December 2014</i>	<i>Forfeited</i>	<i>Unutilized at 31 December 2014</i>
2011	2016	(i)	12,781,432,837	(12,781,432,837)	-	-
2012	2017	(ii)	216,260,159,914	(180,287,561,834)	-	35,972,598,080
2013	2018	(ii)	57,504,657,460	-	-	57,504,657,460
TOTAL			286,546,250,211	(193,068,994,671)	-	93,477,255,540

- (i) Tax loss as per Company's corporate income tax finalization.
- (ii) Estimated tax loss as per Company and subsidiaries' corporate income tax declaration for the year ended 31 December 2014 has not been audited by the local tax authorities as of the date of these separate financial statements.

No deferred income tax assets were recognised in respect of the remaining balance because future taxable profit cannot be ascertained at this stage.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

33. TRANSACTIONS WITH RELATED PARTIES

List of related parties which had transactions and/or receivable/payable balances during the year with the Company:

No.	Related party	Relationship
1	Saigon - Bacgiang Industrial Park Corporation	Subsidiary
2	Sai Gon - Hai Phong Industrial Park Corporation	Subsidiary
3	Trang Cat One Member Urban Development Company Limited	Subsidiary
4	Sai Gon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
5	Saigon Telecommunication & Technologies Corporation	Associate
6	Sai Gon - Da Nang Investment Corporation	Common investor
7	Saigon Investment Corporation (*)	Shareholder
8	National Citizen Bank (previously known as Nam Viet Commercial Joint Stock Bank) (*)	Common investor
9	Sai Gon Production and Trading Joint Stock Company (*)	Common investor
10	Kinh Bac Investment and Consultant Corporation (*)	Shareholder
11	Mr. Dang Thanh Tam	Chairman
12	Ms. Nguyen Thi Thu Huong	General Director
13	Mr. Phan Anh Dung	Deputy General Director

(*) These companies are no longer related parties of the Company as at 31 December 31 2014.

Terms and conditions of transactions with related parties

The sales of goods to related parties are made on contractual basis.

Outstanding balances at 31 December 2014 are unsecured, interest free and will be settled in cash. For the year ended 31 December 2014, the Company has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Significant transactions between the Company and its related parties in the year are follows:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Currency: VND

Related party	Description	Amount
Sai Gon - Hai Phong Industrial Park Corporation	Short-term loan	201,769,000,000
	Loan payment	527,070,276,339
	Non-interest-bearing loan	136,929,723,661
Saigon - Bacgiang Industrial Park Corporation	Receivable of KBCbond005 interest	56,498,972,603
	Net off receivable from bond interest and payable	56,498,972,603
Trang Cat One Member Urban Development Company Limited	Receive loan payment	93,200,000,000
	Receivable from bond interest	59,771,155,069
Mr. Dang Thanh Tam	Advance	38,297,901,111
	Clearing advance	33,688,647,105

As at 31 December 2014, receivables and payables relating to the Company are follows:

Currency: VND

Related party	Description	Amount
Other receivable (Note 8)		
Sai Gon - Hai Phong Industrial Park Corporation	Non-interest-bearing loan	136,929,723,661
		136,929,723,661
Other current assets (Note 11)		
Mr. Dang Thanh Tam	Advance	4,609,826,088
Mrs. Nguyễn Thị Thu Hương	Advance	3,960,772,420
Mr. Phan Anh Dung	Advance	110,000,000
		8,680,598,508
Other long-term receivable (Note 12)		
Trang Cat One Member Urban Development Company Limited (**)	Non-interest-bearing loan	848,758,446,236
	Interest-bearing loan	984,720,000,000
	Receivable from loan interest	59,771,155,069
Sai Gon – Bacgiang Industrial Park Corporation (*)	Lending the proceeds from KBC Bond 005	258,000,000,000
		2,151,249,601,305

(*) These are lendings using proceeds upon issuance of KBC Bond 005. The lending is unsecured, bearing interest rate at 11.425% per annual and are adjusted annually for up to 28 December 2017.

(**) According to Annex to Loan Agreement No. 0207/2013/PLHDV-TTC dated 2 July 2013, the Company provided a loan to Trang Cat One Member Urban Development Company Limited a loan with the term of 2 years and nil interest rate. On 30 June 2014, the Company signed Annex 0107 / 2014 / KBC - TCC / PL2 with Trang Cat One Member Urban Development Company Limited to adjust the loan principal and loan interest, calculated by loan interest and underwriting fees that the Company has paid to PVcombank.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Currency: VND

Short-term loan and borrowings (Note 19)

Sai Gon High-tech Park Infrastructure Development Investment Joint Stock Company	Short-term loan	112,330,830,000
		112,330,830,000

Trade payable (Note 20.1)

Saigon Telecommunication & Technologies Corporation – Bac Ninh Branch	Purchase of goods	17,160,000
		17,160,000

Accrued expenses (Note 22)

Sai Gon High-tech Park Infrastructure Development Investment Joint Stock Company	Interest accrual	235,894,743
		235,894,743

Other payable (Note 23)

Saigon - Bacgiang Industrial Park Corporation	Other payable	115,849,588,817
		115,849,588,817

Long-term loan from related parties (Note 25)

Sai Gon - Da Nang Investment Corporation	Long-term loan	1,500,000,000
		1,500,000,000

Remuneration to members of the management and Board of Directors:

	Currency: VND	
	Current year	Previous year
Salaries and bonus	3,667,829,000	3,177,090,358
	3,667,829,000	3,177,090,358

34. COMMITMENTS AND CONTINGENCIES

34.1 Commitments relating to real estate investment projects

According to Decision 413/QĐ-UBND issued by Hanoi People's Committee on 22 January 2010, Hanoi City appointed the Company as the Investor of Hanoi Lotus Hotel Project with an area of approximately 40,484 m² with the total capital estimated to be US\$ 250,000,000. At the same time, the Company is committed to construct a Children Palace in a rural, poor areas within Hanoi with a total investment value of US\$1,500,000.

As at 31 December 2014, the Company entered into contractual agreements relating to the construction and development of the Que Vo I Industrial Park, Que Vo II Industrial Park, and Phuc Ninh Residential area with a total investment value of VND 59.78 billion.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

34. COMMITMENTS AND CONTINGENCIES (continued)

34.1 *Commitments relating to real estate investment projects* (continued)

According to Decision No. 1526/QĐ-CT 17 December 2003 and Decision No. 971/QĐ-UBND 15 July 2009 of the People's Committee of Bac Ninh Province on the land assignment to the Company for developing Phuc Ninh New Urban Area Project, Bac Ninh town, Bac Ninh province, the Company is to pay land use fees and legal charges for the residential land area, commercial and public areas within the Phuc Ninh Residential Area. Accordingly, the Company was handed over with 49.53 ha in 2010, completed the land marking for 47.2 ha land area in 2013 with the People's Committee of Bac Ninh province and settled the land use fees of VND175,735,431,000 in accordance with the Decisions No. 2229/QĐ-CT of Bac Ninh province at 23 December 2004 which approved the land use fee (phase 1) and the notices of payment of land use fee by the Tax Department of Bac Ninh Province. At 31 December 2014, the Company is still in the process of completing land use fee settlement to the People's Committee of Bac Ninh province for the above assigned land.

34.2 *Guarantee and security*

The Company has the following contingent liabilities related to guarantees as at 31 December 2014:

According to the agreement amending the bond principal payment term between the Company and the Bank for Investment and Development of Vietnam dated 27 December 2014, the Company committed to support Sai Gon – Quy Nhon Mineral Corporation and a group of related companies to settle their obligations due to the bank.

Other guarantees

The Company has secured the bank loans of Saigon Construction JSC - its affiliate up to VND100,000,000,000 with PVCombank. The Company used 4,000,000 shares of Northwest Saigon City Development Corporation (par value VND10,000/share) as the mortgage for this secured loans.

The Company has secured the bank loans of Saigon Investment Corporation – its shareholder up to VND220 billion with PVCombank. The Company used 7 million shares of Northwest Saigon City Development Corporation (par value VND10,000/share) as the mortgage for this secured loans.

Disputes with VTC Wireless Telecommunications Corporation

Under the Business Cooperation Agreement dated 12 February 2008 between the VTC Wireless Telecommunications Corporation ("VTC") and Saigon Telecommunication & Technologies Corporation and the Certificate of business registration No. 0103025781 dated 11 July 2008, the charter capital of VTC - Saigontel Media Corporation is VND 160 billion, in which the contribution by the Company is 19.2 %. Accordingly, the Company has transferred VND 30,700,200,000 (19.2% of charter capital) to Huu Nghi Communication JSC (the authorized company under official letter of VTC) on 10 March 2008 for VTC Wireless Telecommunications Corporation to buy properties for VTC - Saigontel Media Corporation. However, VTC has not completed the purchase of this properties for VTC – Saigontel Media Corporation as committed. Therefore, the Company is currently in the process of working with VTC to claim this investment. The Company's management has assessed and believed that this investment will be collected from the VTC and therefore, no provision has been made for the investment in VTC – Saigontel Media Corporation.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company is exposed to market 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, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 31 December 2014 and 31 December 2013.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that:

- ▶ the sensitivity of the separate balance sheet relates to available-for-sale debt instrument;
- ▶ the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2014 and 31 December 2013.

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 the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by keeping close watch on relevant market situation, including domestic and international money market and economic, in order to contemplate and adapt its leverage level as well as financing strategies to the prevailing situation.

Interest rate sensitivity

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity (continued)

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows (There is only an immaterial impact on the Company's equity):

	<i>Increase/decrease in basis points</i>	<i>Currency: VND Effect on profit before tax</i>
For the year ended 31 December 2014		
VND	+100	314,368,945
VND	-100	(314,368,945)
For the year ended 31 December 2013		
VND	+138	1,755,616,456
VND	-138	(1,755,616,456)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency sensitivity

The Company exposes to foreign currency risk in relation to purchases and sales of goods which are denominated in currencies other than its accounting currency as disclosed in Note 2.6. The Company does not employ any derivative financial instruments to hedge its foreign currency exposure.

Risks due to changes in exchange rates for the currencies of the Company is immaterial.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was VND429,732,661,563 (31 December 2013: VND411,006,829,400). A decrease of 10% on the stock market index could have an decrease of approximately VND9,073,266,156 (31 December 2013: VND7,200,682,940) on the Company's profit after tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Company's profit after tax by VND9,073,266,156 (31 December 2013: VND7,200,682,940).

Commodity price risk

The Company exposes to commodity price risk in relation to cost of land development. The Company manages its commodity price risk by keeping close watch on relevant information and situation of real estate market. The Company does not employ any derivative financial instruments to hedge its risk of land development cost.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables/Other receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management. The Company seeks to maintain strict control over its outstanding receivables

At 31 December 2014, the Company has credit risk focuses on a number of clients and a number of other partners as described in Note 6, Note 8 and Note 12.

Bank deposits

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

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

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

Currency: VND

	<i>On demand</i>	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>Total</i>
31 December 2014				
Loans and borrowings	-	953,619,704,004	2,353,446,666,680	3,307,066,370,684
Trade payables	36,316,868,829	-	-	36,316,868,829
Other payables and accrued expenses	321,574,768,800	784,427,627,466	951,079,020	1,106,953,475,286
	357,891,637,629	1,738,047,331,470	2,354,397,745,700	4,450,336,714,799
31 December 2013				
Loans and borrowings	-	3,261,955,350,713	113,868,520,986	3,375,823,871,699
Trade payables	365,215,647,970	-	-	365,215,647,970
Other payables and accrued expenses	883,248,336,835	706,215,650,443	7,246,793,629	1,596,710,780,907
	1,248,463,984,805	3,968,171,001,156	121,115,314,615	5,337,750,300,576

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Collateral

The Company holds deposits from customers of three months' rental fee upon lease of factories and construction in industrial zones.

The Company did not hold collateral at 31 December 2014 and 31 December 2013.

36. 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 separate financial statements.

Currency: VND

	<i>Carrying amount</i>			
	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Financial assets				
Held for trading investments				
- <i>Listed shares</i>	7,490,461,369	(4,993,045,369)	7,490,461,369	(5,430,093,169)
Trade receivable	735,132,562,075	(6,435,932,067)	535,078,911,046	(6,401,721,233)
Other receivable	2,402,822,916,065	(11,095,000,000)	2,315,903,352,973	(10,595,000,000)
Other non-current financial assets	1,141,492,700,000	(69,719,348,208)	1,065,084,700,000	(95,296,663,907)
Cash and cash equivalents	81,177,184,342	-	59,010,513,275	-
Total	4,368,115,823,851	(92,243,325,644)	3,982,567,938,663	(117,723,478,309)

Currency: VND

	<i>Carrying amount</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Financial liabilities		
Loans and borrowings	3,307,066,370,684	3,375,823,871,699
Trade payable	36,316,868,829	365,215,647,970
Other current liabilities	1,106,953,475,286	1,596,710,780,907
Total	4,450,336,714,799	5,337,750,300,576

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2014

36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The following method and assumption were used to estimate the fair values:

- ▶ Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- ▶ The fair value of unquoted instruments, loans from banks, bonds and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is temporarily recorded at carrying amounts since there is no available market for these instruments.

37. EVENTS AFTER THE BALANCE SHEET DATE

As at 14 January 2015, the Company issued VND 300 billion of convertible bonds, completing the issuance of convertible bonds with total par value of VND 1,200 billion in accordance with Resolution of General Shareholder No. 2610/2014/KBC/NQ-ĐHĐCĐ dated 26 October 2014 (the par value of convertible bond issued in 2014 is VND 900 billion as disclosed in Note 25.4).

From 23 December 2014 to 23 January 2015, the bondholders converted VND 1,200 billion of bonds into 80,000,000 of common shares at a conversion price of VND15,000 per share. This conversion increased the the Company's share capital by VND800 billion (equivalent to 80,000,000 shares with par value of VND10,000/share).

As at 30 January 2015, the Company received its 15th amendment of Business Registration Certificate No. 230023399, issued by Department of Planning and Investment of Bac Ninh, approving the increase of the Company's charter capital to VND 4,757,111,670,000.

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



Vu Thanh Dieu
Preparer



Pham Phuc Hieu
Chief Accountant



Nguyen Thi Thu Huong
General Director

Bac Ninh, Vietnam

27 March 2015