

# **Investment and Trading of Real Estate Joint Stock Company**

Consolidated financial statements

31 December 2017

# Investment and Trading of Real Estate Joint Stock Company

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# Investment and Trading of Real Estate Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

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

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

The current principal activities of the Company are to invest and trade real estate properties and provide related services; provide real estate brokerage, and real estate trading centre and management.

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

### BOARD OF DIRECTORS

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

Mr. Truong Minh Thuan	Chairman	appointed on 1 March 2017
Mr. Nguyen Thuc Quang	Chairman	resigned on 28 February 2017
Mr. Vo Huu Hai	Member	appointed on 27 April 2017
Ms. Dang Thi Ngoc Tuyen	Member	
Mr. Nguyen Manh	Member	
Mr. Tran Huu Khanh	Member	

### BOARD OF SUPERVISION

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

Ms. Phan Thi Hong Lien	Head of the Board of Supervision
Mr. Le Quang Son	Member
Ms. Ho Thi Luu	Member

### MANAGEMENT

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

Mr. Truong Minh Thuan	General Director
Mr. Doan Huu Chi	Deputy General Director cum Chief Accountant

### LEGAL REPRESENTATIVE

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

### AUDITORS

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

# Investment and Trading of Real Estate Joint Stock Company

## REPORT OF MANAGEMENT

Management of Investment and Trading of Real Estate Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2017.

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

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

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

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

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management: 



Truong Minh Thuan  
General Director

28 March 2018



Ernst & Young Vietnam Limited  
28th Floor, Bitexco Financial Tower  
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Reference: 60792124/19357153 -HN

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") and its subsidiary ("the Group") as prepared on 28 March 2018 and set out on pages 5 to 40, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group'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 consolidated 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 consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of its operations and its consolidated 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 consolidated financial statements.

**Ernst & Young Vietnam Limited**



  
Ernest Young Chin Kang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1891-2018-004-1



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Nguyen Thi Nhu Quynh  
Auditor  
Audit Practicing Registration Certificate  
No. 3040-2014-004-1

Ho Chi Minh City, Vietnam

28 March 2018

CONSOLIDATED BALANCE SHEET  
as at 31 December 2017

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>3,080,642,514,468</b>	<b>2,928,193,264,749</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>45,266,230,986</b>	<b>50,855,004,269</b>
111	1. Cash		20,266,230,986	29,855,004,269
112	2. Cash equivalents		25,000,000,000	21,000,000,000
<b>130</b>	<b>II. Current accounts receivables</b>		<b>287,173,753,855</b>	<b>248,673,841,761</b>
131	1. Short-term trade receivables	5	171,376,332,862	101,158,497,366
132	2. Short-term advances to suppliers	6	116,022,605,998	121,474,510,865
136	3. Other short-term receivables	7	14,259,110,719	33,757,896,511
137	4. Provision for doubtful short-term receivables	5, 7	(14,484,295,724)	(7,717,062,981)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>2,731,509,169,921</b>	<b>2,625,597,348,251</b>
141	1. Inventories		2,748,031,382,773	2,638,923,921,103
149	2. Provision for obsolete inventories		(16,522,212,852)	(13,326,572,852)
<b>150</b>	<b>IV. Other current assets</b>		<b>16,693,359,706</b>	<b>3,067,070,468</b>
151	1. Short-term prepaid expenses	9	16,693,359,706	2,296,419,876
153	2. Tax and other receivables from the State	17	-	770,650,592

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2017

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>441,734,803,631</b>	<b>384,689,260,177</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>10,942,914,392</b>	<b>4,490,561,358</b>
211	1. Long-term trade receivables	5	3,528,095,449	3,998,346,579
216	2. Other long-term receivables	7	13,623,565,771	7,108,961,607
219	3. Provision for doubtful long-term receivables	5, 7	(6,208,746,828)	(6,616,746,828)
<b>220</b>	<b>II. Fixed assets</b>		<b>60,619,616,773</b>	<b>54,510,526,477</b>
221	1. Tangible fixed assets	10	22,695,921,515	16,586,831,219
222	Cost		49,638,243,148	41,051,961,330
223	Accumulated depreciation		(26,942,321,633)	(24,465,130,111)
227	2. Intangible fixed assets	11	37,923,695,258	37,923,695,258
228	Cost		37,923,695,258	37,923,695,258
229	Accumulated amortisation		-	-
<b>230</b>	<b>III. Investment properties</b>	<b>12</b>	<b>47,171,562,797</b>	<b>49,854,646,011</b>
231	1. Cost		67,077,080,348	67,077,080,348
232	2. Accumulated depreciation		(19,905,517,551)	(17,222,434,337)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>2,835,163,636</b>	<b>3,636,363,636</b>
242	1. Construction in progress		2,835,163,636	3,636,363,636
<b>250</b>	<b>V. Long-term investments</b>	<b>13</b>	<b>312,538,313,139</b>	<b>267,788,766,322</b>
252	1. Investments in associates	13.1	278,707,993,139	233,958,446,322
253	2. Investments in other entities	13.2	42,755,320,000	42,755,320,000
254	3. Provision for diminution in value of long-term investments	13.2	(8,925,000,000)	(8,925,000,000)
<b>260</b>	<b>VI. Other long-term assets</b>		<b>7,627,232,894</b>	<b>4,408,396,373</b>
261	1. Long-term prepaid expenses		405,323,608	173,942,266
262	2. Deferred tax assets	28.3	7,221,909,286	4,234,454,107
<b>270</b>	<b>TOTAL ASSETS</b>		<b>3,522,377,318,099</b>	<b>3,312,882,524,926</b>





CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2017

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,943,698,840,926</b>	<b>1,789,511,186,241</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,277,310,358,731</b>	<b>942,473,123,546</b>
311	1. Short-term trade payables	15	79,438,301,509	359,936,692,698
312	2. Short-term advances from customers	16	399,336,258,704	127,002,349,132
313	3. Statutory obligations	17	14,198,486,037	20,598,067,596
314	4. Payables to employees		1,053,885,000	257,232,500
315	5. Short-term accrued expenses	18	70,271,938,491	71,168,666,182
318	6. Short-term unearned revenues		335,317,967	1,283,631,148
319	7. Other short-term payables	19	43,434,010,548	23,450,283,464
320	8. Short-term loans	20	661,721,016,561	336,757,291,373
321	9. Short-term provisions		6,593,774,479	2,280,559,616
322	10. Bonus and welfare fund		927,369,435	(261,650,163)
<b>330</b>	<b>II. Non-current liabilities</b>		<b>666,388,482,195</b>	<b>847,038,062,695</b>
332	1. Long-term advances from customers	16	298,474,899,790	165,291,855,511
336	2. Long-term unearned revenues		5,462,272,538	5,462,272,538
338	4. Long-term loans	20	359,755,293,503	673,005,773,803
342	5. Long-term provisions		2,696,016,364	3,278,160,843
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,578,678,477,173</b>	<b>1,523,371,338,685</b>
<b>410</b>	<b>I. Capital</b>		<b>1,578,678,477,173</b>	<b>1,523,371,338,685</b>
411	1. Share capital	21.1	690,866,880,000	690,866,880,000
411a	- Shares with voting rights		690,866,880,000	690,866,880,000
412	2. Share premium	21.1	748,683,126,824	748,683,126,824
414	3. Other owners' capital	21.1	470,571,611	-
415	4. Treasury shares	21.1	(9,825,117,611)	(9,825,117,611)
418	5. Investment and development fund	21.1	59,452,912,036	57,548,003,887
421	6. Undistributed retained earnings	21.1	79,061,231,305	28,686,730,753
421a	- Accumulated losses up to prior year		(102,746,639)	-
421b	- Undistributed earnings of current year		79,163,977,944	28,686,730,753
429	7. Non-controlling interests		9,968,873,008	7,411,714,832
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>3,522,377,318,099</b>	<b>3,512,882,524,926</b>


  
Pham Van Khanh  
Preparer


  
Doan Huu Chi  
Chief Accountant


  
Truong Minh Thuan  
General Director


28 March 2018

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	22.1	599,073,782,054	278,552,810,163
02	2. Deductions		-	-
10	3. Net revenue from sale of goods and rendering of services	22.1	599,073,782,054	278,552,810,163
11	4. Cost of goods sold and services rendered	23	(482,657,508,929)	(221,991,847,653)
20	5. Gross profit from sale of goods and rendering of services		116,416,273,125	56,560,962,510
21	6. Finance income	22.2	1,911,431,638	1,416,143,813
22	7. Finance expenses	24	(1,161,743,159)	(4,959,611,582)
23	- In which: Interest expense		(1,133,460,140)	(4,953,649,286)
24	8. Shares of gain (loss) of associates	13.1	30,417,224	(177,429,632)
25	9. Selling expenses	25	(7,534,807,159)	(3,138,798,773)
26	10. General and administrative expenses	25	(32,450,513,916)	(22,501,235,145)
30	11. Operating profit		77,211,057,753	27,200,031,191
31	12. Other income	26	10,182,939,987	4,220,491,388
32	13. Other expenses	26	(3,847,673,595)	(2,449,914,284)
40	14. Other profit	26	6,335,266,392	1,770,577,104
50	15. Accounting profit before tax		83,546,324,145	28,970,608,295
51	16. Current corporate income tax expense	28.1	(4,812,643,204)	(918,922,031)
52	17. Deferred tax income	28.3	2,987,455,179	1,379,367,380
60	18. Net profit after tax		81,721,136,120	29,431,053,644
61	19. Net profit after tax attributable to shareholders of the parent		79,163,977,944	28,686,730,753
62	20. Net profit after tax attributable to non-controlling interests		2,557,158,176	744,322,891
70	21. Basic earnings per share	21.4	1.153	418
71	22. Diluted earnings per share	21.4	1.153	418

Pham Van Khanh  
Preparer

Doan Huu Chi  
Chief Accountant

Truong Minh Thuan  
General Director

28 March 2018

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>83,546,324,145</b>	<b>28,970,608,295</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortization	10, 12	5,160,274,736	4,443,854,274
03	Provisions		13,285,943,127	5,209,843,669
05	Profits from investing activities		(1,917,391,788)	(3,855,982,224)
06	Interest expense	24	1,133,460,140	4,953,649,286
08	<b>Operating profit before changes in working capital</b>		<b>101,208,610,360</b>	<b>39,721,973,300</b>
09	(Increase) decrease in receivables		(52,775,486,433)	40,870,850,959
10	Increase in inventories		(109,107,461,670)	(1,012,044,227,199)
11	Increase in payables		45,983,991,310	320,649,541,208
12	Increase in prepaid expenses		(14,628,321,172)	(1,343,266,993)
14	Interest paid		(1,275,793,487)	(5,322,121,524)
15	Corporate income tax paid		(2,864,872,050)	(438,909)
20	<b>Net cash flows used in operating activities</b>		<b>(33,459,333,142)</b>	<b>(617,467,689,158)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long-term assets		(5,398,100,000)	(3,774,227,272)
22	Proceeds from disposals of fixed assets and other long-term assets		-	3,842,500,000
25	Payments for investments in other entities		(44,719,129,593)	-
26	Proceeds from sale of investments in other entities		64,387,570,000	5,000,000,000
27	Interest and dividends received		1,886,974,564	1,402,309,593
30	<b>Net cash flows from investing activities</b>		<b>16,157,314,971</b>	<b>6,470,582,321</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings	20	443,170,536,261	820,498,469,850
34	Repayment of borrowings	20	(431,457,291,373)	(167,207,968,344)
40	<b>Net cash flows from financing activities</b>		<b>11,713,244,888</b>	<b>653,290,501,506</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash and cash equivalents		(5,588,773,283)	42,293,394,669
60	Cash and cash equivalents at the beginning of the year		50,855,004,269	8,561,609,600
70	Cash and cash equivalents at the end of the year	4	45,266,230,986	50,855,004,269



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

28 March 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2017 and for the year then ended

**1. CORPORATE INFORMATION**

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

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

The current principal activities of the Company are to invest and trade real estate properties and provide related services; provide real estate brokerage, and real estate trading centre and management.

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

The Company has a subsidiary, Intresco Construction Joint Stock Company ("IC") is a shareholding company established in accordance with Business Registration Certificate No. 0310626100 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 February 2011. IC's registered office is located at 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. As at 31 December 2017, the Company holds 85% ownership interest in this subsidiary.

The number of the Company and its subsidiary ("the Group") employees as at 31 December 2017 was 154 (31 December 2016: 155).

**2. BASIS OF PREPARATION**

**2.1 Accounting standards and system**

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

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

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

**2.2 Applied accounting documentation system**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**2. BASIS OF PREPARATION (continued)**

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 31 December 2017.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash and cash equivalents**

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

**3.2 Inventories - inventory properties**

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Inventories - inventory properties (continued)**

*Provision for obsolete inventories*

An inventory provision is created for the estimated loss value of work-in-progress, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

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

**3.3 Receivables**

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

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated 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 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 consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

*Land use rights*

Land use rights are recorded as an intangible fixed asset on the consolidated balance sheet as the Company obtained the land use right certificate prior to 2003 according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for its intended use and is not amortised given indefinite useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 Depreciation

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

Buildings and structures	13 – 25 years
Machinery and equipment	5 – 10 years
Means of transportation	7 – 10 years
Office equipment	3 – 5 years

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

#### 3.7 Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation. Investment properties held for capital appreciation are not depreciated/amortised but subject to impairment review.

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

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

Land and buildings	25 – 50 years
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Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the year of retirement or disposal.

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

#### 3.8 Borrowing costs

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.9 *Prepaid expenses*

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

#### 3.10 *Investments*

##### *Investments in associates*

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

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

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

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

##### *Investments in other entities*

Investments in other investments are stated at their acquisition costs.

##### *Provision for diminution in value of investments in other entities*

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 26 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

#### 3.11 *Payables and accruals*

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

#### 3.12 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been in service for more than 12 months up to the balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code and related implementing guidance. The average monthly salary used in this calculation is revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.13 *Earnings per share*

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

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

#### 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 Group's own equity instruments.

#### 3.15 *Appropriation of net profit*

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

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting.

##### *Investment and development fund*

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

##### *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

#### 3.16 *Revenue recognition*

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

##### *Sale of completed property*

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

##### *Construction contract*

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the amount of work completed and certified by customers at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the year in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.16 Revenue recognition (continued)

##### *Rental income*

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

##### *Interest*

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

##### *Dividends*

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

#### 3.17 Taxation

##### *Current income tax*

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

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

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

##### *Deferred 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.

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 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 and associates, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.17 Taxation (continued)**

*Deferred tax (continued)*

The carrying amount of deferred 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 tax asset to be utilised. Previously unrecognised deferred 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 tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

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

- ▶ Either the same taxable entity; or
- ▶ When the Group 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 year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

**3.18 Related parties**

Parties are considered to be related parties of the group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the group and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

**4. CASH AND CASH EQUIVALENTS**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	8,958,104,241	85,813,744
Cash in banks	11,308,126,745	29,769,190,525
Cash equivalents (*)	<u>25,000,000,000</u>	<u>21,000,000,000</u>
<b>TOTAL</b>	<b><u>45,266,230,986</u></b>	<b><u>50,855,004,269</u></b>

(\*) Cash equivalents represent short-term bank deposits at commercial banks with original maturities of less than three months and earn interest at the rate of 4.3% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 5. TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>171,376,332,862</b>	<b>101,158,497,366</b>
Nam Hai Construction Co., Ltd	12,647,143,000	-
Khang Nam Real Estate Investment Joint Stock Company	9,364,490,403	11,863,393,818
Thai Duong Joint Stock Company	8,100,000,000	8,100,000,000
Hush Creative Company Limited	-	9,345,000,000
Other customers	141,264,699,459	71,850,103,548
<b>Long-term</b>	<b>3,528,095,449</b>	<b>3,998,346,579</b>
Trade receivables from other parties	3,528,095,449	3,998,346,579
<b>TOTAL</b>	<b>174,904,428,311</b>	<b>105,156,843,945</b>
Provision for doubtful short-term receivables	(14,484,295,724)	(6,757,062,981)
Provision for doubtful long-term receivables	(3,490,346,579)	(3,898,346,579)

Details of trade receivables are as below:

	VND	
	Ending balance	Beginning balance
<b>Short term</b>		
Receivables from sale of land lots and apartments (*)	137,090,009,642	75,952,027,300
Receivables from provision of construction services	33,365,590,122	24,035,849,828
Others	920,733,098	1,170,620,238
<b>TOTAL</b>	<b>171,376,332,862</b>	<b>101,158,497,366</b>
<b>Long term</b>		
Receivables from provision of construction services	1,130,613,959	1,130,613,959
Others	2,397,481,490	2,867,732,620
<b>TOTAL</b>	<b>3,528,095,449</b>	<b>3,998,346,579</b>

(\*) Receivables from sale of land lots and apartments mainly include (i) the remaining 5% - 10% pending for the completion of the legal procedure to hand over lands and apartments to the customers or (ii) the remaining amount of the contract price. Details by project are as follows:

	VND	
	Ending balance	Beginning balance
The Stars Village, Long Thoi – Nha Be project (ii)	120,958,409,587	47,692,459,095
6B project (i)	10,103,728,389	11,166,379,389
An Phu An Khanh project (ii)	-	9,345,000,000
An Khang Building (i)	1,674,032,217	2,818,468,367
Thinh Vuong Building (i)	2,230,239,449	2,667,920,449
Phong Phu project (i)	2,101,760,000	2,239,960,000
Binh Hoa project (i)	21,840,000	21,840,000
<b>TOTAL</b>	<b>137,090,009,642</b>	<b>75,952,027,300</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 6. SHORT-TERM ADVANCES TO SUPPLIERS

Short-term advances to suppliers represent non-interest bearing advances to sub-contractors and the State related to the following real estate projects:

	VND	
	Ending balance	Beginning balance
People's Committee of Dak Nong Province (Thien Phu, Dak Nong project)	20,300,000,000	20,300,000,000
Long Binh Joint Stock Company (Long Binh, District 9 project)	19,899,197,600	19,899,197,600
Sai gon Vien Dong Limited Company (Lot No.6, 6B project)	12,927,603,431	12,927,603,431
Lac Thanh Limited Liability Company (The Stars Village, Long Thoi – Nha Be project)	-	9,463,344,300
Other suppliers	50,323,042,212	43,168,077,270
A related party (Note 29)	12,572,762,755	15,716,288,264
<b>TOTAL</b>	<b><u>116,022,605,998</u></b>	<b><u>121,474,510,865</u></b>

## 7. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>14,259,110,719</b>	<b>33,757,896,511</b>
Advances to suppliers of real estate projects (*)	7,444,760,000	16,800,000,000
Saigon Cho Lon Investment & Real Estate Joint Stock Company	5,650,000,000	8,000,000,000
May Thang Long Joint Stock Company	1,794,760,000	8,800,000,000
Others	6,814,350,719	16,957,896,511
<b>Long-term</b>	<b>13,623,565,771</b>	<b>7,108,961,607</b>
Advances to suppliers of real estate projects (*)	-	2,450,000,000
Saigon Cho Lon Investment & Real Estate Joint Stock Company	-	850,000,000
May Thang Long Joint Stock Company	-	1,600,000,000
Ngoc Phuc Trading and Construction Co., Ltd	8,522,604,164	-
Others	5,100,961,607	4,658,961,607
<b>TOTAL</b>	<b><u>27,882,676,490</u></b>	<b><u>40,866,858,118</u></b>
Provision for short-term doubtful debts	-	(960,000,000)
Provision for long-term doubtful debts	(2,718,400,249)	(2,718,400,249)
<i>In which:</i>		
Other parties	25,442,774,883	38,595,631,511
Related parties (Note 29)	2,439,901,607	2,271,226,607

(\*) These amounts represent advance paid to these real estate companies in prior years in order that the Company could receive the completed land lots. However, management decided to cease the Company's investments in the real estate projects. Therefore, the advance paid to these entities were agreed to be refunded at cost to the Company according to the relevant agreements.

## Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

### 8. INVENTORIES

Inventories represent costs incurred for the following on-going real estate and construction projects in process:

	Ending balance		Beginning balance		VND
	Cost	Provision	Cost	Provision	
Terra Royal project (i)	1,461,779,471,548	-	1,240,981,823,274	-	
The Stars Village,					
Long Thoi – Nha Be project (ii)	863,384,213,582	-	1,043,370,796,531	-	
6A project	131,864,913,107	-	130,558,094,925	-	
Long Phuoc, District 9 project (iii)	115,974,275,419	-	115,974,275,419	-	
Binh Trung Dong – District 2 project	28,848,790,056	-	28,848,790,056	-	
Lot 6, 7 & 8 – 6B project	22,686,185,968	-	22,673,276,878	-	
Other projects	123,493,533,093	(16,522,212,852)	56,516,864,020	(13,326,572,852)	
<b>TOTAL</b>	<b>2,748,031,382,773</b>	<b>(16,522,212,852)</b>	<b>2,638,923,921,103</b>	<b>(13,326,572,852)</b>	

(i) Land use right at No.106 Ly Chinh Thang Street, District 3 was pledged to obtain the loan from a commercial bank (Note 20).

(ii) Land use right of 49,504.3 square meters on total land of 562,143.9 square meters of The Stars Village, Long Thoi – Nha Be project was pledged to obtain the loans from commercial banks (Note 20).

(iii) Land use right of 126,105 square meters on total land of 153,660 square meters of Long Phuoc, District 9 project was pledged to obtain the loans from a commercial bank (Note 20).

# Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 9. SHORT-TERM PREPAID EXPENSES

	Ending balance	Beginning balance	VND
Sale commission	16,147,416,768	1,731,663,970	
Others	545,942,938	564,755,906	
<b>TOTAL</b>	<b>16,693,359,706</b>	<b>2,296,419,876</b>	

## 10. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total	VND
<b>Cost:</b>						
Beginning balance	28,349,789,734	5,603,964,637	5,657,467,366	1,440,739,593	41,051,961,330	
Addition	-	768,100,000	-	-	768,100,000	
Transfer from construction in progress	-	7,818,181,818	-	-	7,818,181,818	
Ending balance	28,349,789,734	14,190,246,455	5,657,467,366	1,440,739,593	49,638,243,148	
<i>In which:</i>						
Fully depreciated	4,280,813,180	1,931,575,597	2,889,260,499	1,350,303,635	10,451,952,911	
<b>Accumulated depreciation:</b>						
Beginning balance	13,178,846,439	5,106,355,611	4,915,680,198	1,264,247,863	24,465,130,111	
Depreciation for the year	962,759,062	1,250,523,393	254,296,944	9,612,123	2,477,191,522	
Ending balance	14,141,605,501	6,356,879,004	5,169,977,142	1,273,859,986	26,942,321,633	
<b>Net carrying amount:</b>						
Beginning balance	15,170,943,295	497,609,026	741,787,168	176,491,730	16,586,831,219	
Ending balance	14,208,184,233	7,833,367,451	487,490,224	166,879,607	22,695,921,515	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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#### 11. INTANGIBLE FIXED ASSETS

This amount represents the carrying value of land use right at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1 of VND 26,471,477,820, land use right at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1 of VND 11,101,600,430 and land use right at Lot B16, 13E Residential Area, Phong Phu Commune, Binh Chanh District of VND 350,617,008.

Land use rights at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1 and No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1 were pledged to obtain the loans from commercial banks (Note 20).

#### 12. INVESTMENT PROPERTIES

	VND
	<i>Land and buildings (*)</i>
<b>Cost:</b>	
Beginning and ending balance	<u>67,077,080,348</u>
<b>Accumulated depreciation:</b>	
Beginning balance	17,222,434,337
Depreciation for the year	<u>2,683,083,214</u>
Ending balance	<u>19,905,517,551</u>
<b>Net carrying amount:</b>	
Beginning balance	<u>49,854,646,011</u>
Ending balance	<u>47,171,562,797</u>

The fair value of the investment properties had not yet been formally assessed and determined as at 31 December 2017. However, given that these properties are currently leased out and income generating, it is management's assessment that these properties' market values are still higher than their carrying value at the balance sheet date.

(\*) Including in total land and buildings value, details of properties are secured for bank loans as follows:

- Land use rights and associated assets of An Khang apartment, An Phu An Khanh Town, An Phu Ward, District 2, Ho Chi Minh City were pledged to obtain the loan from a commercial bank (Note 20).
- Land use rights and associated assets at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2 were pledged to obtain the loans from a commercial bank (Note 20).

#### **Revenue and expense relating to investment properties**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Rental income generating from leasing of investment properties	9,633,426,724	9,410,623,162
Direct operating expenses of investment properties that generated rental income during the year	<u>(1,697,689,307)</u>	<u>(4,556,705,432)</u>
<b>NET</b>	<u><b>7,935,737,417</b></u>	<u><b>4,853,917,730</b></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**13. LONG-TERM INVESTMENTS**

	VND	
	Ending balance	Beginning balance
Investments in associates (Note 13.1)	278,707,993,139	233,958,446,322
Investments in other entities (Note 13.2)	42,755,320,000	42,755,320,000
Provision for diminution in long-term investments	<u>(8,925,000,000)</u>	<u>(8,925,000,000)</u>
<b>TOTAL</b>	<b><u>312,538,313,139</u></b>	<b><u>267,788,766,322</u></b>

**13.1 Investments in associates**

	<u>% of interest and % voting rights</u>	
	Ending balance	Beginning balance
Pham Gia Construction Limited Company ("PG")	46.19	46.19
Saigon – Binh Duong Investment Corporation ("SGBD")	37.40	22.49
Long Binh Construction – Trading – Producing Joint Stock Company ("LB")	36.36	36.36

Details of these investments in associates as the balance sheet date are presented as follows:

	VND			
	PG	SGBD	LB	Total
<b>Cost of investments:</b>				
Beginning balance	150,968,925,000	67,480,013,645	21,000,000,000	239,448,938,645
Increase	<u>-</u>	<u>44,719,129,593</u>	<u>-</u>	<u>44,719,129,593</u>
Ending balance	<u>150,968,925,000</u>	<u>112,199,143,238</u>	<u>21,000,000,000</u>	<u>284,168,068,238</u>
<b>Accumulated share in post-acquisition loss of the associates:</b>				
Beginning balance	-	(2,953,846,577)	(2,536,645,746)	(5,490,492,323)
Share in post-acquisition (loss) profit of the associates	<u>-</u>	<u>(280,604,494)</u>	<u>311,021,718</u>	<u>30,417,224</u>
Ending balance	<u>-</u>	<u>(3,234,451,071)</u>	<u>(2,225,624,028)</u>	<u>(5,460,075,099)</u>
<b>Net carrying amount:</b>				
Beginning balance	<u>150,968,925,000</u>	<u>64,526,167,068</u>	<u>18,463,354,254</u>	<u>233,958,446,322</u>
Ending balance	<u>150,968,925,000</u>	<u>108,964,692,167</u>	<u>18,774,375,972</u>	<u>278,707,993,139</u>

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## 13. LONG-TERM INVESTMENTS (continued)

### 13.2 Investments in other entities

	Ending balance		Beginning balance		VND
	Amount	Number of shares	Amount	Number of shares	
	VND	%	VND	%	%
Gia Dinh Development Investment Corporation	34,000,000,000	5.31	34,000,000,000	2,125,000	5.31
Housing Development Bac Trung Nam Corporation	5,466,500,000	10.93	5,466,500,000	54,665	10.93
Saigon Mangden Joint Stock Company	3,100,000,000	1.61	3,100,000,000	310,000	1.61
Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	188,820,000	0.06	188,820,000	18,882	0.06
<b>TOTAL</b>	<b>42,755,320,000</b>		<b>42,755,320,000</b>		
Provision for diminution in value of other long-term investments	(8,925,000,000)		(8,925,000,000)		
<b>NET</b>	<b>33,830,320,000</b>		<b>33,830,320,000</b>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended**14. BORROWING COSTS**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Capitalized in real estate projects	108,082,777,284	67,812,552,438
Interest expense (Note 24)	<u>1,133,460,140</u>	<u>4,953,649,286</u>
<b>TOTAL</b>	<b><u>109,216,237,424</u></b>	<b><u>72,766,201,724</u></b>

**15. SHORT-TERM TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade payables to other parties	77,877,646,964	358,376,038,153
- Finance Department of Ho Chi Minh City - land use fee for Terra Royal project	-	303,109,369,312
- Other suppliers	77,877,646,964	55,266,668,841
Trade payables to a related party (Note 29)	<u>1,560,654,545</u>	<u>1,560,654,545</u>
<b>TOTAL</b>	<b><u>79,438,301,509</u></b>	<b><u>359,936,692,698</u></b>

**16. ADVANCES FROM CUSTOMERS**

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>399,336,258,704</b>	<b>127,002,349,132</b>
The Stars Village, Long Thoi – Nha Be project	298,379,469,311	78,963,372,027
Advance received for the intended sale of investment in Pham Gia Construction Limited Company	64,387,570,000	-
Lot 6, 7 & 8 - 6B project	17,554,360,673	19,957,034,673
Other projects	19,014,858,720	28,081,942,432
<b>Long-term</b>	<b>298,474,899,790</b>	<b>165,291,855,511</b>
6A project	109,799,029,000	100,549,029,000
Terra Royal project	145,242,173,311	23,231,462,062
Lot 6, 7 & 8 - 6B project	23,107,818,700	20,899,610,700
Binh Trung Dong - District 2 project	8,601,378,000	8,601,378,000
Other projects	<u>11,724,500,779</u>	<u>12,010,375,749</u>
<b>TOTAL</b>	<b><u>697,811,158,494</u></b>	<b><u>292,294,204,643</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended**17. STATUTORY RECEIVABLES AND OBLIGATIONS**

	VND			
	<i>Beginning balance</i>	<i>Increase in year</i>	<i>Decrease in year</i>	<i>Ending balance</i>
Value-added tax	15,933,995,383	16,780,031,543	(22,934,849,594)	9,779,177,332
Personal income tax	389,714,389	3,325,326,770	(2,900,356,075)	814,685,084
Corporate income tax	(770,650,592)	4,812,643,204	(2,864,872,050)	1,177,120,562
Other taxes	4,274,357,824	(415,373,660)	(1,431,481,105)	2,427,503,059
<b>TOTAL</b>	<b><u>19,827,417,004</u></b>	<b><u>24,502,627,857</u></b>	<b><u>(30,131,558,824)</u></b>	<b><u>14,198,486,037</u></b>
<i>In which:</i>				
Receivables	(770,650,592)			-
Payables	20,598,067,596			14,198,486,037

**18. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Interest expense	28,918,964,311	53,721,237,655
Penalty for late payment	37,029,639,910	14,731,115,349
Construction costs	2,348,102,270	2,366,313,178
Others	1,975,232,000	350,000,000
<b>TOTAL</b>	<b><u>70,271,938,491</u></b>	<b><u>71,168,666,182</u></b>

**19. OTHER SHORT-TERM PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Dividends payable	27,170,761,724	3,144,546,924
Land compensation for The Stars Village, Long Thoi – Nha Be project, payable to land owners	-	6,418,555,000
Others	16,263,248,824	13,887,181,540
<b>TOTAL</b>	<b><u>43,434,010,548</u></b>	<b><u>23,450,283,464</u></b>

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**20. LOANS**

	Beginning balance	Drawdown	Repayment	Reclassification	VND Ending balance
<b>Short-term</b>	<b>336,757,291,373</b>	<b>396,421,016,561</b>	<b>(336,457,291,373)</b>	<b>265,000,000,000</b>	<b>661,721,016,561</b>
Bank loans (Note 20.1)	195,018,480,776	396,421,016,561	(195,018,480,776)	-	396,421,016,561
Loans from other organization	30,000,000,000	-	(30,000,000,000)	-	-
Loans from an individual (Note 20.3)	300,000,000	-	-	-	300,000,000
Current portion of long-term loans (Note 20.2)	111,438,810,597	-	(111,438,810,597)	265,000,000,000	265,000,000,000
<b>Long-term</b>	<b>673,005,773,803</b>	<b>46,749,519,700</b>	<b>(95,000,000,000)</b>	<b>(265,000,000,000)</b>	<b>359,755,293,503</b>
Bank loans (Note 20.2)	673,005,773,803	46,749,519,700	(95,000,000,000)	(265,000,000,000)	359,755,293,503
<b>TOTAL</b>	<b>1,009,763,065,176</b>	<b>443,170,536,261</b>	<b>(431,457,291,373)</b>	<b>-</b>	<b>1,021,476,310,064</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 20. LOANS (continued)

### 20.1 Details of short-term bank loans are as follows:

Lenders	Ending balance	Principal repayment term	Purpose	Interest rate % p.a.	Description of collateral
	VND				
<b>Lien Viet Post Joint Stock Commercial Bank</b>					
Loan Contract No. HDTD5002017260 dated 29 June 2017	26,916,000,000	From 29 June 2017 to 28 June 2018	Finance for the development of its real estate projects and working capital requirements	8.5-10.1	Land use rights and associate assets at No. 16 Nguyen Dinh Chieu Street, Da Kao Ward, District 1, Ho Chi Minh City; and land use rights and associated assets of An Khang department, An Phu An Khanh Town, An Phu Ward, District 2, Ho Chi Minh City (Notes 11 and 12)
<b>Vietnam Bank for Agriculture and Rural Development</b>					
Loan Contract No. 6220-LAV-2015000640/HDTD dated 25 June and appendix No. 6220-LAV-2015000640/PLHDTD/1 dated 15 November 2015; No. 6220-LAV-2016000690/HDTD dated 4 July 2016	20,338,305,851	From 11 August 2017 to 29 June 2018	Finance for the development of its real estate projects and working capital requirements	9.3	Land use rights and associate assets at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City; land use rights and associated assets at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2, Ho Chi Minh City; land use rights of 126,105 square meters at Long Phuoc Ward, District 9, Ho Chi Minh City; and land use rights of 49,504.3 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Notes 8, 11 and 12)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 20. LOANS (continued)

### 20.1 Details of short-term bank loans are as follows: (continued)

Lenders	Ending balance	Principal repayment term	Purpose	Interest rate % p.a.	Description of collateral
	VND				
<b>Vietnam Bank for Agriculture and Rural Development (continued)</b>					
Loan Contract No. 6220-LAV-201700865 dated 25 July 2017	99,166,710,710	29 August 2017 to 28 June 2018	Finance for the development of its real estate projects and working capital requirements	9.3	Land use rights and associate assets at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City; land use rights and associated assets at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2, Ho Chi Minh City; land use rights of 115,793 square meters at Long Phuoc Ward, District 9, Ho Chi Minh City; and land use rights of 49,504.3 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Notes 8, 11 and 12)
<b>Ho Chi Minh City Development Joint Stock Commercial Bank</b>					
Loan Contract No. 13500/17MN/HĐTD dated 25 September 2017	250,000,000,000	25 September 2018	To pay land use fee of the Terra Royal project	11.35	Land use rights and associated assets at Long Thoi - Nhon Duc - Nha Be; land use rights and associated assets at 83 Ly Chinh Thang Street, District 3, Ho Chi Minh City; and land use rights and associated assets at 106 Ly Chinh Thang Street, Ward 8, District 3, Ho Chi Minh City (Note 8)
<b>TOTAL</b>	<b>396,421,016,561</b>				



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 20. LOANS (continued)

### 20.2 Details of long-term bank loan are as follows:

Lender	Ending balance	Principal repayment term	Purpose	Interest rate % p.a.	Description of collateral
	VND				
<b>Ho Chi Minh City Development Joint Stock Commercial Bank</b>					
Loan Contract No.2235TT/15/HDTDTDH- DN/068	<u>624,755,293,503</u>	From 17 September 2017 to 24 August 2019	To finance Terra Royal project	10.5 - 11.5	Benefits arising from The Stars Village, Long Thoi – Nha Be project – Phase 1; real estate and benefits arising from Terra Royal project; and land use rights and associated assets at No. 106 Ly Chinh Thang Street, Ward 8, District 3, Ho Chi Minh City (Note 8)

In which:

Current portion	265,000,000,000
Long-term loan	359,755,293,503

### 20.3 Loan from an individual

This represents unsecured short-term loan amounting to VND 300,000,000 obtained from an individual for the purpose of financing the land compensation of The Stars Village, Long Thoi – Nha Be project for a period twelve (12) months at the interest rates of 14% per annum.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 21. OWNERS' EQUITY

### 21.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Other funds belonging to owners' equity	Undistributed earnings	Total
<b>Previous year</b>							VND
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	57,548,003,887	-	(225,431,309,776)	1,487,272,893,100
Movement (*)	-	(225,431,309,776)	-	-	-	225,431,309,776	-
Net loss for the year	-	-	-	-	-	28,686,730,753	28,686,730,753
Ending balance	<u>690,866,880,000</u>	<u>748,683,126,824</u>	<u>(9,825,117,611)</u>	<u>57,548,003,887</u>	<u>-</u>	<u>28,686,730,753</u>	<u>1,515,959,623,853</u>
<b>Current year</b>							
Beginning balance	690,866,880,000	748,683,126,824	(9,825,117,611)	57,548,003,887	-	28,686,730,753	1,515,959,623,853
Net profit for the year	-	-	-	-	-	79,163,977,944	79,163,977,944
Dividend declared	-	-	-	-	-	(24,687,920,034)	(24,687,920,034)
Fund appropriation	-	-	-	1,904,908,149	470,571,611	(3,814,689,358)	(1,439,209,598)
Other decrease	-	-	-	-	-	(286,868,000)	(286,868,000)
Ending balance	<u>690,866,880,000</u>	<u>748,683,126,824</u>	<u>(9,825,117,611)</u>	<u>59,452,912,036</u>	<u>470,571,611</u>	<u>79,061,231,305</u>	<u>1,568,709,604,165</u>

(\*) In 2016, the Company transferred an amount of VND 225,431,309,776 from share premium to undistributed earnings in accordance with the Resolution of the Annual General Meeting of Shareholders No.06/NQ-DHDCD dated 26 April 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

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

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

	VND	
	Current year	Previous year
Contributed share capital	<u>690,866,880,000</u>	<u>690,866,880,000</u>
Dividends declared	24,026,214,800	-

**21.3 Shares - ordinary shares**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Quantity	Amount VND	Quantity	Amount VND
<b>Authorized shares</b>	69,086,688	690,866,880,000	69,086,688	690,866,880,000
<b>Issued shares</b>				
<i>Issued and paid-up shares</i>				
<i>Ordinary shares</i>	69,086,688	690,866,880,000	69,086,688	690,866,880,000
<b>Treasury shares</b>				
<i>Ordinary shares</i>	440,360	9,825,117,611	440,360	9,825,117,611
<b>Shares in circulation</b>				
Ordinary shares	68,646,328	681,041,762,389	68,646,328	681,041,762,389

**21.4 Basic and diluted earnings per share**

The following table shows the income and share data used in the basic and diluted earnings per share calculations:

	Current year	Previous year
Net profit attributable to ordinary equity holders of the Company (VND)	79,163,977,944	28,686,730,753
Weighted average number of ordinary shares in circulation (shares)	<u>68,646,328</u>	<u>68,646,328</u>
Basic earnings per share (VND/share)	1,153	418
Diluted earnings per share (VND/share)	1,153	418

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 22. REVENUE

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Net revenue</b>	<b><u>599,073,782,054</u></b>	<b><u>278,552,810,163</u></b>
<i>Of which:</i>		
<i>Sale of real estate properties</i>	476,491,590,646	199,296,144,239
<i>Revenue from construction contracts</i>	107,175,084,964	64,610,501,060
<i>Revenue from other services</i>	15,407,106,444	14,646,164,864

### 22.2 Finance income

	VND	
	<i>Current year</i>	<i>Previous year</i>
Dividends income	546,650,000	941,689,000
Interest income	1,340,324,564	460,620,593
Others	24,457,074	13,834,220
<b>TOTAL</b>	<b><u>1,911,431,638</u></b>	<b><u>1,416,143,813</u></b>

## 23. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of real estate properties	377,997,775,975	156,425,893,423
Cost of construction services	99,869,289,254	58,134,801,616
Cost of other services rendered	4,790,443,700	7,431,152,614
<b>TOTAL</b>	<b><u>482,657,508,929</u></b>	<b><u>221,991,847,653</u></b>

## 24. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	1,133,460,140	4,953,649,286
Others	28,283,019	5,962,296
<b>TOTAL</b>	<b><u>1,161,743,159</u></b>	<b><u>4,959,611,582</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>7,534,807,159</b>	<b>3,138,798,773</b>
Sales commission	7,534,807,159	2,946,711,679
Others	-	192,087,094
<b>General and administrative expenses</b>	<b>32,450,513,916</b>	<b>22,501,235,145</b>
Labour costs	14,499,545,905	9,827,611,700
Provision for short-term doubtful debt	6,359,232,743	4,382,708,259
External service fee	5,154,279,955	3,812,680,397
Depreciation	2,119,839,968	1,468,214,878
Others	4,317,615,345	3,010,019,911
<b>TOTAL</b>	<b><u>39,985,321,075</u></b>	<b><u>25,640,033,918</u></b>

**26. OTHER INCOME AND EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>10,182,939,987</b>	<b>4,220,491,388</b>
Leasing income	1,575,529,638	899,245,080
Penalty for late payment and cancellation of sale contracts	5,666,675,726	1,670,135,187
Others	2,940,734,623	1,651,111,121
<b>Other expenses</b>	<b>(3,847,673,595)</b>	<b>(2,449,914,284)</b>
Land compensation for Binh Hoa project	(1,888,376,861)	-
Land rental fee	(1,575,529,638)	(1,669,079,634)
Others	(383,767,096)	(780,834,650)
<b>NET OTHER PROFIT</b>	<b><u>6,335,266,392</u></b>	<b><u>1,770,577,104</u></b>

**27. OPERATION COSTS**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Development cost	377,997,775,975	156,425,893,423
Labour cost	14,499,545,905	9,827,611,700
Sales commission	7,534,807,159	2,946,711,679
Provision for bad debt	6,359,232,743	4,382,708,259
Depreciation (Note 10, 12)	5,160,274,736	4,443,854,274
External service fee	105,023,569,209	61,947,482,013
Others	6,067,624,277	7,657,620,223
<b>TOTAL</b>	<b><u>522,642,830,004</u></b>	<b><u>247,631,881,571</u></b>

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## 28. CORPORATE INCOME TAX

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits.

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

### 28.1 CIT expense

	VND	
	Current year	Previous year
Current tax expense	4,812,643,204	918,922,031
Deferred tax income	<u>(2,987,455,179)</u>	<u>(1,379,367,380)</u>
<b>TOTAL</b>	<b><u>1,825,188,025</u></b>	<b><u>(460,445,349)</u></b>

Reconciliation between CIT expense and the accounting profit multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b><u>83,546,324,145</u></b>	<b><u>28,970,608,295</u></b>
At CIT rate applied for the Company	16,709,264,829	5,794,121,659
<i>Adjustments to increase:</i>		
Non-deductible expenses	2,556,166,717	1,145,103,912
<i>Adjustments to decrease:</i>		
Tax loss carried forward	(17,324,830,076)	(6,877,410,111)
Dividend income	(109,330,000)	(188,337,800)
Share of (gains) losses from associates	(6,083,445)	35,485,926
Others	<u>-</u>	<u>(369,408,935)</u>
<b>CIT expense (income)</b>	<b><u>1,825,188,025</u></b>	<b><u>(460,445,349)</u></b>

### 28.2 Current tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 28. CORPORATE INCOME TAX (continued)

### 28.3 *Deferred tax*

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

	VND			
	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Internal unrealised profit	6,974,363,286	3,870,479,211	3,103,884,075	1,252,016,475
Accrual for severance pay	247,546,000	363,974,896	(116,428,896)	(97,279,819)
Depreciation	-	-	-	224,630,724
<b><i>Deferred income tax assets</i></b>	<b><u>7,221,909,286</u></b>	<b><u>4,234,454,107</u></b>		
<b><i>Net deferred tax income</i></b>			<b><u>2,987,455,179</u></b>	<b><u>1,379,367,380</u></b>

### 28.4 *Tax losses carried forward*

The Company and its subsidiary are eligible to carry each individual tax losses forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. At 31 December 2017, the Group had accumulated tax losses of VND 193,839,097,510 (31 December 2016: VND 280,463,247,888) available for offset against future taxable profits. Details are as follows:

				VND	
				<i>Can be utilized up to</i>	<i>Unutilized at 31 December 2017</i>
<i>Originating year</i>	<i>utilized up to</i>	<i>Tax loss amount (*)</i>	<i>Utilized up to 31 December 2017</i>	<i>Forfeited</i>	<i>Unutilized at 31 December 2017</i>
2014	2019	<u>286,951,493,491</u>	<u>(93,112,395,981) (**)</u>	-	<u>193,839,097,510</u>

(\*) Estimated tax losses above as per the Group's CIT declaration have not been audited by the local tax authorities as of the date of these consolidated financial statements.

(\*\*) This amount includes tax loss utilized up to 31 December 2016 of VND 6,488,245,603 and tax loss utilized in current year of VND 86,624,150,378.

No deferred income tax assets were recognised in respect of the accumulated tax losses because utilization of tax loss against future taxable profit cannot be ascertained at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

## 29. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the current and previous year were as follows:

Related party	Relationship	Transaction	VND	
			Current year	Previous year
Future Architectural Design Joint Stock Company Limited	Significant shareholder	Design service fee	2,857,750,463	5,195,291,280
Gia Dinh Development Investment Corporation	Related party	Repayment of borrowing	30,000,000,000	4,519,333,333
		Interest expense	1,388,499,999	2,916,614,500
		Rental fee	1,241,916,000	1,241,916,000
Housing Development Bac Trung Nam Joint Stock Company	Related party	Dividend income	546,650,000	819,975,000
		Rental income	594,008,183	573,829,092
		Rendering service	126,496,000	150,203,600
Sai Gon Binh Duong Joint stock Company	Related party	Capital contributed	44,719,129,593	-
		Advance	642,000,000	205,000,000
Long Binh Construction - Trading - Producing Joint Stock Company	Associate	Dividend income	-	100,000,000
Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	Related party	Dividend income	-	9,441,000

### *Terms and conditions of transactions*

The purchase of goods from related parties during the year was made on the basis of signed contracts.

Outstanding balances at are unsecured, interest free and will be settled in cash. For the year ended 31 December 2017, the Group 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**29. TRANSACTIONS WITH RELATED PARTIES (continued)**

Amount due to and due from related parties at the balance sheet date was as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>VND</i>	
			<i>Receivable (Payable)</i>	
			<i>Ending balance</i>	<i>Beginning balance</i>
<b><i>Advance to supplier</i></b>				
Future Architectures Design Joint Stock Company	Significant shareholder	Design service fee	<u>12,572,762,755</u>	<u>15,716,288,264</u>
<b><i>Other short-term receivables</i></b>				
Sai Gon Binh Duong Joint stock Company	Associate	Interest Income Advance	1,592,901,607 847,000,000	1,592,901,607 405,000,000
Housing Development Bac Trung Nam Joint Stock Company	Related party	Dividend income	-	273,325,000
<b>TOTAL</b>			<u><b>2,439,901,607</b></u>	<u><b>2,271,226,607</b></u>

***Short-term trade payable***

Future Architectures Design Joint Stock Company	Significant shareholder	Design service rendered	<u>(1,560,654,545)</u>	<u>(1,560,654,545)</u>
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***Short-term loan***

Gia Dinh Development Investment Corporation	Related party	Loan	<u>-</u>	<u>(30,000,000,000)</u>
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***Transactions with other related parties***

Remuneration to members of the Board of Directors and Management:

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus	<u>4,107,505,000</u>	<u>2,307,068,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2017 and for the year then ended

**30. CAPITAL COMMITMENT**

At 31 December 2017, the Group had outstanding commitments VND 296,035,169,100 (31 December 2016: VND 823,101,877,309) relating to the development cost of ongoing residential projects.

**31. SEGMENT INFORMATION**

A segment is a component determined separately by the Group which is engaged in providing real estate products or related services (business segment) or providing real estate products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's principal activities are engaged in investing and trading real estate properties and related services. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's real estate products or the locations that the Group is trading. As a result, management is of the view that there is only one segment for business and geography and therefore presentation of separate segmental information is not required.

**32. EVENTS AFTER THE BALANCE SHEET DATE**

There is no matter or circumstance that has arisen since the balance date that requires adjustments or disclosures to be made in the consolidated financial statements of the Group.



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant



Truong Minh Thuan  
General Director

28 March 2018