

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

Consolidated financial statements

31 December 2016

# Investment and Trading of Real Estate Joint Stock Company

## CONTENTS

	<i>Pages</i>
General information	1
Report of management	2
Independence auditors' report	3 - 4
Consolidated balance sheet	5 - 6
Consolidated income statement	7
Consolidated cash flow statement	8 - 9
Notes to the consolidated financial statements	11 - 41

# 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
Ms. Dang Thi Ngoc Tuyen	Member	appointed on 11 May 2016
Ms. Duong Thanh Thuy	Member	resigned on 11 May 2016
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 its report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2016.

### 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 2016 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:



Trương Minh Thuận  
General Director

28 March 2017



Reference: 60792124/18590793-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 2017 and set out on pages 5 to 41, which comprise the consolidated balance sheet as at 31 December 2016, 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 preparation and presentation of consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of 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.

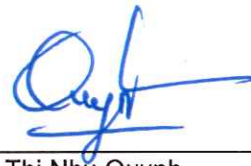
**Opinion**

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 2016, 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.

**Ernst & Young Vietnam Limited**



  
Ernest Young Chin Kang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1891-2013-004-1



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

Ho Chi Minh City, Vietnam

28 March 2017

Investment and Trading of Real Estate Joint Stock Company B01-DN/HN

CONSOLIDATED BALANCE SHEET  
as at 31 December 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>2,928,193,264,749</b>	<b>1,906,305,128,315</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>50,855,004,269</b>	<b>8,561,609,600</b>
111	1. Cash		29,855,004,269	8,561,609,600
112	2. Cash equivalents		21,000,000,000	-
<b>130</b>	<b>II. Current accounts receivables</b>		<b>248,673,841,761</b>	<b>280,246,569,539</b>
131	1. Short-term trade receivables	5	101,158,497,366	67,083,274,103
132	2. Short-term advances to suppliers	6	121,474,510,865	192,083,245,547
136	3. Other short-term receivables	7	33,757,896,511	23,603,790,411
137	4. Provision for doubtful short-term receivables	5, 7	(7,717,062,981)	(2,523,740,522)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>2,625,597,348,251</b>	<b>1,614,676,274,673</b>
141	1. Inventories		2,638,923,921,103	1,628,002,847,525
149	2. Provision for obsolete inventories		(13,326,572,852)	(13,326,572,852)
<b>150</b>	<b>IV. Other current assets</b>		<b>3,067,070,468</b>	<b>2,820,674,503</b>
151	1. Short-term prepaid expenses		2,296,419,876	1,127,095,149
152	2. Value-added tax deductible		-	4,445,640
153	3. Tax and other receivables from the State	17	770,650,592	1,689,133,714



CONSOLIDATED BALANCE SHEET  
as at 31 December 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>384,689,260,177</b>	<b>402,742,251,281</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>4,490,561,358</b>	<b>18,161,561,358</b>
211	1. Long-term trade receivables	5	3,998,346,579	5,090,346,579
216	2. Other long-term receivables	7	7,108,961,607	20,503,961,607
219	3. Provision for doubtful long-term receivables	5, 7	(6,616,746,828)	(7,432,746,828)
<b>220</b>	<b>II. Fixed assets</b>		<b>54,510,526,477</b>	<b>55,190,315,527</b>
221	1. Tangible fixed assets	9	16,586,831,219	17,266,620,269
222	Cost		41,051,961,330	45,002,337,780
223	Accumulated depreciation		(24,465,130,111)	(27,735,717,511)
227	2. Intangible assets	10	37,923,695,258	37,923,695,258
228	Cost		37,923,695,258	37,961,395,258
229	Accumulated amortisation		-	(37,700,000)
<b>230</b>	<b>III. Investment properties</b>	<b>11</b>	<b>49,854,646,011</b>	<b>53,569,091,715</b>
231	1. Cost		67,077,080,348	70,129,673,289
232	2. Accumulated depreciation		(17,222,434,337)	(16,560,581,574)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>3,636,363,636</b>	<b>-</b>
242	1. Construction in progress	12	3,636,363,636	-
<b>250</b>	<b>V. Long-term investments</b>	<b>13</b>	<b>267,788,766,322</b>	<b>272,966,195,954</b>
252	1. Investments in associates	13.1	233,958,446,322	234,135,875,954
253	2. Investments in other entities	13.2	42,755,320,000	47,755,320,000
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>4,408,396,373</b>	<b>2,855,086,727</b>
261	1. Long-term prepaid expenses		173,942,266	-
262	2. Deferred tax assets	27.3	4,234,454,107	2,855,086,727
<b>270</b>	<b>TOTAL ASSETS</b>		<b>3,312,882,524,926</b>	<b>2,309,047,379,596</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2016

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>1,789,511,186,241</b>	<b>815,107,094,555</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>942,473,123,546</b>	<b>495,815,165,363</b>
311	1. Short-term trade payables	15	359,936,692,698	48,977,228,906
312	2. Short-term advances from customers	16	127,002,349,132	55,718,499,311
313	3. Statutory obligations	17	20,598,067,596	27,672,116,544
314	4. Payables to employees		257,232,500	586,702,000
315	5. Short-term accrued expenses	18	71,168,666,182	12,750,900,479
318	6. Short-term unearned revenues		1,283,631,148	1,968,760,641
319	7. Other short-term payables	19	23,450,283,464	149,768,122,901
320	8. Short-term loans	20	336,757,291,373	197,507,968,344
321	9. Short-term provisions		2,280,559,616	950,816,400
322	10. Bonus and welfare fund		(261,650,163)	(85,950,163)
<b>330</b>	<b>II. Non-current liabilities</b>		<b>847,038,062,695</b>	<b>319,291,929,192</b>
332	1. Long-term advances from customers	16	165,291,855,511	151,089,678,479
336	2. Long-term unearned revenues		5,462,272,538	5,462,272,538
338	4. Long-term loans	20	673,005,773,803	158,964,595,326
342	5. Long-term provisions		3,278,160,843	3,775,382,849
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,523,371,338,685</b>	<b>1,493,940,285,041</b>
<b>410</b>	<b>I. Capital</b>		<b>1,523,371,338,685</b>	<b>1,493,940,285,041</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	974,114,436,600
415	3. Treasury shares	21.1	(9,825,117,611)	(9,825,117,611)
418	4. Investment and development fund	21.1	57,548,003,887	57,548,003,887
421	5. Undistributed retained earnings (accumulated losses)	21.1	28,686,730,753	(225,431,309,776)
421a	- Accumulated losses up to prior year		-	(232,590,836,530)
421b	- Undistributed earnings of current year		28,686,730,753	7,159,526,754
429	6. Non-controlling interests		7,411,714,832	6,667,391,941
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>3,312,882,524,926</b>	<b>2,309,047,379,596</b>

Pham Van Khanh  
Preparer

Doan Huu Chi  
Chief Accountant



Trương Minh Thuận  
General Director

28 March 2017


CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2016

VND

Code	ITEMS	Notes	Current year	Previous year
10	1. Net revenue from sale of goods and rendering of services	22.1	278,552,810,163	212,789,792,515
11	2. Cost of goods sold and services rendered	23	(221,991,847,653)	(170,233,883,244)
20	3. Gross profit from sale of goods and rendering of services		56,560,962,510	42,555,909,271
21	4. Finance income	22.2	1,416,143,813	941,148,227
22	5. Finance expenses	24	(4,959,611,582)	(12,295,101,688)
23	- In which: Interest expense		(4,953,649,286)	(12,295,101,688)
24	6. Shares of loss of associates	13.1	(177,429,632)	(202,247,903)
25	7. Selling expenses	25	(3,138,798,773)	(1,589,580,846)
26	8. General and administrative expenses	25	(22,501,235,145)	(15,206,806,291)
30	9. Operating profit		27,200,031,191	14,203,320,770
31	10. Other income	26	4,220,491,388	2,548,213,238
32	11. Other expenses	26	(2,449,914,284)	(9,040,058,362)
40	12. Other profit (loss)	26	1,770,577,104	(6,491,845,124)
50	13. Accounting profit before tax		28,970,608,295	7,711,475,646
51	14. Current corporate income tax expense	27.1	(918,922,031)	-
52	15. Deferred tax income (expense)	27.3	1,379,367,380	(359,100,771)
60	16. Net profit after tax		29,431,053,644	7,352,374,875
61	17. Net profit after tax attributable to shareholders of the parent		28,686,730,753	7,159,526,754
62	18. Net profit after tax attributable to non-controlling interests		744,322,891	192,848,121
70	19. Basic earnings per share	21.4	418	104
71	20. Diluted earnings per share	21.4	418	104

  
Pham Van Khanh  
Preparer

  
Doan Huu Chi  
Chief Accountant

  
Trương Minh Thuận  
General Director



28 March 2017



CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2016

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>28,970,608,295</b>	<b>7,711,475,646</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortization	9, 11	4,443,854,274	4,368,551,168
03	Provisions (reversal of provisions)		5,209,843,669	(417,700,203)
05	Profits from investing activities		(3,855,982,224)	(3,642,461,685)
06	Interest expense	24	4,953,649,286	12,295,101,688
08	<b>Operating profit before changes in working capital</b>		<b>39,721,973,300</b>	<b>20,314,966,614</b>
09	Decrease (increase) in receivables		40,870,850,959	(136,718,661,455)
10	Increase in inventories		(1,012,044,227,199)	(15,566,375,963)
11	Increase (decrease) in payables		320,649,541,208	(8,196,051,844)
12	Increase in prepaid expenses		(1,343,266,993)	(740,524,940)
14	Interest paid		(5,322,121,524)	(9,656,968,447)
15	Corporate income tax paid		(438,909)	-
16	Other cash inflows from operating activities		-	2,594,706,000
17	Other cash outflows for operating activities		-	(1,633,502,424)
20	<b>Net cash flows used in operating activities</b>		<b>(617,467,689,158)</b>	<b>(149,602,412,459)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long-term assets		(3,774,227,272)	-
22	Proceeds from disposals of fixed assets and other long-term assets		3,842,500,000	7,834,985,115
26	Proceeds from sale of investments in other entities		5,000,000,000	-
27	Interest and dividend received		1,402,309,593	935,872,898
30	<b>Net cash flows from investing activities</b>		<b>6,470,582,321</b>	<b>8,770,858,013</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings	20	820,498,469,850	276,449,149,670
34	Repayment of borrowings	20	(167,207,968,344)	(136,283,699,661)
40	<b>Net cash flows from financing activities</b>		<b>653,290,501,506</b>	<b>140,165,450,009</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2016

VND

Code	ITEMS	Notes	Ending balance	Beginning balance
50	Net increase (decrease) in cash and cash equivalents		42,293,394,669	(666,104,437)
60	Cash at the beginning of the year		8,561,609,600	9,227,714,037
70	Cash and cash equivalents at the end of the year	4	50,855,004,269	8,561,609,600



Pham Van Khanh  
Preparer



Doan Huu Chi  
Chief Accountant




Trương Minh Thuận  
General Director

28 March 2017



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2016 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 2016, the Company holds 85% ownership interest in this subsidiary.

The number of the Company and its subsidiary ("the Group") employees as at 31 December 2016 was 155 (31 December 2015: 126).

**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 financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

**2.2 Applied accounting documentation system**

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 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 Company'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 2016.

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 2016 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 assets.**

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible 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 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 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 2016 and for the year then ended

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

#### 3.6 *Depreciation and amortisation*

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

Buildings and structures	10 – 25 years
Machinery and equipment	2 – 10 years
Means of transportation	5 – 10 years
Office equipment	3 – 5 years
Computer software	3 years

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

#### 3.7 *Investment properties*

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

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 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 2016 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 and 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 and 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 2016 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 2016 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 balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, 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.
- ▶ 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 taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised; 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.
- ▶ 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 2016 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 period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to 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 period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

**4. CASH AND CASH EQUIVALENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	85,813,744	3,140,052,410
Cash in banks	29,769,190,525	5,421,557,190
Cash equivalents (*)	21,000,000,000	-
<b>TOTAL</b>	<b><u>50,855,004,269</u></b>	<b><u>8,561,609,600</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 2016 and for the year then ended

## 5. TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>101,158,497,366</b>	<b>67,083,274,103</b>
Trade receivables from other parties	101,158,497,366	66,925,471,103
- Hush Creative Company Limited	9,345,000,000	27,112,500,000
- Thai Duong Joint Stock Company	8,100,000,000	8,100,000,000
- Khang Nam Real Estate Investment Joint Stock Company	11,863,393,818	5,165,953,391
- Other customers	71,850,103,548	26,547,017,712
Trade receivables from a related party (Note 28)	-	157,803,000
<b>Long-term</b>	<b>3,998,346,579</b>	<b>5,090,346,579</b>
Trade receivables from other parties	3,998,346,579	5,090,346,579
<b>TOTAL</b>	<b>105,156,843,945</b>	<b>72,173,620,682</b>
Provision for doubtful short-term receivables	(6,757,062,981)	(2,523,740,522)
Provision for doubtful long-term receivables	(3,898,346,579)	(4,714,346,579)

## 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
Finance Department of Ho Chi Minh City – land use fee for Terra Royal project	-	100,000,000,000
Sai gon Vien Dong Limited Company – Lot No.7, 6B project	12,927,603,431	12,927,603,431
People's Committee of Dak Nong province – Thien Phu, Dak Nong project	20,500,000,000	20,000,000,000
Long Binh Joint Stock Company – Long Binh, District 9 project	19,899,197,600	19,899,197,600
Lac Thanh Limited Liability Company -The Stars Village, Long Thoi – Nha Be project	9,463,344,300	-
Other suppliers	42,968,077,270	39,256,444,516
A related party (Note 28)	15,716,288,264	-
<b>TOTAL</b>	<b>121,474,510,865</b>	<b>192,083,245,547</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 7. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>33,757,896,511</b>	<b>23,603,790,411</b>
Advances to suppliers of real estate projects (*)	16,800,000,000	12,800,000,000
- Saigon Cho Lon Investment & Real Estate Joint Stock Company	8,000,000,000	8,000,000,000
- May Thang Long Joint Stock Company	8,800,000,000	4,800,000,000
Others	16,957,896,511	10,803,790,411
<b>Long-term</b>	<b>7,108,961,607</b>	<b>20,503,961,607</b>
Advances to suppliers of real estate projects (*)	2,450,000,000	16,050,000,000
- Saigon Cho Lon Investment & Real Estate Joint Stock Company	850,000,000	8,850,000,000
- May Thang Long Joint Stock Company	1,600,000,000	7,200,000,000
Others	4,658,961,607	4,453,961,607
<b>TOTAL</b>	<b><u>40,866,858,118</u></b>	<b><u>44,107,752,018</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	38,595,631,511	42,014,850,411
Related parties (Note 28)	2,271,226,607	2,092,901,607

(\*) The management decided to cease the Company's investment in the real estate projects of those entities. Therefore, the advance paid to these entities in prior years were agreed to be reimbursed to the Company according to the relevant documents.

## Investment and Trading of Real Estate Joint Stock Company

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

as at 31 December 2016 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	
The Stars Village,					
Long Thoi – Nha Be project (i)	1,043,370,796,531	-	1,051,867,493,206	-	
Terra Royal project (ii)	1,240,981,823,274	-	231,927,141,003	-	
6A project	130,558,094,925	-	130,086,519,645	-	
Long Phuoc, District 9 project (iii)	115,974,275,419	-	114,987,332,919	-	
Lot 6, 7 & 8 - 6B project	22,673,276,878	-	21,739,911,426	-	
Binh Trung Dong – District 2 project	28,848,790,056	-	28,848,790,056	-	
Other projects	56,516,864,020	(13,326,572,852)	48,545,659,270	(13,326,572,852)	
<b>TOTAL</b>	<b>2,638,923,921,103</b>	<b>(13,326,572,852)</b>	<b>1,628,002,847,525</b>	<b>(13,326,572,852)</b>	

(i) Land use right of 475,085 square meters on total land of 532,537 square meters of The Stars Village, Long Thoi – Nha Be project was pledged to obtain the loans from commercial banks (Note 20).

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

(iii) Land use right of 155,021 square meters on total land of 155,365 square meters of Long Phuoc, District 9 project was pledged to obtain the loans from a commercial bank and Gia Dinh Development Investment Corporation (Note 20).



## Investment and Trading of Real Estate Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
<b>Cost:</b>					VND
Beginning balance	32,438,029,820	5,497,464,637	5,657,467,366	1,409,375,957	45,002,337,780
Addition	-	106,500,000	-	31,363,636	137,863,636
Disposal and write off	(4,088,240,086)	-	-	-	(4,088,240,086)
Ending balance	28,349,789,734	5,603,964,637	5,657,467,366	1,440,739,593	41,051,961,330
<i>In which:</i>					
Fully depreciated	4,280,813,180	1,858,030,143	1,398,002,329	1,350,303,635	8,887,149,287
<b>Accumulated depreciation:</b>					
Beginning balance	15,975,840,011	5,358,961,502	5,004,897,601	1,396,018,397	27,735,717,511
Depreciation for the year	1,111,211,267	254,440,784	383,009,918	12,109,091	1,760,771,060
Disposal and write off	(3,908,204,839)	-	-	-	(3,908,204,839)
Other decrease	-	(507,046,675)	(472,227,321)	(143,879,625)	(1,123,153,621)
Ending balance	13,178,846,439	5,106,355,611	4,915,680,198	1,264,247,863	24,465,130,111
<b>Net carrying amount:</b>					
Beginning balance	16,462,189,809	138,503,135	652,569,765	13,357,560	17,266,620,269
Ending balance	15,170,943,295	497,609,026	741,787,168	176,491,730	16,586,831,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

10. INTANGIBLE ASSETS

	VND		
	<i>Indefinite land use rights (*)</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	37,923,695,258	37,700,000	37,961,395,258
Reclassification	-	(37,700,000)	(37,700,000)
Ending balance	<u>37,923,695,258</u>	<u>-</u>	<u>37,923,695,258</u>
<i>In which:</i>			
<i>Fully amortised</i>	-	37,700,000	37,700,000
<b>Accumulated amortisation:</b>			
Beginning balance	-	37,700,000	37,700,000
Reclassification	-	(37,700,000)	(37,700,000)
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>37,923,695,258</u>	<u>-</u>	<u>37,923,695,258</u>
Ending balance	<u>37,923,695,258</u>	<u>-</u>	<u>37,923,695,258</u>

(\*) 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 with carrying value of VND 26,471,477,820 and VND 11,101,600,430, respectively, were pledged to obtain the loans from commercial banks (Note 20).

11. INVESTMENT PROPERTIES

	VND		
	<i>Land and buildings (*)</i>	<i>Apartment</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	68,470,813,453	1,658,859,836	70,129,673,289
Disposal and write off	(1,393,733,105)	(1,658,859,836)	(3,052,592,941)
Ending balance	<u>67,077,080,348</u>	<u>-</u>	<u>67,077,080,348</u>
<i>In which:</i>			
<i>Fully depreciated</i>	-	1,658,859,836	1,658,859,836
<b>Accumulated depreciation:</b>			
Beginning balance	14,901,721,738	1,658,859,836	16,560,581,574
Depreciation for the year	2,683,083,214	-	2,683,083,214
Disposal and write off	(362,370,615)	(1,658,859,836)	(2,021,230,451)
Ending balance	<u>17,222,434,337</u>	<u>-</u>	<u>17,222,434,337</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>53,569,091,715</u>	<u>-</u>	<u>53,569,091,715</u>
Ending balance	<u>49,854,646,011</u>	<u>-</u>	<u>49,854,646,011</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

11. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties had not yet been formally assessed and determined as at 31 December 2016. 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 the land and buildings, 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).

In addition, 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	
	Current year	Previous year
Operating lease of factory and land	9,410,623,162	9,618,258,229
Direct operating expenses of investment properties that generated rental income during the year	<u>(4,556,705,432)</u>	<u>(4,664,714,296)</u>
<b>TOTAL</b>	<b><u>4,853,917,730</u></b>	<b><u>4,953,543,933</u></b>

12. CONSTRUCTION IN PROGRESS

This amount represents machinery and equipment under installation and testing stage.

13. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investments in associates (Note 13.1)	233,958,446,322	234,135,875,954
Investments in other entities (Note 13.2)	42,755,320,000	47,755,320,000
Provision for diminution in long-term investments	<u>(8,925,000,000)</u>	<u>(8,925,000,000)</u>
<b>TOTAL</b>	<b><u>267,788,766,322</u></b>	<b><u>272,966,195,954</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")	22.49	22.49
Long Binh Construction – Trading – Producing Joint Stock Company ("LB")	36.36	36.36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**13. LONG-TERM INVESTMENTS (continued)**

**13.1 Investments in associates (continued)**

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

	<i>PG</i>	<i>SGBD</i>	<i>LB</i>	<i>VND Total</i>
<b>Cost of investments:</b>				
Beginning and ending balance	<u>150,968,925,000</u>	<u>67,480,013,645</u>	<u>21,000,000,000</u>	<u>239,448,938,645</u>
<b>Accumulated share in post-acquisition loss of the associates:</b>				
Beginning balance	-	(2,903,562,552)	(2,409,500,139)	(5,313,062,691)
Share in post-acquisition loss of the associates	<u>-</u>	<u>(50,284,025)</u>	<u>(127,145,607)</u>	<u>(177,429,632)</u>
Ending balance	<u>-</u>	<u>(2,953,846,577)</u>	<u>(2,536,645,746)</u>	<u>(5,490,492,323)</u>
<b>Net carrying amount:</b>				
Beginning balance	<u>150,968,925,000</u>	<u>64,576,451,093</u>	<u>18,590,499,861</u>	<u>234,135,875,954</u>
Ending 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>



# Investment and Trading of Real Estate Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 13. LONG-TERM INVESTMENTS (continued)

### 13.2 Investments in other entities

	Ending balance		Beginning balance		VND
	Amount VND	Number of shares %	Amount VND	Number of shares %	
Gia Dinh Development Investment Corporation	34,000,000,000	2,125,000 5.31	34,000,000,000	2,125,000 5.31	5.31
Housing Development Bac Trung Nam Corporation	5,466,500,000	54,665 10.93	5,466,500,000	54,665 10.93	10.93
Saigon Construction Development Joint Stock Company	-	-	5,000,000,000	50,000 7.03	7.03
Saigon Mangden Joint Stock Company	3,100,000,000	310,000 1.61	3,100,000,000	310,000 1.61	1.61
Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	188,820,000	18,882 0.06	188,820,000	18,882 0.06	0.06
<b>TOTAL</b>	<b>42,755,320,000</b>		<b>47,755,320,000</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>38,830,320,000</b>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**14. BORROWING COSTS**

	VND	
	Current year	Previous year
Capitalized in real estate projects	67,812,552,438	18,292,574,057
Interest expense (Note 24)	<u>4,953,649,286</u>	<u>12,295,101,688</u>
<b>TOTAL</b>	<b><u>72,766,201,724</u></b>	<b><u>30,587,675,745</u></b>

**15. SHORT-TERM TRADE PAYABLES**

	VND	
	Ending balance	Beginning balance
Trade payables to other parties	358,376,038,153	47,416,574,361
- Finance Department of Ho Chi Minh City - land use fee for Terra Royal project (*)	303,109,369,312	-
- Housing Investment and Trading Company Limited	-	13,720,326,389
- Other suppliers	55,266,668,841	33,696,247,972
Trade payables to a related party (Note 28)	<u>1,560,654,545</u>	<u>1,560,654,545</u>
<b>TOTAL</b>	<b><u>359,936,692,698</u></b>	<b><u>48,977,228,906</u></b>

(\*) In accordance with Official Letter No. 1976/TB-CT dated 16 March 2015 and Official Letter No. 4362/TB-CT dated 29 May 2015, the Group has to pay the amount of VND 303,109,369,312 at 22 July 2016. The Company's management prepared a cash flow plan to settle this amount in the financial year 2017.

**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	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>127,002,349,132</b>	<b>55,718,499,311</b>
The Stars Village, Long Thoi – Nha Be project	78,963,372,027	21,967,541,264
Lot 6, 7 & 8 - 6B project	19,957,034,673	17,401,348,000
Other projects	28,081,942,432	16,349,610,047
<b>Long-term</b>	<b>165,291,855,511</b>	<b>151,089,678,479</b>
6A project	100,549,029,000	101,899,029,000
Terra Royal project	23,231,462,062	-
Lot 6, 7 & 8 - 6B project	20,899,610,700	21,490,970,700
Binh Trung Dong - District 2 project	8,601,378,000	8,601,378,000
Other projects	<u>12,010,375,749</u>	<u>19,098,300,779</u>
<b>TOTAL</b>	<b><u>292,294,204,643</u></b>	<b><u>206,808,177,790</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 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>
<b>Payable</b>				
Value-added tax	25,324,468,875	20,720,847,943	(30,111,321,435)	15,933,995,383
Personal income tax	149,144,948	750,539,151	(522,481,670)	377,202,429
Other taxes	2,198,502,721	2,262,455,373	(174,088,310)	4,286,869,784
<b>TOTAL</b>	<b>27,672,116,544</b>	<b>23,733,842,467</b>	<b>(30,807,891,415)</b>	<b>20,598,067,596</b>
<b>Receivable</b>				
Overpaid corporate income tax	1,689,133,714	438,909	(918,922,031)	770,650,592

## 18. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Interest expense	53,721,237,655	11,478,151,569
Penalty for late payment	14,731,115,349	-
Construction costs	2,366,313,178	922,748,910
Others	350,000,000	350,000,000
<b>TOTAL</b>	<b>71,168,666,182</b>	<b>12,750,900,479</b>

## 19. OTHER SHORT-TERM PAYABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land compensation for The Stars Village, Long Thoi – Nha Be project, payable to land owners	6,418,555,000	6,418,555,000
Dividends payable	3,144,546,924	3,153,300,924
Land use fee for The Stars Village, Long Thoi – Nha Be project, payable to the Finance Department of Ho Chi Minh City	-	126,972,666,909
Others	13,887,181,540	13,223,600,068
<b>TOTAL</b>	<b>23,450,283,464</b>	<b>149,768,122,901</b>

Investment and Trading of Real Estate Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

20. LOANS

	Beginning balance	Drawdown	Repayment	Reclassification	VND Ending balance
<b>Short-term</b>					
Bank loans (Note 20.1)	197,507,968,344	195,018,480,776	(167,207,968,344)	111,438,810,597	336,757,291,373
Loans from other organization (Note 20.3)	74,865,221,011	195,018,480,776	(74,865,221,011)	-	195,018,480,776
Loans from an individual (Note 20.4)	34,519,333,333	-	(4,519,333,333)	-	30,000,000,000
Current portion of long-term loans (Note 20.2)	2,523,414,000	-	(2,223,414,000)	-	300,000,000
	85,600,000,000	-	(85,600,000,000)	111,438,810,597	111,438,810,597
<b>Long-term</b>					
Bank loans (Note 20.2)	158,964,595,326	625,479,989,074	-	(111,438,810,597)	673,005,773,803
	158,964,595,326	625,479,989,074	-	(111,438,810,597)	673,005,773,803
<b>TOTAL</b>	<b>356,472,563,670</b>	<b>820,498,469,850</b>	<b>(167,207,968,344)</b>	<b>-</b>	<b>1,009,763,065,176</b>



# Investment and Trading of Real Estate Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 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
<b>Lien Viet Post Joint Stock Commercial Bank</b>					
Loan Contract No. 270-14/HDTD-LPB-HCM dated 19 August 2014 and No. 911-15/HDTD-LPB-HCM dated 25 September 2015	37,000,000,000 VND	From 21 April 2017 to 26 September 2017	Finance for the development of its real estate projects and working capital requirements	9.5 - 9.9	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 10 and 11)
<b>Vietnam Bank for Agriculture and Rural Development</b>					
Loan Contract No. 6220-LAV-2015000640/HDTD dated 25 June 2015 and appendix No. 6220-LAV-2015000640/PLHDTD/1 dated 15 November 2015	78,018,480,776 VND	From 6 January 2017 to 30 November 2017	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 25,727 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Notes 8, 10 and 11)
<b>Ho Chi Minh City Development Joint Stock Commercial Bank</b>					
Loan Contract No. 9333/16/HDTDNH-DN/068	80,000,000,000 VND	12 October 2017	To pay land use fee of The Stars Village, Long Thoi - Nha Be project	10.5	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>195,018,480,776</b>				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**20. LOANS** (continued)

**20.2 Details of long-term bank loans are as follows:**

Lender	Ending balance	Principal repayment term	Purpose	Interest rate	Description of collateral
	VND			% p.a.	
<b>Ho Chi Minh City Development Joint Stock Commercial Bank</b>					
Loan Contract No.2235TT/15/HDTDTDH-DN/068 and No.2236TT/15/HDTDTDH-DN/068 dated 19 August 2015	772,544,584,400	From 17 March 2017 to 24 August 2019	To finance Terra Royal project and The Stars Village, Long Thoi – Nha Be project	9.5 – 9.9	Real estate and benefits arising from The Stars Village, Long Thoi – Nha Be project; 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)
<b>Vietnam Bank for Agriculture and Rural Development</b>					
Loan Contract No. 6220-LAV-201300607/HDTD dated 30 September 2013, appendix No. 6220-LAV-201300607/PLHDTD/1 dated 24 March 2015 and appendix No. 6220-LAV-201500640/PLHDTD/1 dated 15 November 2015	11,900,000,000	From 24 March 2017 to 29 March 2017	To finance for working capital requirements	9.3	Land use rights at No. 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City; land use right and associated assets at No. 531 Nguyen Duy Trinh Street, Binh Trung Dong Ward, District 2, Ho Chi Minh City; land use right of 115,793 square meters at Long Phuoc Ward, District 9, Ho Chi Minh City; and land use right of 25,727 square meters at Long Thoi Ward, Nha Be District, Ho Chi Minh City (Notes 8, 10 and 11)
<b>TOTAL</b>	<b>784,444,584,400</b>				
<i>In which:</i>					
Current portion	111,438,810,597				
Long-term loan	673,005,773,803				



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**20. LOANS** (continued)

**20.3 Details of loans from other organization are as follows:**

Lender	Ending balance	Principal repayment term	Purpose	Interest rate % p.a.	Description of collateral
	VND				
<b>Gia Dinh Development Investment Corporation (Note 28)</b>					
Loan contract No. 376/DTKDN/HDVV dated 20 June 2011, appendix No. 74/DTKDN/HDVV dated 9 February 2015 and appendix No. 474/DTKD /HDVV dated 25 August 2015	<u>30,000,000,000</u>	20 June 2017	To finance the land compensation for The Stars Village, Long Thoi – Nha Be Project	9	Land use right of 35,948.4 square meters at Long Phuoc Ward, District 9, Ho Chi Minh City (Note 8)

**20.4 Loans 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.

# Investment and Trading of Real Estate Joint Stock Company

B09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 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	(Accumulated losses) undistributed earnings	Total	VND
<b>Previous year</b>							
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	57,548,003,887	(232,590,836,530)	1,480,113,366,346	
Net loss for the year	-	-	-	-	7,159,526,754	7,159,526,754	
Ending 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	
<b>Current year</b>							
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	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	

(\*) During the year, 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 2016 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>

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>				
<i>Ordinary shares</i>	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)	28,686,730,753	7,159,526,754
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)	418	104
Diluted earnings per share (VND/share)	418	104

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 22. REVENUES

### 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>278,552,810,163</u></b>	<b><u>212,789,792,515</u></b>
<i>Of which:</i>		
<i>Sale of real estate properties</i>	199,296,144,239	124,052,036,374
<i>Revenue from construction contracts</i>	64,610,501,060	73,774,999,841
<i>Revenue from other services</i>	14,646,164,864	14,962,756,300

### 22.2 Finance income

	VND	
	<i>Current year</i>	<i>Previous year</i>
Dividends income	941,689,000	547,205,000
Interest income	460,620,593	388,667,898
Others	13,834,220	5,275,329
<b>TOTAL</b>	<b><u>1,416,143,813</u></b>	<b><u>941,148,227</u></b>

## 23. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND	
	<i>Current year</i>	<i>Previous year</i>
Cost of real estate properties	156,425,893,423	94,940,398,852
Cost of construction services	58,134,801,616	69,031,862,800
Cost of other services rendered	7,431,152,614	6,261,621,592
<b>TOTAL</b>	<b><u>221,991,847,653</u></b>	<b><u>170,233,883,244</u></b>

## 24. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	4,953,649,286	12,295,101,688
Others	5,962,296	-
<b>TOTAL</b>	<b><u>4,959,611,582</u></b>	<b><u>12,295,101,688</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	Current year	Previous year
<b>Selling expenses</b>	<b>3,138,798,773</b>	<b>1,589,580,846</b>
Sale commission	2,946,711,679	1,389,952,290
Others	192,087,094	199,628,556
<b>General and administrative expenses</b>	<b>22,501,235,145</b>	<b>15,206,806,291</b>
Labour costs	9,827,611,700	8,144,567,400
Provision for short-term doubtful debt	4,382,708,259	-
External service fee	3,812,680,397	4,575,163,096
Depreciation	1,468,214,878	1,619,763,681
Others	3,010,019,911	867,312,114
<b>TOTAL</b>	<b><u>25,640,033,918</u></b>	<b><u>16,796,387,137</u></b>

## 26. OTHER INCOME AND EXPENSES

	VND	
	Current year	Previous year
<b>Other income</b>	<b>4,220,491,388</b>	<b>2,548,213,238</b>
Leasing income	1,670,135,187	1,692,886,501
Penalty for late payment and cancellation of sale contracts	899,245,080	241,237,000
Others	1,651,111,121	614,089,737
<b>Other expenses</b>	<b>(2,449,914,284)</b>	<b>(9,040,058,362)</b>
Land rental fee	(1,669,079,634)	(1,660,000,000)
Loss from Tang Nhon Phu project	-	(5,166,580,810)
Others	(780,834,650)	(2,213,477,552)
<b>NET OTHER PROFIT (LOSS)</b>	<b><u>1,770,577,104</u></b>	<b><u>(6,491,845,124)</u></b>

## 27. CORPORATE INCOME TAX

The Group have the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profits (2015: 22%).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**27. CORPORATE INCOME TAX (continued)**

**27.1 CIT expense**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	(918,922,031)	-
Deferred tax income (expense)	1,379,367,380	(359,100,771)
<b>TOTAL</b>	<b><u>460,445,349</u></b>	<b><u>(359,100,771)</u></b>

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Accounting profit before tax	28,970,608,295	7,711,475,646
At CIT rate applied for the Company	5,794,121,659	1,696,524,642
<i>Adjustments to increase:</i>		
Change in provision for doubtful debt	875,464,492	-
Non-deductible expenses	269,639,420	615,883,994
Provision for investment in associates	-	44,494,539
Share of losses from associates	35,485,926	-
<i>Adjustments to decrease:</i>		
Tax loss carried forward	(6,877,410,111)	(1,598,493,052)
Dividend income	(188,337,800)	(120,385,100)
Reversal of provision for doubtful debt	-	(278,924,252)
Others	(369,408,935)	-
<b>CIT (income) expense</b>	<b><u>(460,445,349)</u></b>	<b><u>359,100,771</u></b>

**27.2 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 2016 and for the year then ended

## 27. CORPORATE INCOME TAX (continued)

### 27.3 Deferred tax

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

	<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>
	VND			
Internal unrealised profit	3,870,479,211	2,618,462,736	1,252,016,475	(307,832,387)
Accrual for severance pay	363,974,896	461,254,715	(97,279,819)	(127,418,772)
Depreciation	-	(224,630,724)	224,630,724	76,150,388
<b>Deferred income tax assets</b>	<b><u>4,234,454,107</u></b>	<b><u>2,855,086,727</u></b>		
<b>Net deferred tax income (expense)</b>			<b><u>1,379,367,380</u></b>	<b><u>(359,100,771)</u></b>

### 27.4 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 2016, the Group had accumulated tax losses of VND 280,463,247,888 (31 December 2015: VND 314,850,298,443) available for offset against future taxable profits. Details are as follows:

<i>Originating year</i>	<i>Can be utilized up to</i>	<i>Tax loss amount (*)</i>	<i>Utilized up to 31 December 2016</i>	VND	
				<i>Forfeited</i>	<i>Unutilized at 31 December 2016</i>
2011	2016	42,298,623,050	(42,298,623,050) (**)	-	-
2013	2018	2,599,260,225	(2,599,260,225)	-	-
2014	2019	286,951,493,491	(6,488,245,603)	-	280,463,247,888
<b>TOTAL</b>		<b><u>331,849,376,766</u></b>	<b><u>(51,386,128,878)</u></b>	<b>-</b>	<b><u>280,463,247,888</u></b>

(\*) 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 2015 of VND 16,999,078,323 and tax loss utilized in current year of VND 25,299,544,727.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

## 28. 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 Architectures Design Joint Stock Company	Significant shareholder	Design service rendered	5,195,291,280	-
Gia Dinh Development Investment Corporation	Related party	Repayment of borrowings	4,519,333,333	-
		Interest expense	2,916,614,500	3,210,000,714
		Rental fee	1,241,916,000	-
Housing Development Bac Trung Nam Joint Stock Company	Related party	Dividend income	819,975,000	-
		Rental income	573,829,092	-
		Rendering of services	150,203,600	-
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	21,714,000	-
Saigon Construction Development Joint Stock Company	Related party	Dividend income	-	500,000,000

### *Terms and conditions of transactions*

The sale/purchase of goods to/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 2016, 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 2016 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related parties	Relationship	Nature of transaction	VND	
			Receivable (Payable) Ending balance	Beginning balance
<b>Short-term trade receivable</b>				
North-Middle-South Housing Development Joint Stock Company	Related party	Rental income	-	157,803,000
<b>Advance to suppliers</b>				
Future Architectures Design Joint Stock Company	Significant shareholder	Design service fee	15,716,288,264	-
<b>Other short-term receivables</b>				
Sai Gon Binh Duong Joint stock Company	Associate	Interest income Advance	1,792,901,607 205,000,000	1,792,901,607 50,000,000
Housing Development Bac Trung Nam Joint Stock Company	Related party	Dividend income	273,325,000	-
Saigon Construction Development Joint Stock Company	Related party	Dividend income	-	250,000,000
<b>TOTAL</b>			<b>2,271,226,607</b>	<b>2,092,901,607</b>
<b>Short-term trade payables</b>				
Future Architectures Design Joint Stock Company	Significant shareholder	Design service rendered	(1,560,654,545)	(1,560,654,545)
<b>Short-term loan</b>				
Gia Dinh Development Investment Corporation	Related party	Loan	(30,000,000,000)	(34,519,333,333)

**Transactions with other related parties**

Remuneration to members of the Board of Directors and Management:

	VND	
	Current year	Previous year
Salaries and bonus	2,307,068,000	1,877,133,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2016 and for the year then ended

**29. CAPITAL COMMITMENT**

At 31 December 2016, the Group had outstanding commitments VND 823,101,877,309 (31 December 2015: VND 286,983,852,061) relating to the development cost of ongoing residential projects.

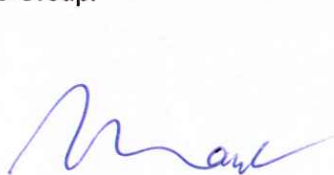
**30. SEGMENT INFORMATION**

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.

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

There is no matter or circumstance that has arisen since the consolidated 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 2017