

Investment and Trading of Real Estate Joint Stock Company

Separate financial statements

31 December 2016

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 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.

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 separate financial statements of the Company for the year ended 31 December 2016.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

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

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

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

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2016 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements.

For and on behalf of management:



Trương Minh Thuận
General Director

28 March 2017

Reference: 60792124/18590793

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Investment and Trading of Real Estate Joint Stock Company ("the Company") as prepared on 28 March 2017 and set out on pages 5 to 40, which comprise the separate balance sheet as at 31 December 2016, and the separate income statement and the separate 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 separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2016, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements.

Emphasis of matter

We draw attention to Note 2.1 of the separate financial statements. The Company prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2016 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements. We have audited these consolidated financial statements and our auditors' report dated 28 March 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited



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



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

Ho Chi Minh City, Vietnam

28 March 2017

SEPARATE BALANCE SHEET
as at 31 December 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		2,925,033,560,771	1,915,988,503,213
110	I. Cash and cash equivalents	4	39,364,906,958	7,604,917,673
111	1. Cash		18,364,906,958	7,604,917,673
112	2. Cash equivalents		21,000,000,000	-
130	III. Current accounts receivables		252,192,557,146	285,801,611,110
131	1. Short-term trade receivables	5	88,665,151,316	61,281,982,280
132	2. Short-term advances to suppliers	6	135,686,067,863	202,980,983,637
136	3. Other short-term receivables	7	31,639,337,967	21,538,645,193
137	4. Provision for doubtful short-term receivables	5, 7	(3,798,000,000)	-
140	IV. Inventories	8	2,630,095,821,413	1,620,929,356,415
141	1. Inventories		2,643,753,253,666	1,634,586,788,668
149	2. Provision for obsolete inventories		(13,657,432,253)	(13,657,432,253)
150	V. Other current assets		3,380,275,254	1,652,618,015
151	1. Short-term prepaid expenses		1,731,663,970	-
152	2. Value-added tax deductible		-	4,445,640
153	3. Tax and other receivables from the State	17	1,648,611,284	1,648,172,375

SEPARATE BALANCE SHEET (continued)
as at 31 December 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
200	B. NON-CURRENT ASSETS		414,728,160,889	435,473,109,093
210	I. Long-term receivables		4,490,561,358	18,161,561,358
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)
220	II. Fixed assets		51,714,688,841	53,175,063,401
221	1. Tangible fixed assets	9	14,141,610,591	15,601,985,151
222	Cost		31,879,289,751	35,936,166,201
223	Accumulated depreciation		(17,737,679,160)	(20,334,181,050)
227	2. Intangible assets	10	37,573,078,250	37,573,078,250
228	Cost		37,573,078,250	37,610,778,250
229	Accumulated amortisation		-	(37,700,000)
230	III. Investment properties	11	49,854,646,011	53,569,091,715
231	1. Cost		67,077,080,348	70,129,673,289
232	2. Accumulated depreciation		(17,222,434,337)	(16,560,581,574)
240	IV. Long-term assets in progress		3,636,363,636	-
242	1. Construction in progress	12	3,636,363,636	-
250	V. Long-term investments	13	304,315,708,525	309,375,696,093
251	1. Investment in a subsidiary	13.1	34,000,000,000	34,000,000,000
252	2. Investments in associates	13.2	239,448,938,645	239,448,938,645
253	3. Investments in other entities	13.3	42,755,320,000	47,755,320,000
254	4. Provision for diminution in value of long-term investments	13.2, 13.3	(11,888,550,120)	(11,828,562,552)
260	VI. Other long-term assets		716,192,518	1,191,696,526
261	1. Long-term prepaid expenses		173,942,266	552,166,455
262	2. Deferred tax assets	27.3	542,250,252	639,530,071
270	TOTAL ASSETS		3,339,761,721,660	2,351,461,612,306

SEPARATE BALANCE SHEET (continued)
as at 31 December 2016

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		1,812,797,542,524	853,143,320,396
310	I. Current liabilities		965,759,479,829	533,851,391,204
311	1. Short-term trade payables	15	386,981,449,027	89,517,259,217
312	2. Short-term advances from customers	16	126,470,931,232	55,597,495,811
313	3. Statutory obligations	17	19,782,536,271	27,050,828,940
315	4. Short-term accrued expenses	18	71,118,666,182	12,637,820,691
318	5. Short-term unearned revenues		1,283,631,148	1,968,760,641
319	6. Other short-term payables	19	23,364,974,596	149,571,257,560
320	7. Short-term loans	20	336,757,291,373	197,507,968,344
330	II. Non-current liabilities		847,038,062,695	319,291,929,192
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	3. Long-term loans	20	673,005,773,803	158,964,595,326
342	4. Long-term provisions		3,278,160,843	3,775,382,849
400	D. OWNERS' EQUITY		1,526,964,179,136	1,498,318,291,910
410	I. Capital	21.1	1,526,964,179,136	1,498,318,291,910
411	1. Share capital		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		748,683,126,824	974,114,436,600
415	3. Treasury shares		(9,825,117,611)	(9,825,117,611)
418	4. Investment and development fund		57,548,003,887	57,548,003,887
421	5. Undistributed earnings (accumulated losses)		39,691,286,036	(214,385,910,966)
421a	- Undistributed earnings (accumulated losses) up to prior year		11,045,398,810	(222,230,287,201)
421b	- Undistributed earnings of current year		28,645,887,226	7,844,376,235
440	TOTAL LIABILITIES AND OWNERS' EQUITY		3,339,761,721,660	2,351,461,612,306

Pham Van Khanh
Preparer

Doan Huu Chi
Chief Accountant

Truong Minh Thuan
General Director

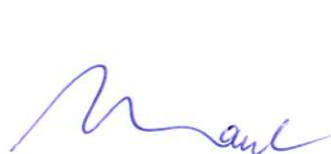


28 March 2017

SEPARATE INCOME 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	271,236,973,411	208,266,011,345
11	2. Cost of goods sold and services rendered	23	(217,957,321,298)	(167,258,881,996)
20	3. Gross profit from sale of goods and rendering of services		53,279,652,113	41,007,129,349
21	4. Finance income	22.2	1,402,309,593	935,872,898
22	5. Finance expenses	24	(5,019,599,150)	(12,431,987,461)
23	<i>In which: Interest expense</i>		(4,953,649,286)	(12,295,101,688)
25	6. Selling expenses	25	(3,138,798,773)	(1,589,580,846)
26	7. General and administrative expenses	25	(18,652,849,693)	(12,922,517,479)
30	8. Operating profit		27,870,714,090	14,998,916,461
31	9. Other income	26	3,320,269,717	2,201,145,034
32	10. Other expenses	26	(2,447,816,762)	(9,036,430,445)
40	11. Other profit (loss)	26	872,452,955	(6,835,285,411)
50	12. Accounting profit before tax		28,743,167,045	8,163,631,050
52	13. Deferred tax expense	27.3	(97,279,819)	(319,254,815)
60	14. Net profit after tax		28,645,887,226	7,844,376,235


Pham Van Khanh
Preparer

Doan Huu Chi
Chief Accountant

Trương Minh Thuận
General Director

28 March 2017

SEPARATE CASH FLOW STATEMENT
for the year ended 31 December 2016

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax		28,743,167,045	8,163,631,050
	<i>Adjustments for:</i>			
02	Depreciation and amortization	9, 11	3,994,786,163	4,151,275,108
03	Provisions (reversal of provisions)		3,539,209,574	783,023,080
05	Profits from investing activities		(3,878,591,856)	(3,844,709,588)
06	Interest expense	24	4,953,649,286	12,295,101,688
08	Operating profit before changes in working capital		37,352,220,212	21,548,321,338
09	Decrease (increase) in receivables		44,302,060,695	(148,069,933,980)
10	Increase in inventories		(1,009,166,464,998)	(14,015,331,325)
11	Increase (decrease) in payables		306,234,970,854	(247,666,972)
12	Increase in prepaid expenses		(1,353,439,781)	(552,166,455)
14	Interest paid		(5,322,121,524)	(9,656,968,447)
16	Other cash inflows from operating activities		-	2,594,706,000
17	Other cash outflows for operating activities		-	(1,633,502,424)
20	Net cash flows used in operating activities		(627,952,774,542)	(150,032,542,265)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(3,667,727,272)	-
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		1,247,489,593	935,872,898
30	Net cash flows (used in) from investing activities		(6,422,262,321)	8,770,858,013
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
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	Net cash flows from financing activities		653,290,501,506	140,165,450,009

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

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash and cash equivalents		31,759,989,285	(1,096,234,243)
60	Cash at the beginning of the year		7,604,917,673	8,701,151,916
70	Cash and cash equivalents at end of year	4	39,364,906,958	7,604,917,673



Pham Van Khanh
Preparer



Doan Huu Chi
Chief Accountant



Trương Minh Thuận
General Director

28 March 2017

NOTES TO THE SEPARATE 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 number of the Company's employees as at 31 December 2016 was 117 (31 December 2015: 110).

2. BASIS OF PREPARATION

2.1 *Purpose of preparing the separate financial statements*

The Company has a subsidiary as disclosed in Note 12.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2016 dated 27 March 2017.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its subsidiary.

2.2 *Accounting standards and system*

The separate financial statements of the Company, 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 separate 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 separate financial position and separate results of operations and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

2. BASIS OF PREPARATION (continued)

2.3 *Applied accounting documentation system*

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

2.4 *Fiscal year*

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

2.5 *Accounting currency*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash 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.

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 separate income statement.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Receivables*

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

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

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

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

Land use rights

Land use rights are recorded as an intangible asset on the separate 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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company.

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 separate 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.

3.9 *Prepaid expenses*

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

3.10 *Investment*

Investment in a subsidiary

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Investment* (continued)

Investments in associates

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

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

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for diminution in value of investments

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 separate 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 Company.

3.12 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have 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 separate income statement.

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

3.13 *Treasury shares*

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

3.14 *Appropriation of net profit*

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

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

Investment and development fund

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition

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

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.

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

3.16 Taxation

Current income tax

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Taxation (continued)

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, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The carrying amount of deferred 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 separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

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

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

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

4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	79,541,168	2,983,228,632
Cash in banks	18,285,365,790	4,621,689,041
Cash equivalents (*)	21,000,000,000	-
TOTAL	<u>39,364,906,958</u>	<u>7,604,917,673</u>

(*) 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.

5. TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	88,665,151,316	61,281,982,280
Trade receivables from other parties	88,665,151,316	61,124,179,280
- <i>Hush Creative Company Limited</i>	9,345,000,000	27,112,500,000
- <i>Thai Duong Joint Stock Company</i>	8,100,000,000	8,100,000,000
- <i>Other customers</i>	71,220,151,316	25,911,679,280
Trade receivables from a related party (Note 28)	-	157,803,000
Long-term	3,998,346,579	5,090,346,579
Trade receivables from other parties	3,998,346,579	5,090,346,579
TOTAL	<u>92,663,497,895</u>	<u>66,372,328,859</u>
Provision for doubtful short-term receivables	(2,838,000,000)	-
Provision for doubtful long-term receivables	(3,898,346,579)	(4,714,346,579)

Details of trade receivables are as below:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from sales of land lots and apartments (*)	75,952,027,300	48,980,504,677
Receivables from provision of construction services	12,673,117,737	12,482,711,746
Others	4,038,352,858	4,909,112,436
TOTAL	<u>92,663,497,895</u>	<u>66,372,328,859</u>

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

5. TRADE RECEIVABLES (continued)

- (*) Receivables from sales 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	
	<i>Ending balance</i>	<i>Beginning balance</i>
The Stars Village, Long Thoi – Nha Be project (ii)	47,692,459,095	-
6B project (i)	11,166,379,389	12,838,076,486
An Phu An Khanh project (ii)	9,345,000,000	27,112,500,000
An Khang Building (i)	2,818,468,367	3,271,787,367
Thinh Vuong Building (i)	2,667,920,449	2,818,590,824
Phong Phu project (i)	2,239,960,000	2,893,770,000
Binh Hoa project (i)	21,840,000	45,780,000
TOTAL	<u>75,952,027,300</u>	<u>48,980,504,677</u>

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	
	<i>Ending balance</i>	<i>Beginning balance</i>
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 project, District 9	19,899,197,600	19,899,197,600
Lac Thanh Limited Company – The Stars Village, Long Thoi – Nha Be project	9,463,344,300	-
Other suppliers	41,652,272,312	39,231,631,516
A related party (Note 28)	31,243,650,220	10,922,551,090
TOTAL	<u>135,686,067,863</u>	<u>202,980,983,637</u>

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

7. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term	31,639,337,967	21,538,645,193
Advances to suppliers of real estate projects (*)	16,800,000,000	12,800,000,000
<i>Saigon Cho Lon Investment & Real Estate</i>		
<i>Joint Stock Company</i>	8,000,000,000	8,000,000,000
<i>May Thang Long Joint Stock Company</i>	8,800,000,000	4,800,000,000
Others	14,839,337,967	8,738,645,193
Long-term	7,108,961,607	20,503,961,607
Advances to suppliers of real estate projects (*)	2,450,000,000	16,050,000,000
<i>Saigon Cho Lon Investment & Real Estate</i>		
<i>Joint Stock Company</i>	850,000,000	8,850,000,000
<i>May Thang Long Joint Stock Company</i>	1,600,000,000	7,200,000,000
Others	4,658,961,607	4,453,961,607
TOTAL	<u>38,748,299,574</u>	<u>42,042,606,800</u>
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>		
<i>Other parties</i>	36,477,072,967	39,949,705,193
<i>Related parties (Note 28)</i>	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

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NOTES TO THE SEPARATE 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 projects:

	Ending balance		Beginning balance		VND
	Cost	Provision	Cost	Provision	
The Stars Village,					
Long Thoi – Nha Be project (i)	1,060,421,621,508	-	1,060,621,484,994	-	
Terra Royal project (ii)	1,242,364,685,032	-	232,923,170,701	-	
6A project	130,558,094,925	-	130,086,519,645	-	
Long Phuoc, District 9 project (iii)	115,974,275,419	-	114,987,332,919	-	
Binh Trung Dong – District 2 project	28,848,790,056	-	28,848,790,056	-	
Lot 6, 7 & 8 – 6B project	22,762,681,695	-	21,829,316,243	-	
Other projects	42,823,105,031	(13,657,432,253)	45,290,174,110	(13,657,432,253)	
TOTAL	2,643,753,253,666	(13,657,432,253)	1,634,586,788,668	(13,657,432,253)	

(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

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NOTES TO THE SEPARATE 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	VND Total
Cost:					
Beginning balance	30,007,311,638	378,456,812	4,254,115,509	1,296,282,242	35,936,166,201
Addition	-	-	-	31,363,636	31,363,636
Disposal and write-off	(4,088,240,086)	-	-	-	(4,088,240,086)
Ending balance	<u>25,919,071,552</u>	<u>378,456,812</u>	<u>4,254,115,509</u>	<u>1,327,645,878</u>	<u>31,879,289,751</u>
<i>In which:</i>					
Fully depreciated	4,280,813,180	334,530,143	1,398,002,329	1,246,191,333	7,259,536,985
Accumulated depreciation:					
Beginning balance	15,498,031,935	378,456,812	3,174,767,621	1,282,924,682	20,334,181,050
Depreciation for the year	1,013,982,540	-	285,611,318	12,109,091	1,311,702,949
Disposal and write-off	(3,908,204,839)	-	-	-	(3,908,204,839)
Ending balance	<u>12,603,809,636</u>	<u>378,456,812</u>	<u>3,460,378,939</u>	<u>1,295,033,773</u>	<u>17,737,679,160</u>
Net carrying amount:					
Beginning balance	14,509,279,703	-	1,079,347,888	13,357,560	15,601,985,151
Ending balance	<u>13,315,261,916</u>	<u>-</u>	<u>793,736,570</u>	<u>32,612,105</u>	<u>14,141,610,591</u>

NOTES TO THE SEPARATE 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>
Cost:			
Beginning balance	37,573,078,250	37,700,000	37,610,778,250
Reclassification	-	(37,700,000)	(37,700,000)
Ending balance	<u>37,573,078,250</u>	<u>-</u>	<u>37,573,078,250</u>
<i>In which:</i>			
Fully amortised	-	37,700,000	37,700,000
Accumulated amortisation:			
Beginning balance	-	37,700,000	37,700,000
Reclassification	-	(37,700,000)	(37,700,000)
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>
Net carrying amount:			
Beginning balance	<u>37,573,078,250</u>	<u>-</u>	<u>37,573,078,250</u>
Ending balance	<u>37,573,078,250</u>	<u>-</u>	<u>37,573,078,250</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 amount 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>
Cost:			
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>			
Fully depreciated	-	1,658,859,836	1,658,859,836
Accumulated depreciation:			
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>
Net carrying amount:			
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 SEPARATE 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>
TOTAL	<u>4,853,917,730</u>	<u>4,953,543,933</u>

12. CONSTRUCTION IN PROGRESS

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

13. LONG-TERM INVESTMENTS

	VND	
	Ending balance	Beginning balance
Investment in a subsidiary	34,000,000,000	34,000,000,000
Investments in associates	239,448,938,645	239,448,938,645
Investments in other entities	42,755,320,000	47,755,320,000
Provision for diminution in long-term investments	<u>(11,888,550,120)</u>	<u>(11,828,562,552)</u>
TOTAL	<u>304,315,708,525</u>	<u>309,375,696,093</u>

13.1 Investment in a subsidiary

Investment in a subsidiary represents the Company's investment in Intresco Construction Joint Stock Company ("IC") which is a shareholding company established in accordance with the Business Registration Certificate No. 0310626100 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 February 2011. IC's registered office is located at 20 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam. IC's principal activities are to construct civil and industrial projects; and to invest and construct infrastructure of residential areas and construction-related services. As at 31 December 2016, the Company hold 85% equity share in IC.

Investment and Trading of Real Estate Joint Stock Company

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

13. LONG-TERM INVESTMENTS (continued)

13.2 Investments in associates

Name	Business activities	Status	Ending balance		Beginning balance		
			% ownership	% voting right	% ownership	% voting right	
							Amount
							VND
Pham Gia Construction Limited Company	Real estate	Operating	46.19	46.19	46.19	46.19	150,968,925,000
Saigon Binh Duong Joint Stock Company	Real estate	Operating	22.49	22.49	22.49	22.49	67,480,013,645
Long Binh Construction – Trading – Producing Joint Stock Company	Real estate	Operating	36.36	36.36	36.36	36.36	21,000,000,000
TOTAL							239,448,938,645
Provision for diminution in value of investments in associates							(2,963,550,120)
NET							236,485,388,525
							239,448,938,645
							(2,903,562,552)
							236,545,376,093

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

13. LONG-TERM INVESTMENTS (continued)

13.3 Other long-term investments

	Ending balance		Beginning balance	
	Amount VND	Number of shares ownership %	Amount VND	Number of shares ownership %
Gia Dinh Development Investment Corporation	34,000,000,000	2,125,000 5.31	34,000,000,000	2,125,000 5.31
Bac Trung Nam Housing Development Corporation	5,466,500,000	54,665 10.93	5,466,500,000	54,665 10.93
Saigon Construction Development Joint Stock Company	-	-	5,000,000,000	50,000 7.03
Saigon Mangden Joint Stock Company	3,100,000,000	310,000 1.61	3,100,000,000	310,000 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
TOTAL	42,755,320,000		47,755,320,000	
Provision for diminution in value of other long-term investments	(8,925,000,000)		(8,925,000,000)	
NET	33,830,320,000		38,830,320,000	

NOTES TO THE SEPARATE 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)	4,953,649,286	12,295,101,688
TOTAL	<u>72,766,201,724</u>	<u>30,587,675,745</u>

15. SHORT-TERM TRADE PAYABLES

	VND	
	Ending balance	Beginning balance
Trade payables to other parties	332,001,432,022	39,429,581,149
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	28,892,062,710	25,709,254,760
Trade payables to related parties (Note 28)	54,980,017,005	50,087,678,068
TOTAL	<u>386,981,449,027</u>	<u>89,517,259,217</u>

(*) 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 Company 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 Company's projects:

	VND	
	Ending balance	Beginning balance
Short-term	126,470,931,232	55,597,495,811
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	27,550,524,532	16,228,606,547
Long-term	165,291,855,511	151,089,678,479
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	12,010,375,749	19,098,300,779
TOTAL	<u>291,762,786,743</u>	<u>206,687,174,290</u>

NOTES TO THE SEPARATE 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>
Payable				
Value-added tax	24,709,601,321	18,965,916,371	(28,544,541,674)	15,130,976,018
Personal income tax	149,144,948	750,539,151	(522,481,670)	377,202,429
Other taxes	2,192,082,671	2,250,741,783	(168,466,630)	4,274,357,824
TOTAL	<u>27,050,828,940</u>	<u>21,967,197,305</u>	<u>(29,235,489,974)</u>	<u>19,782,536,271</u>
Receivable				
Overpaid corporate income tax	1,648,172,375	438,909	-	1,648,611,284

18. SHORT-TERM ACCRUED EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Penalty for late payment	14,731,115,349	-
Interest expense	53,721,237,655	11,478,151,569
Construction costs	2,366,313,178	809,669,122
Others	300,000,000	350,000,000
TOTAL	<u>71,118,666,182</u>	<u>12,637,820,691</u>

19. OTHER 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	13,801,872,672	13,026,734,727
TOTAL	<u>23,364,974,596</u>	<u>149,571,257,560</u>

Investment and Trading of Real Estate Joint Stock Company

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

20. LOANS

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

Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE SEPARATE 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	Description of collateral
	VND			% p.a.	
Lien Viet Post Joint Stock Commercial Bank					
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	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)
Vietnam Bank for Agriculture and Rural Development					
Loan Contract No. 6220-LAV-2015000640/HDTD dated 25 June 2015 and appendix No. 6220-LAV-201500640/PLHDTD/1 dated 15 November 2015	78,018,480,776	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)
Ho Chi Minh City Development Joint Stock Commercial Bank					
Loan Contract No. 9333/16/HDTDNH-DN/068	80,000,000,000	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)
TOTAL	195,018,480,776				

Investment and Trading of Real Estate Joint Stock Company

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NOTES TO THE SEPARATE 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.	
Ho Chi Minh City Development Joint Stock Commercial Bank					
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)
Vietnam Bank for Agriculture and Rural Development					
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 27 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, HCMC (Notes 8, 10 and 11)
TOTAL	784,444,584,400				
In which:					
Current portion	111,438,810,597				
Long-term loan	673,005,773,803				

NOTES TO THE SEPARATE 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	Description of collateral
	VND			% p.a.	
Gia Dinh Development Investment Corporation (Note 28)					
Loan contract No. 376/DTKDN/HDV dated 20 June 2011, appendix No. 74/DTKDN/HDV dated 9 February 2015 and appendix No. 474/DTKD /HDV 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 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.

Investment and Trading of Real Estate Joint Stock Company

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

21. OWNERS' EQUITY

21.1 Movements in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	(Accumulated losses) undistributed earnings	Total
Previous year						VND
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	57,548,003,887	(222,230,287,201)	1,490,473,915,675
Net profit for the year	-	-	-	-	7,844,376,235	7,844,376,235
Ending balance	690,866,880,000	974,114,436,600	(9,825,117,611)	57,548,003,887	(214,385,910,966)	1,498,318,291,910
Current year						
Beginning balance	690,866,880,000	974,114,436,600	(9,825,117,611)	57,548,003,887	(214,385,910,966)	1,498,318,291,910
Movement (*)	-	(225,431,309,776)	-	-	225,431,309,776	-
Net profit for the year	-	-	-	-	28,645,887,226	28,645,887,226
Ending balance	690,866,880,000	748,683,126,824	(9,825,117,611)	57,548,003,887	39,691,286,036	1,526,964,179,136

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

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

21. OWNERS' EQUITY

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

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

22. REVENUES

22.1 Revenue from sale of goods and rendering of services

	VND	
	Current year	Previous year
Net revenue	<u>271,236,973,411</u>	<u>208,266,011,345</u>
<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>	57,294,664,308	69,251,218,671
<i>Revenue from other services</i>	14,646,164,864	14,962,756,300

22.2 Finance income

	VND	
	Current year	Previous year
Dividends received	941,689,000	547,205,000
Interest income	<u>460,620,593</u>	<u>388,667,898</u>
TOTAL	<u>1,402,309,593</u>	<u>935,872,898</u>

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

23. COST 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	54,100,275,261	66,056,861,552
Cost of other services rendered	7,431,152,614	6,261,621,592
TOTAL	<u>217,957,321,298</u>	<u>167,258,881,996</u>

24. FINANCE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	4,953,649,286	12,295,101,688
Provision for diminution in value of investments	59,987,568	136,885,773
Others	5,962,296	-
TOTAL	<u>5,019,599,150</u>	<u>12,431,987,461</u>

25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Selling expenses	3,138,798,773	1,589,580,846
Sale commission	2,946,711,679	1,389,952,290
Others	192,087,094	199,628,556
General and administrative expenses	18,652,849,693	12,922,517,479
Labour costs	6,392,325,500	4,955,305,200
External service fee	3,691,543,246	4,412,175,501
Provision (reversal of provision) for short-term doubtful debt	2,982,000,000	(204,000,000)
Depreciation (Note 9)	1,311,702,949	1,402,487,621
Others	4,275,277,998	2,356,549,157
TOTAL	<u>21,791,648,466</u>	<u>14,512,098,325</u>

26. OTHER INCOME AND EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
Other income	3,320,269,717	2,201,145,034
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	750,889,450	267,021,533
Other expenses	(2,447,816,762)	(9,036,430,445)
Loss from Tang Nhon Phu project	-	(5,166,580,810)
Land rental fee	(1,669,079,634)	(1,660,000,000)
Net book value of disposed fixed assets	(180,035,247)	-
Others	(598,701,881)	(2,209,849,635)
NET OTHER PROFIT (LOSS)	<u>872,452,955</u>	<u>(6,835,285,411)</u>

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

27. CORPORATE INCOME TAX

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

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

27.1 CIT expense

	VND	
	<i>Current year</i>	<i>Previous year</i>
Deferred tax expense	<u>(97,279,819)</u>	<u>(319,254,815)</u>

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	<u>28,743,167,045</u>	<u>8,163,631,050</u>
At CIT rate applied for the Company	5,748,633,409	1,795,998,831
<i>Adjustments to increase:</i>		
Change in provision for doubtful debt	596,400,000	-
Non-deductible expenses	231,017,408	207,301,465
Provision for investment in associates	11,997,514	30,114,870
<i>Adjustments to decrease:</i>		
Tax loss carried forward	(6,302,430,712)	(1,548,895,251)
Dividend received	(188,337,800)	(120,385,100)
Reversal of provision for doubtful debt	-	(44,880,000)
CIT expense	<u>97,279,819</u>	<u>319,254,815</u>

27.2 Current tax

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

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

27. CORPORATE INCOME TAX (continued)

27.3 Deferred CIT

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

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
	VND			
Accrual for severance pay	363,974,896	461,254,715	(97,279,819)	(127,418,773)
Internal unrealised profit	178,275,356	178,275,356	-	(191,836,042)
Deferred income tax assets	542,250,252	639,530,071		
Net deferred tax expense			(97,279,819)	(319,254,815)

27.4 Tax losses carried forward

The Company is eligible to carry 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 Company had accumulated tax losses of VND 280,654,260,419 (31 December 2015: VND 315,075,742,991) 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>	<i>Forfeited</i>	<i>Unutilized at 31 December 2016</i>
					VND
2011	2016	42,298,623,050	(42,298,623,050) (**)	-	-
2013	2018	2,599,260,225	(2,599,260,225)	-	-
2014	2019	284,042,164,481	(3,387,904,062)	-	280,654,260,419
TOTAL		328,940,047,756	(48,285,787,337)	-	280,654,260,419

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

(**) This amount includes tax loss utilized up to 31 December 2015 of VND 16,773,633,775 and tax loss utilized in current year of VND 25,524,989,275.

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 SEPARATE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

28. TRANSACTIONS WITH RELATED PARTIES

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

Related party	Relationship	Transaction	VND	
			Current year	Previous year
Intresco Construction Joint Stock Company	Subsidiary	Rendering of construction services	69,463,320,250	28,236,951,774
		Rendering of other services	668,878,275	-
		Payment on behalf	193,327,389	-
		Sale of properties	-	3,210,000,714
Future Architectural Design Joint Stock Company Limited	Significant shareholder	Design service fee	5,195,291,280	-
Gia Dinh Development Investment Corporation	Related party	Repayment of borrowings	4,519,333,333	-
		Interest expense	2,916,614,500	-
		Rental fee	1,241,916,000	-
Saigon Construction Development Joint Stock Company	Related party	Dividends income	-	500,000,000
Housing Development Bac Trung Nam Joint Stock Company	Related party	Dividends income	819,975,000	-
		Rental income	573,829,092	-
		Rendering of services	150,203,600	-
Long Binh Construction - Trading - Producing Joint Stock Company	Associate	Dividends income	100,000,000	-
Van Dien Fused Magnesium Phosphate Fertilizer Joint Stock Company	Related party	Dividends income	21,714,000	-

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

28. TRANSACTIONS WITH RELATED PARTIES (continued)

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 Company has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

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

Related parties	Relationship	Nature of transaction	VND	
			Receivable (payable) Ending balance	Beginning balance
Short-term trade receivable				
Housing Development Bac Trung Nam Joint Stock Company	Related party	Rental income	-	157,803,000
Short-term advances to suppliers				
Future Architectural Design Joint Stock Company Limited	Significant shareholder	Design service fee	15,716,288,264	-
Intresco Construction Joint Stock Company	Subsidiary	Advance for construction services	15,527,361,956	10,922,551,090
TOTAL			31,243,650,220	10,922,551,090
Other short-term receivables				
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	Dividends income	273,325,000	-
Saigon Construction Development Joint Stock Company	Related party	Dividends income	-	250,000,000
TOTAL			2,271,226,607	2,092,901,607
Short-term trade payables				
Intresco Construction Joint Stock Company	Subsidiary	Rendering of construction service	(53,419,362,460)	(48,527,023,523)
Future Architectures Design Joint Stock Company	Significant shareholder	Design service fee	(1,560,654,545)	(1,560,654,545)
TOTAL			(54,980,017,005)	(50,087,678,068)
Short-term loan				
Gia Dinh Development Investment Corporation	Related party	Loan	(30,000,000,000)	(34,519,333,333)

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

28. TRANSACTIONS WITH RELATED PARTIES (continued)

Remuneration to members of the Board of Directors and management:

	VND	
	<i>Current year</i>	<i>Previous year</i>
Salaries and bonus	<u>2,307,068,000</u>	<u>1,256,433,000</u>

29. CAPITAL COMMITMENT

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

30. EVENTS AFTER THE BALANCE SHEET DATE

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

		
_____ Pham Van Khanh Preparer	_____ Doan Huu Chi Chief Accountant	_____  Trương Minh Thuận General Director

28 March 2017