

# **Nam Long Investment Corporation**

Consolidated financial statements

31 December 2016

**CONTENTS**

	<i>Pages</i>
Consolidated balance sheet	2 - 4
Consolidated income statement	5 - 6
Consolidated cash flow statement	7 - 8
Notes to the consolidated financial statements	9 - 40
Explanation of the consolidated income statement in Quarter 4.2016	41

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>5,828,216,387,403</b>	<b>4,699,301,116,653</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>931,562,883,084</b>	<b>423,195,907,688</b>
111	1. Cash		391,805,138,578	311,195,907,688
112	2. Cash equivalents		539,757,744,506	112,000,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>5</b>	<b>38,869,085,285</b>	<b>16,636,025,899</b>
123	1. Held-to-maturity investments		38,869,085,285	16,636,025,899
<b>130</b>	<b>III. Current accounts receivable</b>		<b>1,094,934,187,907</b>	<b>516,419,212,557</b>
131	1. Short-term trade receivables	6	340,384,104,224	161,835,378,672
132	2. Short-term advances to suppliers	7	556,785,295,674	261,657,351,595
135	3. Short-term loan receivables		41,780,000,000	-
136	4. Other short-term receivables	8	160,823,879,547	97,863,848,386
137	5. Provision for doubtful debts	6,8	(4,839,091,538)	(4,937,366,096)
<b>140</b>	<b>IV. Inventories</b>		<b>3,698,432,512,033</b>	<b>3,673,388,910,652</b>
141	1. Inventories	9	3,700,202,039,743	3,673,388,910,652
149	2. Provision for inventories		(1,769,527,710)	-
<b>150</b>	<b>V. Other current assets</b>		<b>64,417,719,094</b>	<b>69,661,059,857</b>
151	1. Short-term prepaid expenses	10	7,423,269,944	11,417,452,846
152	2. Value-added tax deductible		56,962,394,171	52,438,921,019
153	3. Tax and other receivables from the State		32,054,979	5,804,685,992

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>380,593,080,264</b>	<b>322,717,058,314</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>124,874,169,981</b>	<b>85,684,209,409</b>
211	1. Long-term trade receivables	6	151,739,000	900,551,000
216	2. Other long-term receivables	8	124,722,430,981	84,783,658,409
<b>220</b>	<b>II. Fixed assets</b>		<b>55,173,350,327</b>	<b>50,178,439,885</b>
221	1. Tangible fixed assets	11	42,094,934,637	38,519,919,078
222	Cost		75,999,017,018	67,426,067,523
223	Accumulated depreciation		(33,904,082,381)	(28,906,148,445)
227	2. Intangible assets	12	13,078,415,690	11,658,520,807
228	Cost		17,927,596,237	15,733,694,202
229	Accumulated amortisation		(4,849,180,547)	(4,075,173,395)
<b>230</b>	<b>III. Investment properties</b>	<b>13</b>	<b>39,335,877,272</b>	<b>56,822,725,097</b>
231	1. Cost		54,222,910,307	79,604,413,956
232	2. Accumulated depreciation		(14,887,033,035)	(22,781,688,859)
<b>240</b>	<b>IV. Long-term assets in progress</b>		<b>-</b>	<b>262,801,148</b>
242	1. Construction in progress		-	262,801,148
<b>250</b>	<b>V. Long-term investments</b>	<b>14</b>	<b>30,520,390,516</b>	<b>29,680,999,956</b>
252	1. Investments in associate and jointly-controlled entities	14.1	24,797,751,856	24,198,842,309
253	2. Investment in other entities	14.2	5,942,300,000	5,942,300,000
254	3. Provision for long-term investments		(219,661,340)	(460,142,353)
<b>260</b>	<b>VI. Other long-term assets</b>		<b>130,689,292,168</b>	<b>100,087,882,819</b>
261	1. Long-term prepaid expenses	10	48,237,961,214	10,161,449,598
262	2. Deferred tax assets		68,614,084,714	70,925,102,370
269	3. Goodwill	15	13,837,246,240	19,001,330,851
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,208,809,467,667</b>	<b>5,022,018,174,967</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>3,061,535,857,829</b>	<b>2,595,523,472,612</b>
<b>310</b>	<b>i. Current liabilities</b>		<b>2,179,393,749,379</b>	<b>2,101,740,888,702</b>
311	1. Short-term trade payables	16	199,476,008,760	198,261,908,912
312	2. Short-term advances from customers	17	651,548,705,368	998,895,163,496
313	3. Statutory obligations	18	166,366,982,121	127,893,160,997
314	4. Payables to employees		20,358,866,753	27,917,490,446
315	5. Short-term accrued expenses	19	607,937,471,171	231,850,184,841
319	6. Other short-term payables	20	169,457,043,056	284,741,797,335
320	7. Short-term loans	21	353,654,528,674	224,500,478,171
322	8. Bonus and welfare fund	23	10,594,143,476	7,680,704,504
<b>330</b>	<b>ii. Non-current liabilities</b>		<b>882,142,108,450</b>	<b>493,782,583,910</b>
337	1. Other long-term liabilities	20	14,113,403,025	20,230,418,602
338	2. Long-term loans and debts	21	349,613,387,000	412,995,740,905
339	3. Convertible bond	22	463,083,450,079	-
341	4. Deferred tax liabilities		55,331,868,346	60,556,424,403
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>3,147,273,609,838</b>	<b>2,426,494,702,355</b>
<b>410</b>	<b>i. Capital</b>		<b>3,147,273,609,838</b>	<b>2,426,494,702,355</b>
411	1. Share capital	24.1	1,421,145,100,000	1,415,721,570,000
411a	- Shares with voting rights		1,421,145,100,000	1,415,721,570,000
412	2. Share premium	24.1	492,161,147,061	492,337,147,061
413	3. Convertible bond option	24.1	40,503,427,830	-
415	4. Treasury shares	24.1	(60,464,200,000)	(60,464,200,000)
418	5. Investment and development fund	24.1	10,929,726,999	10,929,726,999
420	6. Other funds belonging to owners' equity	24.1	1,081,198,777	1,115,488,341
421	7. Undistributed earnings	24.1	578,402,902,765	358,306,808,042
421a	- Undistributed earnings up to the end of prior period-end		277,746,420,785	173,481,865,767
421b	- Undistributed earnings of current year		300,656,481,980	184,824,942,275
429	8. Non-controlling interests	25	663,514,306,406	208,548,161,912
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>6,208,809,467,667</b>	<b>5,022,018,174,967</b>



Nguyen Thi Thu Hien  
Preparer



Luong Thi Kim Thoa  
Chief Accountant



  
Chu Minh Kwang  
General Director

20 January 2017

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2016

VND

Code	ITEMS	Notes	Quarter 4		Accumulated	
			Current year	Previous year	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	26.1	862,273,486,677	609,573,891,746	2,533,798,820,045	1,267,221,417,021
02	2. Deductions	26.1	-	(500,178,872)	-	(8,677,878,248)
10	3. Net revenues from sale of goods and rendering of services	26.1	862,273,486,677	609,073,712,874	2,533,798,820,045	1,258,543,538,773
11	4. Costs of goods sold and services rendered	27	(491,756,100,089)	(409,048,863,895)	(1,695,167,339,459)	(840,782,402,552)
20	5. Gross profit from sale of goods and rendering of services		370,517,386,588	200,024,848,979	838,631,480,586	417,761,136,221
21	6. Finance income	26.2	12,221,779,415	2,579,445,580	24,028,052,467	16,565,348,949
22	7. Finance expenses	28	(10,864,800,933)	(4,186,068,657)	(26,949,822,812)	(16,550,976,269)
23	- In which: Interest expenses		(7,555,767,803)	(44,705,642)	(20,554,703,566)	(10,560,127,150)
24	8. Shares of profit of associate, joint-controlled entity	14.1	272,345,023	(97,114,000)	598,909,547	197,425,839
25	9. Selling expenses		(72,991,648,757)	(73,649,641,082)	(188,619,929,874)	(118,736,024,011)
26	10. General and administration expenses		(55,219,811,185)	(44,831,587,455)	(170,137,862,917)	(154,374,884,096)
30	11. Operating profit		243,935,250,151	79,839,883,365	477,550,826,997	144,862,026,633
31	12. Other income		2,947,470,723	113,856,916,284	11,012,029,151	148,046,652,354
32	13. Other expenses		(7,008,067)	(9,348,129,933)	(4,221,939,695)	(16,880,842,305)
40	14. Other profit		2,940,462,656	104,508,786,351	6,790,089,456	131,165,810,049
50	15. Accounting profit before tax		246,875,712,807	184,348,669,716	484,340,916,453	276,027,836,682

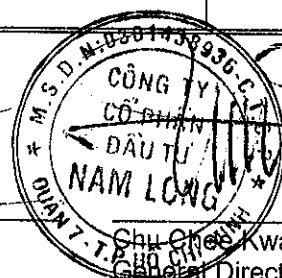
CONSOLIDATED INCOME STATEMENT (continued)  
for the year ended 31 December 2016

Code	ITEMS	Notes	Quarter 4		Accumulated	
			Current year	Previous year	Current year	Previous year
51	16. Current corporate income tax expense	29	(59,927,678,785)	(39,674,371,996)	(99,684,284,976)	(54,177,297,565)
52	17. Deferred income tax income (expense)	29	12,250,279,267	(12,455,673,178)	2,913,538,401	(13,261,871,723)
60	18. Net profit after tax		199,198,313,289	132,218,624,542	387,570,169,878	208,588,667,394
61	19. Net profit after tax attributable to shareholders of the parent		182,691,725,531	131,000,543,500	345,217,739,625	206,244,169,156
62	20. Net profit after tax attributable to non-controlling interests		16,506,587,758	1,218,081,042	42,352,430,253	2,344,498,238
70	21. Basic earnings per share	31	1,255	935	2,373	1,472
71	22. Diluted earnings per share	31	1,112	935	2,142	1,472

Nguyen Thi Thu Hien  
Preparer

20 January 2017

Luong Thi Kim Thoa  
Chief Accountant



CHỦ CHỨC Kwang  
General Director

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>			
<b>01</b>	<b>Net profit before tax</b>		<b>484,340,916,453</b>	<b>276,027,836,682</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		10,506,977,277	14,290,975,762
03	Provisions		1,430,772,139	(292,679,174)
04	Unrealised foreign exchange losses		-	2,549,497,346
05	Profits from investing activities		(38,945,212,832)	(50,596,447,301)
06	Interest expense	26	20,554,703,566	10,560,127,150
<b>08</b>	<b>Operating profit before changes in working capital</b>		<b>477,888,156,603</b>	<b>252,539,310,465</b>
09	Increase in receivables		(630,680,756,523)	(74,783,878,536)
10	Increase in inventories		(35,055,433,091)	(280,245,329,022)
11	Increase in payables		28,042,529,707	242,319,582,597
12	(Increase) decrease in prepaid expenses		(34,082,328,714)	488,704,214
14	Interest paid		(34,837,414,051)	(10,560,127,150)
15	Corporate income tax paid		(80,824,364,594)	(54,186,323,541)
17	Other cash outflows used in operating activities		(13,961,844,924)	(16,680,928,201)
<b>20</b>	<b>Net cash flows (used in) from operating activities</b>		<b>(323,511,455,587)</b>	<b>58,891,010,826</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases and construction of fixed assets	11,12,13	(7,916,759,074)	(1,575,858,091)
22	Proceeds from disposals of fixed assets		35,601,770,596	528,334,020
23	Loans to other entities		-	(636,025,899)
25	Payments for investments in other entities		(246,410,911,921)	(248,096,476,237)
26	Proceeds from sale of an investment in other entity		211,584,308,448	81,154,388,649
27	Interest and dividends received	26.2	24,028,052,467	5,754,246,837
<b>30</b>	<b>Net cash flows from (used in) investing activities</b>		<b>16,886,460,516</b>	<b>(162,871,390,721)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Issuance of shares		-	145,573,822,374
32	Capital contribution from non-controlling interest		345,459,240,000	50,000,000,000
33	Drawdown of borrowings	21.5, 22	905,688,714,613	301,867,740,905
34	Repayment of borrowings	21.5	(339,607,527,274)	(282,848,937,760)
36	Dividends paid to equity holders		(96,548,456,872)	(61,412,876,632)
<b>40</b>	<b>Net cash flows from financing activities</b>		<b>814,991,970,467</b>	<b>153,179,748,887</b>



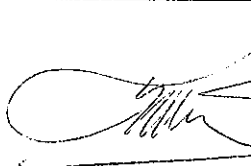
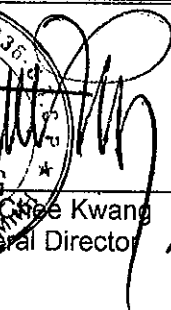
CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2016

VND

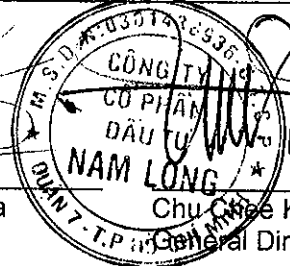
Code	ITEMS	Notes	Current year	Previous year
50	Net increase in cash and cash equivalents		508,366,975,396	49,199,368,992
60	Cash and cash equivalents at beginning of period	4	423,195,907,688	373,996,538,696
70	Cash and cash equivalents at end of period	4	931,562,883,084	423,195,907,688



Nguyen Thi Thu Hien  
Preparer

Luong Thi Kim Thoa  
Chief Accountant



Chu Chie Kwang  
General Director

20 January 2017

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

1. **CORPORATE INFORMATION**

Nam Long Investment Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 4103004194 issued by the Ho Chi Minh City Department of Planning and Investment ("DPI") on 27 December 2005, as amended.

The twelfth amendment dated 3 February 2015 approved the increase in the Company's share capital to VND 1,339,692,790,000.

The thirteenth amendment dated 8 August 2015 approved the increase in the Company's share capital to VND 1,344,721,570,000.

The fourteenth amendment dated 17 August 2015 approved the increase in the Company's share capital to VND 1,415,721,570,000.

The fifteenth amendment dated 5 September 2016 approved the increase in the Company's share capital to VND 1,421,145,100,000.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") with code NLG in accordance with Decision No. 14/2013/QD-SGDHCM issued by HOSE on 25 January 2013.

As at 31 December 2016, the Company has fourteen direct subsidiaries and two indirect subsidiaries, one associate and one jointly- controlled entity with details as follows:

<i>Company</i>	<i>Relationship</i>	<i>Location</i>	<i>Business</i>
Nam Long Property Management and Development One Member Limited Company (Nam Long Development Corporation ("Nam Long DC"))	Subsidiary	Ho Chi Minh City	Construction and real estate
Nam Long Service Joint Stock Company ("Nam Long Service")	Subsidiary	Ho Chi Minh City	Service and construction
Nam Long - Hong Phat Joint Stock Company ("Nam Long - Hong Phat")	Subsidiary	Can Tho City	Construction and real estate
Nguyen Son Construction - Trading Limited Liability Company ("Nguyen Son")	Subsidiary	Ho Chi Minh City	Real estate
Nam Long Apartment Development Corporation ("Nam Long ADC")	Subsidiary	Ho Chi Minh City	Construction and real estate
Nam Long Real Estate Transaction Floor Co., Ltd. ("Trading Floor")	Subsidiary	Ho Chi Minh City	Real estate trading floor
Nam Khang Construction Investment Development One Member Limited Liability Company ("Nam Khang")	Subsidiary	Ho Chi Minh City	Construction and real estate
Nam Vien Construction and Design Consulting Joint Stock Company ("Nam Vien")	Subsidiary	Ho Chi Minh City	Service
Nam Khang Construction Materials Trading Company Limited ("Nam Khang Materials Trading")	Subsidiary	Ho Chi Minh City	Construction material trading
Nam Long VCD Corporation ("Nam Long VCD")	Subsidiary	Long An Province	Construction and real estate
Nam Phan Investment Corporation ("Nam Phan")	Subsidiary	Ho Chi Minh City	Construction and real estate

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

**1. CORPORATE INFORMATION** (continued)

<i>Company</i>	<i>Relationship</i>	<i>Location</i>	<i>Business</i>
NLG – NNR – HR FUJI Company Limited (“ASPL PLB – Nam Long”)	Subsidiary	Ho Chi Minh City	Construction and real estate
Nguyen Phuc Real Estate Investment and Trading Company Limited (“Nguyen Phuc”)	Subsidiary	Ho Chi Minh City	Real estate
Thao Nguyen Real Estate Investment and Trading Company Limited (“Thao Nguyen”)	Subsidiary	Ho Chi Minh City	Real estate
NNH Kikyo Flora Company Limited	Subsidiary	Ho Chi Minh City	Real estate
NN Kikyo Valora Company Limited	Subsidiary	Ho Chi Minh City	Real estate
Gamuda - Nam Long Development Limited Liability Company	Joint Venture	Ho Chi Minh City	Real estate
Okamura Tokyo Co., Ltd	Associate	Ho Chi Minh City	Real estate

The current principal activities of The Company and its subsidiaries (“the Group”) are the engaging in civil and industrial construction; housing renovation and interior decoration; housing trade (construction, renovation of houses for sale or lease); harbour and road bridge construction; ground levelling, construction of drainage systems; installation and repair of electrical systems under 35KV; housing brokerage services; sale and purchase of construction materials; investment in construction and trade of urban areas; investment in construction and trade of infrastructures for industrial zones and hi-tech parks. Investment in construction, trade, management and lease of: office buildings, supermarkets, schools, swimming pools, hotels, restaurants, golf course, sports facility zones and resorts (outside office premises); project management advisory service; design verification; real estate brokerage services; real estate valuation services; real estate exchange services; real estate consulting services; real estate auction services; real estate advertising services; real estate management services.

The head office of Nam Long Investment Corporation is located at 11th Floor, Capital Tower, 6 Nguyen Khac Vien Street, Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam and one branch in Can Tho City, Vietnam.

The number of the Group's employees as at 31 December 2016 is 595 (31 December 2015: 456 employees).

**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 the Vietnamese Enterprise Accounting System and other 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

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

## 2. BASIS OF PREPARATION

### 2.1 *Accounting Standards and System* (continued)

- ▶ Decision No. 100/2005/QĐ-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 Group's applied accounting documentation system is the General Journal system.

### 2.3 *Fiscal year*

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

### 2.4 *Accounting currency*

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

### 2.5 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at and for the year ended 31 December 2016.

Subsidiaries are 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 subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses resulting 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.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Cash and cash equivalents*

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

### 3.2 *Inventories*

Inventories comprise development projects undertaken by the Group which are in the work in progress stage and including mainly apartments, town houses and villas for sale under construction and land held for sale.

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

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

**3.2 Inventories** (continued)

Apartments, town houses and villas for sale under construction are carried at the lower of cost and net realizable value. Costs include all expenditures including borrowing costs, directly attributable to the development and construction of the apartments, town houses and villas. Net realizable value represents current selling price less estimated cost to complete apartments, town houses and villas, and estimated selling and marketing expenses.

Land held for constructing apartments, town houses and villas which is presented as part of "inventories" is carried at the lower of cost and net realizable value. Costs include all expenditures including borrowing costs directly related to the acquisition, site clearance, land compensation, and infrastructure construction. Net realizable value represents estimated current selling price less anticipated cost of disposal.

*Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the 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 and decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

**3.4 Fixed assets**

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

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

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

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

*Land use rights ("LURs")*

LURs are recorded as intangible assets if the land is held for use in the production or business, for rental to others by the enterprise and when the Group receives the LUR certificate. The cost of LUR comprises any directly attributable costs of preparing the land for its intended use. Land with indefinite useful life is not amortised.

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and the land use right certificate being issued, are recorded as intangible asset 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 ("Circular 45"). The land use right is amortized over the useful life, except for land use right having indefinite useful life is not amortised.

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

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

**3.5 Leased assets**

*Where the Group is the lessee*

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term.

*Where the Group is the lessor*

Assets subject to operating leases are included as the Group's investment properties in the consolidated balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the consolidated income statement as incurred to the carrying value of the leased asset for amortisation to the consolidated income statement over the lease term.

Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

**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	25 - 47 years
Machinery and equipment	5 - 12 years
Means of transportation	6 - 8 years
Office equipment and furniture	3 - 8 years
Computer software	3 - 5 years
Land use rights	47 years
Other assets	3 - 5 years

**3.7 Investment properties**

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

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

Buildings and structures	6 - 47 years
Land use rights ("LUR")	47 years

LUR with indefinite useful life is not amortised.

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

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

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

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

#### 3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are recorded as expense during the period 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 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.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement over 3 to 5 years:

- ▶ Tools and consumables with large value issued into construction and can be used for more than one year;
- ▶ Show houses; and
- ▶ Commissions

#### 3.10 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over a maximum period of 10 years on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

#### 3.11 *Investments*

##### *Investments in associates*

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

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

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

**3.11 Investments** (continued)

*Investments in associates* (continued)

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 recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends/profit sharing received or receivable from associates reduces the carrying amount of the investment.

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

*Interests in joint ventures*

The Group's investment in jointly-controlled entity is accounted for using the equity method of accounting. Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post joint venture changes in the Group's share of net assets of the jointly controlled entity. The consolidated income statement reflects the share of the post-acquisition results of operation of the jointly controlled entity.

The share of profit (loss) of the jointly-controlled entity is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend/profit sharing received or receivable from jointly controlled entities reduce the carrying amount of the investment.

The financial statements of the jointly-controlled entities are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in the line with those of the Group.

*Investments in other entities*

Investments in other entities are stated at their acquisition costs.

*Provision for investments*

Provision is made for any diminution in value of investments in capital of other entities at the balance sheet date representing the excess of the acquisition cost over the market value at that date in accordance with the guidance under Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC dated 7 December 2009 and on 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the consolidated income statement.

*Held-to-maturity investments*

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the consolidated financial statements and deducted against the value of such investments.

**3.12 Payable and accruals**

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



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

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

#### 3.13 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period 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.

#### 3.14 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences are taken to the consolidated income statement.

#### 3.15 *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.

#### 3.16 *Appropriation of net profit*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to investors after approval by appropriate level of authority, and after making appropriation to reserve funds in accordance with the Group's Charter and Vietnamese regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Management 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 investments.

▶ *Other funds belonging to owners' equity*

Subsidised funds for operating activities, projects include remuneration schedule fund and operating budget fund.

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

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

**3.16 Appropriation of net profit** (continued)

▶ *Bonus and welfare fund*

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

**3.17 Earnings per share**

Basic earnings per share amount is computed by dividing net profit attributable to ordinary equity holders of the Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.18 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 villas, town houses, and apartments*

For villas, town houses and apartments sold after completion of construction, the revenue and associated costs are recognised when the significant risks and rewards of ownership of the villas, town houses, or apartments have passed to the buyers.

*Sale of residential plots and related infrastructure*

Revenue from the sale of residential plots and related infrastructure are recorded at the total consideration received when residential plots and related infrastructure are transferred to the customers.

*Rendering of other services*

Revenue is recognised when services have been rendered and completed.

*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.

*Rental income*

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

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

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

**3.19 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods 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 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 set off 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 income tax*

Deferred tax is provided using the liability method on temporary differences at the consolidated 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.

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.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset 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 set off 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 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 income tax liabilities or assets are expected to be settled or recovered.

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

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

**3.20 Convertible bond**

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

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost. This amount is classified as a financial liability measured at amortised cost (net of issuance costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent periods.

Transaction costs are amortised during the lifetime of the bond. At initial recognition, issuance costs are deducted from the liability component of the bond.

**3.21 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group.

Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influences over the Group, key management personnel, including directors and officers of the Group and close members of the families of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**3.22 Segment information**

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment), or providing 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. As the Group's revenue and profit are derived mainly from real estate business in Vietnam while other sources of revenue are not material as a whole, the management accordingly believed that the Group operates in a sole business segment of real estate. Geographical segment of the Group is in Vietnam only.

**4. CASH AND CASH EQUIVALENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	4,103,345,059	3,568,746,299
Cash at banks	387,701,913,519	307,627,161,389
Cash equivalents (*)	<u>539,757,624,506</u>	<u>112,000,000,000</u>
<b>TOTAL</b>	<b><u>931,562,883,084</u></b>	<b><u>423,195,907,688</u></b>

(\*) Cash equivalents comprise bank deposits with original maturity of less than three months and earn interest at the rate of from 4.3% to 5.5% per annum.

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

**5. SHORT-TERM INVESTMENTS**

Held-to-maturity investments represent the term deposits at the commercial banks with the original maturity of six months and earning the interest at the rates 5.3% p.a.

**6. SHORT-TERM TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short term		
Trade receivables from customers	340,042,349,127	161,156,289,796
Trade receivables from related parties <i>(Note 30)</i>	341,755,097	679,088,876
	<b><u>340,384,104,224</u></b>	<b><u>161,835,378,672</u></b>
Long term		
Trade receivables from customers	151,739,000	900,551,000
<b>TOTAL</b>	<b><u>340,535,843,224</u></b>	<b><u>162,735,929,672</u></b>
Provision for doubtful debts	-	(114,130,560)
<b>NET</b>	<b><u>340,535,843,224</u></b>	<b><u>162,621,799,112</u></b>

**7. SHORT-TERM ADVANCES TO SUPPLIERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances for purchases of land use rights	477,881,353,363	208,532,133,047
Advances for acquisition of Hoang Nam Project	471,400,000,000	206,406,869,085
Others	6,481,353,363	2,125,263,962
Advances for construction services	70,998,535,407	48,324,118,507
Dien Quang Nguyen Construction Joint Stock Company	14,317,824,472	9,112,823,000
Sai Gon Thinh Vuong Investment Joint Stock Company	6,643,729,992	-
Phu Vinh Hoa Joint Stock Company	5,336,773,285	-
Vinh Hoa Viet Joint Stock Company	4,487,434,833	-
Pacific Property and Infrastructure Development Joint Stock Company	-	6,500,000,000
Others	40,212,772,825	32,711,295,507
Others	7,905,406,904	4,801,100,041
<b>TOTAL</b>	<b><u>556,785,295,674</u></b>	<b><u>261,657,351,595</u></b>

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

8. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Advances for compensation purpose	56,539,850,000	29,564,479,516
Advances for legal and business trip	46,814,790,763	-
Other receivables relating to projects	14,261,932,186	12,159,465,000
Advance corporate income tax payable on progress payments from customers	9,213,961,104	10,812,576,880
Advances for land development	8,000,000,000	-
Receivables from BCC's profit of project 9B7 - 21 Century	6,210,353,467	-
Deposit	-	18,841,428,377
Others	19,782,992,027	24,485,935,304
Other receivables from related parties	-	1,999,963,309
	<b><u>160,823,879,547</u></b>	<b><u>97,863,848,386</u></b>
Long-term		
Investments in Business Cooperation Contracts ("BCC") (i)	117,264,530,680	78,934,497,680
Advances to employees	-	5,849,160,729
Others	7,457,900,301	-
	<b><u>124,722,430,981</u></b>	<b><u>84,783,658,409</u></b>
<b>TOTAL</b>	<b><u>285,546,310,528</u></b>	<b><u>182,647,506,795</u></b>
Provision for doubtful debts	<u>(4,839,091,538)</u>	<u>(4,823,235,536)</u>
<b>NET</b>	<b><u>280,707,218,990</u></b>	<b><u>177,824,271,259</u></b>
<i>In which:</i>		
<i>Third parties</i>	280,707,218,990	175,824,307,950
<i>Related parties (Note 30)</i>	-	1,999,963,309

(i) This amount mainly represents the BCC with 21 Century Joint Stock Company in 2005 to develop Lot 9B7 Residential Area on an area of 5.9 hectares in Nam Sai Gon Urban Area. Under the BCC, the Company has 60% interest. In 2017, the Company will complete construction and handover to customers.

9. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Inventory properties under development (*)	3,653,677,010,465	3,648,140,790,364
General construction	44,069,063,208	24,438,542,886
Finished goods	1,687,790,909	169,234,947
Construction materials	768,175,161	640,342,455
<b>TOTAL</b>	<b><u>3,700,202,039,743</u></b>	<b><u>3,673,388,910,652</u></b>

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

9. INVENTORIES (continued)

(\*) Details of inventory properties under development are as follows:

	VND	
	Ending balance	Beginning balance
Long An project (i)	1,410,132,529,019	1.372.672.355.842
Casa project	693,986,174,349	355.560.197.731
Nguyen Son project	581,124,624,485	334.586.969.131
Phu Huu project	515,253,842,875	331.430.241.618
8C Residential Areas	160,568,491,597	113.995.287.413
Phuoc Long B project – Extension	72,484,697,580	59.708.453.218
Tan Thuan Dong project	66,297,696,252	251.580.971.643
Can Tho project (i)	48,647,599,538	55.199.336.366
Thao Nguyen project	48,142,041,859	46.199.374.859
Phuoc Long B project – Apartment	13,050,022,077	244.292.610.089
Go O Moi project	12,561,986,261	10.009.291.004
Ehome West Sai Gon project ("Ehome 3 project") (i)	11,927,159,747	227.935.804.332
Binh Duong project ("Ehome 4 project")	6,677,696,256	224.801.319.063
Phuoc Long B - Do Xuan Hop project	1,172,477,967	986.114.331
Nhon Trach project	211,865,659	10.838.215.659
Others	11,438,104,944	8.344.248.065
<b>TOTAL</b>	<b><u>3,653,677,010,465</u></b>	<b><u>3.648.140.790.364</u></b>

- (i) LURs have been mortgaged to secure the Group's outstanding borrowings (Note 21):
- LURs in Hung Thanh Ward, Cai Rang District, Can Tho City;
  - LURs in An Thanh Ward, Ben Luc District, Long An Province; and
  - LURs in An Lac Ward, Binh Tan District, Ho Chi Minh City;

10. PREPAID EXPENSES

	VND	
	Ending balance	Beginning balance
Short-term		
Tools and supplies	3,987,948,691	2,567,770,089
Operating expenses	2,960,621,998	2,029,218,634
Commission fees	-	6,820,464,123
Others	474,699,255	
	<u>7,423,269,944</u>	<u>11,417,452,846</u>
Long-term		
Commission fees	43,734,495,187	6,585,650,053
Tools and supplies	2,069,793,214	1,504,229,831
Others	2,433,672,813	2,071,569,714
	<u>48,237,961,214</u>	<u>10,161,449,598</u>
<b>TOTAL</b>	<b><u>55,661,231,158</u></b>	<b><u>21,578,902,444</u></b>

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

11. TANGIBLE FIXED ASSETS

	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Office equipment and furniture</i>	<i>Other assets</i>	<i>VND</i>
						<i>Total</i>
<b>Cost:</b>						
Beginning balance	44,533,057,668	10,639,518,709	5,928,055,293	5,342,102,007	983,333,846	67,426,067,523
Newly purchase	321,760,383	1,813,699,283	2,595,149,112	152,700,000	156,000,000	5,039,308,778
Other increase	8,109,909,370	-	-	-	-	8,109,909,370
Disposal	(2,185,151,938)	(749,951,920)	(1,542,501,122)	(98,663,673)	-	(4,576,268,653)
Ending balance	<u>50,779,575,483</u>	<u>11,703,266,072</u>	<u>6,980,703,283</u>	<u>5,396,138,334</u>	<u>1,139,333,846</u>	<u>75,999,017,018</u>
<b>Accumulated depreciation:</b>						
Beginning balance	(14,766,694,706)	(6,158,583,305)	(4,388,996,266)	(2,608,540,322)	(983,333,846)	(28,906,148,445)
Depreciation for the period	(2,242,201,272)	(1,095,132,191)	(1,312,430,506)	(579,874,929)	(5,200,000)	(5,234,838,898)
Other increase	(2,525,927,625)	-	-	-	-	(2,525,927,625)
Disposal	1,345,863,323	426,765,271	891,540,320	98,663,673	-	2,762,832,587
Ending balance	<u>(18,188,960,280)</u>	<u>(6,826,950,225)</u>	<u>(4,809,886,452)</u>	<u>(3,089,751,578)</u>	<u>(988,533,846)</u>	<u>(33,904,082,381)</u>
<b>Net carrying amount:</b>						
Beginning balance	<u>29,766,362,962</u>	<u>4,480,935,404</u>	<u>1,539,059,027</u>	<u>2,733,561,685</u>	-	<u>38,519,919,078</u>
Ending balance	<u>32,590,615,203</u>	<u>4,876,315,847</u>	<u>2,170,816,831</u>	<u>2,306,386,756</u>	<u>150,800,000</u>	<u>42,094,934,637</u>



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

**12. INTANGIBLE ASSETS**

			VND
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	11,690,254,979	4,043,439,223	15,733,694,202
New purchase	-	896,262,296	896,262,296
Other increase	1,673,370,966	-	1,673,370,966
Disposal	(235,521,227)	(140,210,000)	(375,731,227)
Ending balance	<u>13,128,104,718</u>	<u>4,799,491,519</u>	<u>17,927,596,237</u>
<b>Accumulated amortisation:</b>			
Beginning balance	(1,001,655,290)	(3,073,518,105)	(4,075,173,395)
Other increase	(284,396,426)	-	(284,396,426)
Amortization for the period	(206,990,723)	(456,654,859)	(663,645,582)
Disposal	33,824,856	140,210,000	174,034,856
Ending balance	<u>(1,459,217,583)</u>	<u>(3,389,962,964)</u>	<u>(4,849,180,547)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>10,688,599,689</u>	<u>969,921,118</u>	<u>11,658,520,807</u>
Ending balance	<u>11,668,887,135</u>	<u>1,409,528,555</u>	<u>13,078,415,690</u>

**13. INVESTMENT PROPERTIES**

			VND
	<i>Land use rights</i>	<i>Buildings and structures</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	14,458,202,755	65,146,211,201	79,604,413,956
New purchase	-	1,981,188,000	1,981,188,000
Transfer from inventory	-	8,242,304,000	8,242,304,000
Disposal	(5,039,962,143)	(24,455,904,334)	(29,495,866,477)
Other decrease	-	(6,109,129,172)	(6,109,129,172)
Ending balance	<u>9,418,240,612</u>	<u>44,804,669,695</u>	<u>54,222,910,307</u>
<b>Accumulated depreciation and amortisation:</b>			
Beginning balance	(8,947,051,112)	(13,834,637,747)	(22,781,688,859)
Depreciation and amortisation for the year	(170,864,163)	(2,376,581,006)	(2,547,445,169)
Disposal	638,829,908	7,689,128,108	8,327,958,016
Other decrease	-	2,114,142,977	2,114,142,977
Ending balance	<u>(8,479,085,367)</u>	<u>(6,407,947,668)</u>	<u>(14,887,033,035)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>5,511,151,643</u>	<u>51,311,573,454</u>	<u>56,822,725,097</u>
Ending balance	<u>939,155,245</u>	<u>38,396,722,027</u>	<u>39,335,877,272</u>

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

**14. LONG-TERM INVESTMENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investment in associate and jointly controlled entity ( <i>Note 14.1</i> )	24,797,751,856	24,198,842,309
Other long-term investments ( <i>Note 14.2</i> )	5,942,300,000	5,942,300,000
Provision for long-term investments	<u>(219,661,340)</u>	<u>(460,142,353)</u>
<b>NET</b>	<b><u>30,520,390,516</u></b>	<b><u>29,680,999,956</u></b>

**14.1 Investment in an associate and jointly-controlled entity**

<i>Entities</i>	<i>Business</i>	<u><i>Ending balance</i></u>		<u><i>Beginning balance</i></u>	
		<i>Interest</i>	<i>Cost of investment</i>	<i>Interest</i>	<i>Cost of investment</i>
		%	VND	%	VND
Gamuda - Nam Long Development Limited Liability Company	Real Estate	30	22,400,000,000	30	22,400,000,000
Okamura Tokyo Co., Ltd.	Real Estate	31.1	834,000,000	31.1	834,000,000

Detail of this investment in an associate and jointly-controlled entity are as follows:

	VND		
	<i>Okamura Tokyo Co., Ltd.</i>	<i>Gamuda - Nam Long</i>	<i>Total</i>
<b>Cost of investment:</b>			
Beginning balance and Ending balance	<u>834,000,000</u>	<u>22,400,000,000</u>	<u>23,234,000,000</u>
<b>Accumulated share in post-acquisition profit/ (loss)</b>			
Beginning balance	(565,958,825)	1,530,801,134	964,842,309
Share in post-acquisition profit for the period	<u>100,674,816</u>	<u>498,234,731</u>	<u>598,909,547</u>
Ending balance	<u>(465,284,009)</u>	<u>2,029,035,865</u>	<u>1,563,751,856</u>
<b>Net carrying amount</b>			
Beginning balance	<u>268,041,175</u>	<u>23,930,801,134</u>	<u>24,198,842,309</u>
Ending balance	<u>368,715,991</u>	<u>24,429,035,865</u>	<u>24,797,751,856</u>

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

14. LONG-TERM INVESTMENTS (continued)

14.2 Other long-term investments

	Quantity of shares	Interest (%)	Ending balance	Beginning balance	VND
<b>Other long-term investments</b>					
<i>Investments in other companies</i>					
Bac Trung Nam Housing Development Joint Stock Company	353,330	7,00	3,533,300,000	3,533,300,000	
Hong Phat Finance Investment Corporation	150,000	1,25	2,409,000,000	2,409,000,000	
<b>TOTAL</b>			<b>5,942,300,000</b>	<b>5,942,300,000</b>	

15. GOODWILL

The movements in goodwill during the period are as follows:

	<i>Goodwill arising from investments in</i>		VND
	<i>Nguyen Son</i>	<i>Nam Long - Hong Phat</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance and Ending balance	32,906,583,473	2,336,088,442	35,242,671,915
<b>Accumulated amortisation:</b>			
Beginning balance	(14,037,611,328)	(2,203,729,736)	(16,241,341,064)
Amortization for the year	(5,031,725,905)	(132,358,706)	(5,164,084,611)
Ending balance	(19,069,337,233)	(2,336,088,442)	(21,405,425,675)
<b>Net carrying amount:</b>			
Beginning balance	18,868,972,145	132,358,706	19,001,330,851
Ending balance	13,837,246,240	-	13,837,246,240

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

**16. SHORT-TERM TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade payables to suppliers	199,476,008,760	190,543,508,912
<i>Payables to construction contractors</i>	<i>118,263,484,420</i>	<i>152,350,761,400</i>
<i>Hung QuocThinh Services Trading</i>		
<i>Company Limited</i>	<i>32,765,374,164</i>	-
<i>6D Joint Stock Company</i>	<i>25,517,601,720</i>	<i>31,537,339,100</i>
<i>Vietnam Uni Eastern Company Limited</i>	<i>12,523,635,523</i>	-
<i>QH Plus Corporation</i>	<i>10,405,912,933</i>	<i>6,655,408,412</i>
Trade payables to related parties	-	7,718,400,000
<b>TOTAL</b>	<b><u>199,476,008,760</u></b>	<b><u>198,261,908,912</u></b>

**17. ADVANCES FROM CUSTOMERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advance from customers	<u>651,548,705,368</u>	<u>998,895,163,496</u>

Advances from customers represent advances from customers for apartments, town houses, villas, and land purchases.

**18. STATUTORY OBLIGATIONS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax	85,937,895,301	69,358,572,449
Value-added tax	35,057,866,819	53,570,252,697
Others	45,371,220,001	4,964,335,851
<b>TOTAL</b>	<b><u>166,366,982,121</u></b>	<b><u>127,893,160,997</u></b>

**19. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Sub-contractors cost for on-going projects	494,846,884,624	184,820,883,491
Interest expenses	36,325,426,027	16,074,883,773
Interest supporting expenses	31,889,432,631	-
Maintenance and warranty expenses of apartments	21,983,341,011	19,517,356,135
Others	22,892,386,878	11,437,061,442
<b>TOTAL</b>	<b><u>607,937,471,171</u></b>	<b><u>231,850,184,841</u></b>

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

**20. OTHER PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Maintenance fee for Ehome projects	95,285,072,102	40,269,102,714
Investment contributions received for BCCs	7,764,901,664	32,983,198,438
Payables for Phu Huu project	17,160,000,000	17,160,000,000
Payables for Long An project	12,731,408,452	11,374,675,452
Payables for Nguyen Son project	10,983,273,059	4,875,600,000
Payables for customer deposits	2,329,729,000	
Dividends payable to non-controlling interests	1,846,051,299	224,911,050
Deposits received	755,635,000	982,135,000
Others	20,600,972,480	22,801,110,416
Other payables to related parties	-	7,008,800,000
Acquisition of ownership interest in ASPL	-	147,062,264,265
	<b><u>169,457,043,056</u></b>	<b><u>284,741,797,335</u></b>
Long-term		
Severance allowance	6,141,543,418	12,128,578,165
Deposit for office rental	7,971,859,607	8,101,840,437
	<b><u>14,113,403,025</u></b>	<b><u>20,230,418,602</u></b>
<b>TOTAL</b>	<b><u>183,570,446,081</u></b>	<b><u>304,972,215,937</u></b>

**21. LOANS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term		
Loans from individuals (Note 21.1)	69,894,565,335	79,028,478,171
Loans from banks (Note 21.2)	82,126,096,080	13,750,000,000
Current portion of bonds (Note 21.4)	99,690,509,259	94,000,000,000
Current portion of long-term loans (Note 21.3)	101,943,358,000	37,722,000,000
	<b><u>353,654,528,674</u></b>	<b><u>224,500,478,171</u></b>
Long-term		
Loans from banks (Note 21.3)	451,556,745,000	279,870,745,000
Current portion	101,943,358,000	37,722,000,000
Non-current portion	349,613,387,000	242,148,745,000
Bonds (Note 21.4)	99,690,509,259	244,000,000,000
Current portion	99,690,509,259	94,000,000,000
Non-current portion	-	150,000,000,000
Loans from individuals and entities	-	20,846,995,905
	<b><u>349,613,387,000</u></b>	<b><u>412,995,740,905</u></b>
<b>TOTAL</b>	<b><u>703,267,915,674</u></b>	<b><u>637,496,219,076</u></b>

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

21. **LOANS** (continued)

21.1 *Short-term loans from individuals*

	<i>Ending balance</i> VND	<i>Due date</i>	<i>Purpose</i>	<i>Interest rate</i> % p.a	<i>Description of collateral</i>
Short-term loans from individuals	<u>69,894,565,335</u>	From 14 October 2016 to 9 December 2017	Support working capital needs	9.5 - 10.5	Unsecured

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

**21. LOANS** (continued)

**21.2 Short-term loans from banks**

Details of the short-term loans from banks are as follows:

<i>Bank</i>	<i>Ending balance</i> VND	<i>Due date</i>	<i>Interest rate</i> (%/p.a)	<i>Purpose</i>	<i>Description of collateral (Notes 9, 10)</i>
Orient Commercial Joint Stock Bank – Tan Thuan Brand	56,928,466,222	March 2017	8.6	Support working capital needs	LUR in map number 5, An Thanh Ward, Ben Luc District, Long An Province
Vietnam Bank for Agriculture and Rural Development - Brand 8	12,197,629,858	January 2017	8	Support working capital needs	LUR and associated assets of An Thanh Ward, Ben Luc District, Long An Province
Ho Chi Minh City Development Joint Stock Commercial Bank	13,000,000,000	November 2017	9.5	Support working capital needs	LUR in Can Tho and LUR in Long An
<b>TOTAL</b>	<b><u>82,126,096,080</u></b>				

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

21. LOANS (continued)

21.3 Long-term loans from banks

Details of the long-term loans from banks are as follows:

<i>Lender</i>	<i>Ending balance</i> VND	<i>Due date</i>	<i>Interest rate</i> (%/p.a.)	<i>Purpose</i>	<i>Description of collaterals (Note 9, 12)</i>
Orient Commercial Joint Stock Bank - Loan 1	127,004,745,000	From 26 September 2016 to 6 May 2018	10.2	Finance Ehome projects	LUR for 1,064,307 square meters of Long An VCD Project
Orient Commercial Joint Stock Bank - Loan 2	275,000,000,000	From 12 October 2017 to 12 October 2022	9.9	Purchase project Hoang Nam	Guaranteed by Hoang Nam Construction Trading Limited
Orient Commercial Joint Stock Bank - Loan 3	45,352,000,000	From 26 December 2016 to 26 December 2023	10.7	Finance Nguyen Son projects	LUR of Long An VCD Project
Chinatrust Bank Co., Ltd – Ho Chi Minh City Branch	4,200,000,000	Quarterly repayment up to 19 January 2017	7.5	Support working capital needs	Assets attached to land mortgage: floor 1, 7, 8, 9, 10, 11, 12, basement, mezzanine and rooftop of Nam Long Office Building at lot Cr3-4 - Cr3-5, A Zone Phu My Hung, Tan Phu Ward, District 7, Ho Chi Minh City
<b>TOTAL</b>	<b><u>451,556,745,000</u></b>				
<i>In which :</i>					
<i>Current portion</i>	101,943,358,000				
<i>Long-term loan</i>	349,613,387,000				



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

**21. LOANS (continued)**

**21.4 Bond**

On 28 July 2014, the Company issued 350 non-convertible bonds to Orient Commercial Joint Stock Bank at par value of VND 1,000,000,000 per bond and at interest rate of 8.78% per annum for the first half year, paid on issuance date, and of 2.5% plus average interest rate of 12 month deposits at Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Investment and Development of Vietnam and Orient Commercial Joint Stock Bank, for the following years. The bonds will expire on 28 July 2017, and are used to finance working capital and for Ehome projects.

*Description of collaterals*

59 LURs at An Thanh residential compound, An Thanh, Ben Luc, Long An.

**21.5 Movements of loans and bond during the period**

	<i>Loans</i>	<i>Bond</i>	<i>VND Total</i>
<b>Beginning balance</b>	<b>393,496,219,076</b>	<b>244,000,000,000</b>	<b>637,496,219,076</b>
Drawdown from borrowings	405,688,714,613	-	405,688,714,613
Repayment from borrowings	(195,607,527,274)	(144,000,000,000)	(339,607,527,274)
Cost of issuing bonds	-	(309,490,741)	(309,490,741)
<b>Ending balance</b>	<b>603,577,406,415</b>	<b>99,690,509,259</b>	<b>703,267,915,674</b>

**22. CONVERTIBLE BOND**

On 8 April 2016, the Board of Directors approved a detailed plan to execute the issuance of the convertible bonds amounting to VND 500,000,000,000 to Ibeworth Pte. Ltd, a wholly-owned subsidiary of Keppel Land Ltd. in accordance with the terms and conditions stipulated in the shareholders' resolution No. 01/2016/NQ/ĐHĐCĐ/NLGs dated 18 March 2016. On 15 April 2016, the Company issued VND 500,000,000,000 convertible bonds at par value of VND 1,000,000,000 per unit. The bonds will be converted into equity at the bond holder's option upon maturity and interest is charged from the purchase date at 7% per annum. Interest since the Interest Payment date last preceding the relevant Conversion date is waived if conversion option is exercised at a conversion price of VND 23,500 per share which is subject to adjustments for dilutive events if any.

The equity and liability component of the convertible bond are presented as below:

	<i>VND Ending balance</i>
Value of convertible bond	500,000,000,000
Equity component ( <i>Note 24.1</i> )	(40,503,427,830)
<b>Liability component at initial recognition</b>	<b>459,496,572,170</b>
Add: Accumulated amortisation of discounted value	6,336,616,467
Less: Bond issuance costs	(2,749,738,558)
<b>Liability component at end of period</b>	<b>463,083,450,079</b>

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

**23. BONUS AND WELFARE FUND**

	<i>Ending balance</i>	<i>VND Beginning balance</i>
Beginning balance	7,680,704,504	13,587,891,711
Fund appropriation	18,471,825,009	10,040,407,661
Fund utilisation	<u>(15,558,386,037)</u>	<u>(15,947,594,868)</u>
<b>Ending balance</b>	<b><u>10,594,143,476</u></b>	<b><u>7,680,704,504</u></b>

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

24. OWNERS' EQUITY

24.1 *Increases and decreases in owners' equity*

	Share capital	Share premium	Treasury share	Investment and development fund	Other funds belonging to owners' equity	Undistributed earnings	Equity component of Convertible bond	VND Total
<b>Previous year</b>								
Beginning balance	1,339,692,790,000	422,792,104,687	(60,464,200,000)	10,929,726,999	1,827,848,341	218,912,408,731	-	1,933,690,678,758
Increase in share capital	76,028,780,000	69,545,042,374	-	-	-	-	-	145,573,822,374
Profit after tax	-	-	-	-	-	206,244,169,156	-	206,244,169,156
Dividend paid	-	-	-	-	-	(60,071,816,382)	-	(60,071,816,382)
Appropriation of net profit	-	-	-	-	-	(10,040,407,661)	-	(10,040,407,661)
Utilisation of funds	-	-	-	-	(712,360,000)	-	-	(712,360,000)
Other increase	-	-	-	-	-	3,262,454,198	-	3,262,454,198
Ending balance	1,415,721,570,000	492,337,147,061	(60,464,200,000)	10,929,726,999	1,115,488,341	358,306,808,042	-	2,217,946,540,443
<b>Current year</b>								
Beginning balance	1,415,721,570,000	492,337,147,061	(60,464,200,000)	10,929,726,999	1,115,488,341	358,306,808,042	-	2,217,946,540,443
Increase in share capital (*)	5,423,530,000	(176,000,000)	-	-	-	-	-	5,247,530,000
Issuance of convertible bond (Note 20)	-	-	-	-	-	-	40,503,427,830	40,503,427,830
Net profit after tax	-	-	-	-	-	345,217,739,625	-	345,217,739,625
Dividend declared	-	-	-	-	-	(97,655,580,121)	-	(97,655,580,121)
Appropriation of net profit	-	-	-	-	3,512,281,041	(21,984,106,050)	-	(18,471,825,009)
Utilisation of funds	-	-	-	-	(3,546,570,605)	-	-	(3,546,570,605)
Other decrease (**)	-	-	-	-	-	(5,481,958,731)	-	(5,481,958,731)
Ending balance	1,421,145,100,000	492,161,147,061	(60,464,200,000)	10,929,726,999	1,081,198,777	578,402,902,765	40,503,427,830	2,483,759,303,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2016**24. OWNERS' EQUITY (continued)****24.1 Increases and decreases in owners' equity (continued)**

(\*) On 12 August 2016, the Company issued 542,353 shares according to Employee Stock Ownership Plan as approved in the Annual General Meeting Resolution No.02/2016 dated 23 April 2016 with issuing cost amounting to VND 176 million.

(\*\*) On 9 January 2016, the Group acquired an additional 23.96% interest in its subsidiary, Nam Phan to increase its ownership in this company to 99.96%, at the total consideration of VND 64,055,000,000 paid to the non-controlling shareholders. The difference of VND 7,787,213,569 between the above consideration and the carrying value of the interest acquired at the acquisition date amounting to VND 56,267,786,431 has been recognised as a decrease in undistributed earnings.

On 1 April 2016, the Group acquired an additional 3.32% interest in its subsidiary, Nam Long Hong Phat to increase its ownership in this company to 94%, at the total consideration of VND 3,585,600,000 paid to the non-controlling shareholders. The difference of VND 1,652,402,905 between the above consideration and the carrying value of the interest acquired at the acquisition date amounting to VND 1,933,197,095 has been recognised as a decrease in undistributed earnings.

On 13 April 2016, the Company disposed its 50% interest in ASPL PLB - Nam Long Co., Ltd. (currently is NLG-NNR-HR-FUJI Co., Ltd.), decreasing its ownership in this company from 100% to 50% at the total proceeds of VND 183,583,558,448. The difference of VND 20,308,177,372 between the above proceeds and the carrying value of the interest acquired from NIC at the acquisition date amounting to VND 163,275,381,076 has been recognised as an increase in undistributed earnings.

On 30 August 2016, the Group acquired an additional 0.56% interest in its subsidiary, Thao Nguyen to increase its ownership in this company to 100%, at the total consideration of VND 311,100,000 paid to the non-controlling shareholders. The difference of VND 10,976,817 between the above consideration and the carrying value of the interest acquired at the acquisition date amounting to VND 300,123,183 has been recognised as a decrease in undistributed earnings.

On 30 August 2016, the Company disposed its 50% interest in Thao Nguyen, decreasing its ownership in this company from 100% to 50% at the total proceeds of VND 28,000,750,000. The difference of VND 1,204,037,271 between the above proceeds and the carrying value of the interest acquired from NIC at the acquisition date amounting to VND 26,796,712,729 has been recognised as an increase in undistributed earnings.

On 15 August 2016, the Shareholders of Nguyen Son increased its share capital. The Group increased its ownership in this company from 83.71% to 87.33%, at the total additional contribution of VND 234,944,710,000. The difference of VND 11,263,328,350 between the above consideration and the carrying value of the interest acquired at the acquisition date amounting to VND 223,681,381,650 has been recognised as a decrease in undistributed earnings.

On 30 September 2016, the Group acquired an additional 22.30% interest in its subsidiary, Nam Long DC to increase its ownership in this company to 100%, at the total consideration of VND 24,934,947,656 paid to the non-controlling shareholders. The difference of VND 4,326,186,547 between the above consideration and the carrying value of the interest acquired at the acquisition date amounting to VND 20,608,761,109 has been recognised as a decrease in undistributed earnings.

On 31 December 2016, the Group acquired an additional 5.98% interest in its subsidiary, Nam Long Hong Phat to increase its ownership in this company to 99.98%, at the total consideration of VND 6,462,000,000 paid to the non-controlling shareholders. The difference of VND 1,954,065,186 between the above consideration and the carrying value of the interest acquired at the acquisition date amounting to VND 4,507,934,814 has been recognised as a decrease in undistributed earnings.

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

24. OWNERS' EQUITY (continued)

24.2 Shares

	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Number of shares</i>	<i>Number of shares</i>
<b>Authorized shares</b>	<b>142,114,510</b>	<b>141,572,157</b>
<b>Issued shares</b>		
<i>Issued and paid-up shares</i>	<i>142,114,510</i>	<i>141,572,157</i>
Ordinary shares	142,114,510	141,572,157
<b>Treasury shares</b>		
<i>Held by subsidiaries</i>	<i>6,502,165</i>	<i>6,502,165</i>
Ordinary shares	6,502,165	6,502,165
<b>Shares in circulation</b>		
Ordinary shares	135,612,345	135,069,992

25. NON-CONTROLLING INTERESTS

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>VND</i>
Contributed charter capital	599,906,143,470	152,963,455,026
Share premium	26,412,286,830	20,768,642,586
Treasury shares	(656,280,000)	(656,280,000)
Investment and development funds	125,693,756	125,693,756
Other funds belonging to owner's equity	846,532,269	94,403,051
Asset revaluation reserve	63,818,489	35,638,600,611
Undistributed earnings (accumulated losses)	36,816,111,592	(386,353,118)
<b>TOTAL</b>	<b><u>663,514,306,406</u></b>	<b><u>208,548,161,912</u></b>

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

**26. REVENUES**

**26.1 Revenues from sale of goods and rendering of services**

	VND	
	Current year	Previous year
<b>Gross revenues</b>	<b>2,533,798,820,045</b>	<b>1,267,221,417,021</b>
<i>Of which:</i>		
<i>Revenue from sale of land lots, town houses and apartments</i>	2,479,838,501,617	1,228,069,415,072
<i>Revenue from investment properties</i>	20,377,823,683	24,745,587,012
<i>Revenue from rendering of services</i>	33,582,494,745	14,406,414,937
<b>Less</b>		
Sales returns	-	(8,677,878,248)
<b>Net revenues</b>	<b><u>2,533,798,820,045</u></b>	<b><u>1,258,543,538,773</u></b>
<i>Of which:</i>		
<i>Revenue from sale of land lots, town houses and apartments</i>	2,479,838,501,617	1,219,391,536,824
<i>Revenue from investment properties</i>	20,377,823,683	24,745,587,012
<i>Revenue from rendering of services</i>	33,582,494,745	14,406,414,937

**26.2 Finance income**

	VND	
	Current year	Previous year
Interest income	17,315,726,000	10,811,102,112
Profit from Business Cooperation Contracts	6,210,353,467	-
Gain from an investment disposal	-	5,754,246,837
Dividends	501,973,000	-
<b>TOTAL</b>	<b><u>24,028,052,467</u></b>	<b><u>16,565,348,949</u></b>

**27. COST OF GOODS SOLD AND SERVICES RENDERED**

	VND	
	Current year	Previous year
Cost of land lots, town houses and apartments sold	1,653,617,937,894	816,956,724,260
Costs of investment properties	9,450,300,155	12,582,946,035
Cost of services rendered	32,099,101,410	11,242,732,257
<b>TOTAL</b>	<b><u>1,695,167,339,459</u></b>	<b><u>840,782,402,552</u></b>

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

**28. FINANCE EXPENSES**

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest expenses	20,554,703,566	10,560,127,150
Unrealised foreign exchange loss	-	2,549,497,346
Others	6,395,119,246	3,441,351,773
<b>TOTAL</b>	<b><u>26,949,822,812</u></b>	<b><u>16,550,976,269</u></b>

**29. CORPORATE INCOME TAX**

The statutory enterprise income tax ("CIT") rate applicable to the Group is 20% of taxable profits.

The tax returns filed by 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 later upon final determination by the tax authorities.

***CIT expense***

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Estimated current CIT expenses	99,684,284,976	54,177,297,565
Deferred income tax (income)/expenses	(2,913,538,401)	13,261,871,723
<b>TOTAL</b>	<b><u>96,770,746,575</u></b>	<b><u>67,439,169,288</u></b>

**30. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions of the Group with related parties during the period were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>
			<i>Current year</i>
Mr Nguyen Xuan Quang	Chairman	Transfer ownership interest in an entity	20,412,500,000
		Dividend paid	5,183,940,711
Ms Nguyen Thi Ngoc Lan	Related party	Loan	5,000,000,000
		Loan repayment	5,000,000,000
		Loan interest	203,534,000
Ms Nguyen Thi Phuc Nguyen	Related party	Advance to purchase land	1,520,714,107
		Loan repayment	4,692,821,000
		Dividend paid	81,320,163
Mr Tran Thanh Phong	Related party	Dividend payable	2,175,785,655
Ms Nguyen Thi Bich Ngoc	Related party	Dividend payable	2,238,161,649
Ms Ngo Thi Ngoc Lieu	Related party	Dividend payable	1,780,350,249
		Advance for purchasing apartment	1,312,559,042

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

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

Amounts due to and due from related parties were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>
			<i>Ending balance</i>
<b><i>Trade receivables</i></b>			
Ms Ngo Thi Ngoc Lieu	Related party	Sales of Apartment	110,005,097
Ms Nguyen Thi Bich Ngoc	Related party	Sales of Apartment	231,750,000
			<u><b>341,755,097</b></u>

Remunerations for members of the Board of Directors ("BOD") and the Management are as follows:

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Remunerations for members of the BOD	6,762,000,000	5,641,666,667
Remunerations for members of the Management	<u>8,028,240,852</u>	<u>5,006,260,139</u>
<b>TOTAL</b>	<u><b>14,790,240,852</b></u>	<u><b>10,647,926,806</b></u>

**31. 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 by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic earnings per share computations:

	<i>Current year</i>	<i>Previous year (restated)</i>
Net profit after tax (VND)	345,217,739,625	206,244,169,156
Less: Bonus and welfare fund (VND) (i)	(24,165,241,774)	(13,158,377,992)
Net interest after tax on convertible bonds charged to the consolidated income statement (VND)	<u>14,278,978,268</u>	<u>-</u>
<b>Net profit attributable to ordinary shareholders (VND)</b>	<b>335,331,476,119</b>	<b>193,085,791,164</b>
Weighted average number of ordinary shares during the year	135,280,990	131,202,374
Adjusted weighted average number of potential shares from convertible bonds (ii)	<u>21,276,595</u>	<u>-</u>
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>156,557,585</b>	<b>131,202,374</b>
<b>Earnings per share (VND)</b>		
<i>Basic earnings per share</i>	2,373	1,472
<i>Diluted earnings per share</i>	2,142	1,472



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

**31. EARNINGS PER SHARE (continued)**

- (i) Net profit used to compute earnings per share for the year ended 31 December 2015 was restated following the actual distribution to Bonus and welfare funds from 2015 undistributed earnings as approved in the Annual General Meeting 2015's Resolution dated 25 April 2016 ("AGM Resolution 2015").

Net profit used to compute earnings per share for the year ended 31 December 2016 is adjusted for distribution to Bonus and welfare funds, which is appropriated at 7% of net profit after tax as approved in accordance with AGM Resolution 2015.

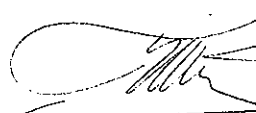
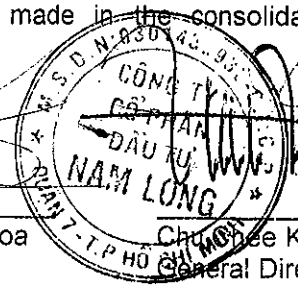
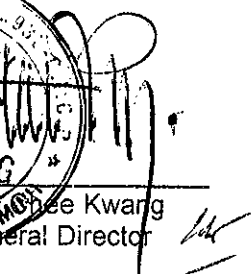
- (ii) As disclosed in Note 22 to the consolidated financial statements, on 8 April 2016, the Company issued VND 500,000,000,000 convertible bonds at par value of VND 1,000,000,000 per unit. These convertible bonds could potentially dilute basic earnings per share in the future as calculated for the year ended 31 December 2016.

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

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



Nguyen Thi Thu Hien  
Preparer

Luong Thi Kim Thoa  
Chief Accountant

Chu Hee Kwang  
General Director

20 January 2017

# Nam Long Investment Corporation

## EXPLANATION OF THE CONSOLIDATED INCOME STATEMENT IN QUARTER 4 - 2016

To implement disclosure requirement of listed organization in Ho Chi Minh City Stock Exchange, Nam Long Investment Corporation explains revenue and net profit after tax of the Group in Quarter 4.2016 are as follows:

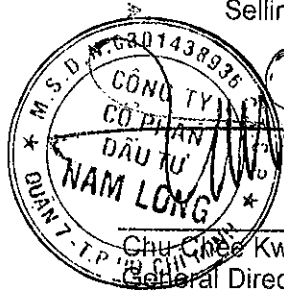
No.	Items	Quarter 4.2016 (VND)	Quarter 4.2015 (VND)	Variance
A	B	(1)	(2)	(3) = [(1) - (2)] / (2)
1	Net revenue	862,273,486,677	609,073,712,874	142%
2	Net profit after tax	182,691,725,531	131,000,543,500	139%

Net consolidated revenue in Quarter 4.2016 is 862 billion VND, increasing 142% equivalent to 253 billion VND in comparison with the same period of 2015. Revenue in this quarter is mainly contributed by handover of Ehome apartment (occupied about 62% in total revenue) from Ehome 3, Ehome 4, Flora Anh Dao with amounting to 457 billion VND, 5 billion VND and 3 billion VND, respectively.

Business result of Quarter 4.2016 is improved gradually when compared with the same quarter of 2015, mainly due to following reasons:

➤ Net revenue increases 142%, equivalent to 253 billion VND in comparison with quarter 4.2015.

Selling and general administration expenses are managed and performed efficiently.



Chu Chien Kwang  
General Director

20 January 2017

