

# **Nam Long Investment Corporation**

Consolidated financial statements

31 December 2016



# Nam Long Investment Corporation

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# Nam Long Investment Corporation

## GENERAL INFORMATION

### THE COMPANY

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 ("BRC") No. 4103004194 issued by the Ho Chi Minh City Department of Planning and Investment ("DPI") on 27 December 2005, and the fifteenth amended BRC dated 5 September 2016.

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/QĐ-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>Location</i>           | <i>Business</i>               |
|--|---------------------------|-------------------------------|
| <b>Subsidiaries</b>  |                           |                               |
| Nam Long Property Management and Development One Member Limited Company            | Ho Chi Minh City ("HCMC") | Construction and real estate  |
| Nam Long Service Joint Stock Company   | HCMC                      | Service and construction      |
| Nam Long - Hong Phat Joint Stock Company   | Can Tho City              | Construction and real estate  |
| Nguyen Son Real Estate Joint Stock Company   | HCMC                      | Real estate                   |
| Nam Long Apartment Development Corporation   | HCMC                      | Construction and real estate  |
| Nam Long Real Estate Transaction Floor One Member Limited Liability Company        | HCMC                      | Real estate trading floor     |
| Nam Khang Construction Investment Development One Member Limited Liability Company | HCMC                      | Construction and real estate  |
| Nam Vien Construction and Design Consulting Joint Stock Company                    | HCMC                      | Service                       |
| Nam Khang Construction Materials Trading Company Limited                           | HCMC                      | Construction material trading |
| Nam Long VCD Corporation   | Long An Province          | Construction and real estate  |
| Nam Phan Investment Corporation  | HCMC                      | Construction and real estate  |
| Nguyen Phuc Real Estate Investment and Trading Company Limited                     | HCMC                      | Real estate                   |
| Thao Nguyen Real Estate Investment and Trading Company Limited                     | HCMC                      | Real estate                   |
| NLG – NNR – HR Fuji Company Limited  | HCMC                      | Construction and real estate  |
| NNH Kikyo Flora Company Limited  | HCMC                      | Real estate                   |
| NNH Kikyo Valora Company Limited   | HCMC                      | Real estate                   |
| <b>Joint venture</b>   |                           |                               |
| Gamuda - Nam Long Development Limited Liability Company                            | HCMC                      | Real estate                   |
| <b>Associate</b>   |                           |                               |
| Okamura Tokyo Co., Ltd   | HCMC                      | Real estate                   |

# Nam Long Investment Corporation

## GENERAL INFORMATION (continued)

### THE COMPANY (continued)

The current principal activities of Nam Long Investment Corporation 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 Company's head office 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.

### BOARD OF DIRECTORS

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

|                         |               |
|-------------------------|---------------|
| Mr Nguyen Xuan Quang    | Chairman      |
| Mr Tran Thanh Phong     | Vice Chairman |
| Mr Lai Voon Hon         | Member        |
| Mr Bui Duc Khang        | Member        |
| Mr Chad Ryan Ovel       | Member        |
| Mr Trinh Van Tuan       | Member        |
| Mr Ziang Tony Ngo       | Member        |
| Mr Ngian Slew Siong     | Member        |
| Mr Cao Tan Thach        | Member        |
| Mr Linson Lim Soon Kooi | Member        |

### BOARD OF SUPERVISION

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

|                          |                                  |                            |
|--------------------------|----------------------------------|----------------------------|
| Ms Nguyen Thi Thanh Thao | Head of the Board of Supervision | appointed on 23 April 2016 |
| Mr Yip Chong Kuan        | Head of the Board of Supervision | resigned on 23 April 2016  |
|                          | Member                           | appointed on 23 April 2016 |
| Mr Vuong Thuan           | Member                           |                            |
| Mr Timothy Thien Chau    | Member                           | resigned on 25 April 2016  |

### MANAGEMENT

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

|                       |                         |
|-----------------------|-------------------------|
| Mr Chu Chee Kwang     | General Director        |
| Mr Chau Quang Phuc    | Chief Financial Officer |
| Ms Nguyen Thanh Huong | Investment Director     |

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Nguyen Xuan Quang.

Mr Chu Chee Kwang is authorised by Mr Nguyen Xuan Quang to sign the accompanying consolidated financial statements for the year ended 31 December 2016.

### AUDITORS

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

# Nam Long Investment Corporation

## REPORT OF MANAGEMENT

Management of Nam Long Investment Corporation ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2016.

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

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

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

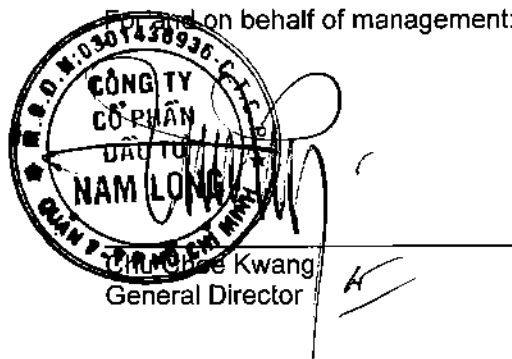
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding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

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

### STATEMENT BY MANAGEMENT

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

Done on behalf of management:



The seal is circular with the text "CÔNG TY CỔ PHẦN ĐẦU TƯ NAM LONG" in the center and "QUẬN 1 - THÀNH PHỐ HỒ CHÍ MINH" around the perimeter. A handwritten signature is written over the seal.

Trần Văn Kwang  
General Director

Ho Chi Minh City, Vietnam

6 March 2017



Ernst & Young Vietnam Limited  
28th Floor, Bilexco Financial Tower  
2 Hai Trieu Street, District 1  
Ho Chi Minh City, S.R. of Vietnam

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ey.com

Reference: 60755865/18591923-HN

## **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders and the Board of Directors of Nam Long Investment Corporation**

We have audited the accompanying consolidated financial statements of Nam Long Investment Corporation ("the Company") and its subsidiaries ("the Group") as prepared on 6 March 2017 and set out on pages 6 to 46, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### ***Management's responsibility***

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

### ***Auditors' responsibility***

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

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

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



Building a better  
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### Opinion

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

Ernst & Young Vietnam Limited



  
David Le Anthony  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 2223-2013-004-1

  
Pham Thi Cam Tu  
Auditor  
Audit Practicing Registration Certificate  
No. 2266-2013-004-1

Ho Chi Minh City, Vietnam

6 March 2017

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              | 8        | 41,780,000,000           | -                        |
| 136        | 4. Other short-term receivables             | 9        | 160,823,879,547          | 97,863,848,386           |
| 137        | 5. Provision for doubtful debts             |          | (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                              | 10       | 3,700,202,039,743        | 3,673,388,910,652        |
| 149        | 2. Provision for obsolete 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              | 11       | 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>380,593,080,263</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                                |           | 151,739,000              | 900,551,000              |
| 216        | 2. Other long-term receivables                                | 9         | 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                                      | 12        | 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 fixed assets                                    | 13        | 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>14</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>262,801,148</b>       |
| 242        | 1. Construction in progress                                   |           | -                        | 262,801,148              |
| <b>250</b> | <b>V. Long-term investments</b>                               | <b>15</b> | <b>30,520,390,516</b>    | <b>29,680,999,956</b>    |
| 252        | 1. Investments in the associate and jointly controlled entity | 15.1      | 24,797,751,856           | 24,198,842,309           |
| 253        | 2. Investment in other entities                               | 15.2      | 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>130,689,292,167</b>   | <b>100,087,882,819</b>   |
| 261        | 1. Long-term prepaid expenses                                 | 11        | 48,237,961,214           | 10,161,449,598           |
| 262        | 2. Deferred tax assets  | 31.3      | 68,614,084,713           | 70,925,102,370           |
| 269        | 3. Goodwill   | 16        | 13,837,246,240           | 19,001,330,851           |
| <b>270</b> | <b>TOTAL ASSETS</b>   |           | <b>6,208,809,467,666</b> | <b>5,022,018,174,967</b> |

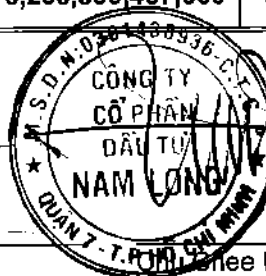
CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2016

VND

| Code       | RESOURCES  | Notes | Ending balance           | Beginning balance        |
|------------|--|-------|--------------------------|--------------------------|
| <b>300</b> | <b>C. LIABILITIES</b>                                    |       | <b>3,061,535,857,828</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                             | 17    | 199,476,008,760          | 198,261,908,912          |
| 312        | 2. Short-term advances from customers                    | 18    | 651,548,705,368          | 998,895,163,496          |
| 313        | 3. Statutory obligations                                 | 19    | 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                           | 20    | 604,558,704,171          | 231,850,184,841          |
| 319        | 6. Other short-term payables                             | 21    | 172,835,810,056          | 284,741,797,335          |
| 320        | 7. Short-term loan                                       | 22    | 353,654,528,674          | 224,500,478,171          |
| 322        | 8. Bonus and welfare fund                                |       | 10,594,143,476           | 7,680,704,504            |
| <b>330</b> | <b>ii. Non-current liabilities</b>                       |       | <b>882,142,108,449</b>   | <b>493,782,583,910</b>   |
| 337        | 1. Other long-term liabilities                           | 21    | 7,971,859,607            | 8,101,840,437            |
| 338        | 2. Long-term loans and debts                             | 22    | 349,613,387,000          | 412,995,740,905          |
| 339        | 3. Convertible bond                                      | 23    | 463,083,450,079          | -                        |
| 341        | 4. Deferred tax liabilities                              | 31.3  | 55,331,868,345           | 60,556,424,403           |
| 342        | 5. Long-term provisions                                  |       | 6,141,543,418            | 12,128,578,165           |
| <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 options                              | 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 year-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>6,208,809,467,666</b> | <b>5,022,018,174,967</b> |

Nguyen Thi Thu Hien  
Preparer

Luong Thi Kim Thoa  
Chief Accountant



Tran The Kwang  
General Director

6 March 2017

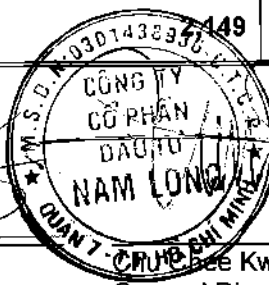
CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2016

VND

| Code | ITEMS   | Notes | Current year        | Previous year     |
|------|---|-------|---------------------|-------------------|
| 01   | 1. Revenues from sale of goods and rendering of services            | 26.1  | 2,533,798,820,045   | 1,267,221,417,021 |
| 02   | 2. Deductions   | 26.1  | -                   | (8,677,878,248)   |
| 10   | 3. Net revenues from sale of goods and rendering of services        | 26.1  | 2,533,798,820,045   | 1,258,543,538,773 |
| 11   | 4. Costs of goods sold and services rendered                        | 27    | (1,710,918,684,683) | (840,782,402,552) |
| 20   | 5. Gross profit from sale of goods and rendering of services        |       | 822,880,135,362     | 417,761,136,221   |
| 21   | 6. Finance income   | 26.2  | 25,688,673,908      | 16,565,348,949    |
| 22   | 7. Finance expenses   | 29    | (28,610,444,253)    | (16,550,976,269)  |
| 23   | - In which: Interest expenses                                       |       | (20,554,703,566)    | (10,560,127,150)  |
| 24   | 8. Shares of profit of associate, joint-controlled entity           |       | 598,909,547         | 197,425,839       |
| 25   | 9. Selling expenses   | 28    | (188,619,929,874)   | (118,736,024,011) |
| 26   | 10. General and administration expenses                             | 28    | (154,386,517,693)   | (154,374,884,096) |
| 30   | 11. Operating profit  |       | 477,550,826,997     | 144,862,026,633   |
| 31   | 12. Other income  | 30    | 11,012,029,151      | 148,046,652,354   |
| 32   | 13. Other expenses  | 30    | (4,221,939,695)     | (16,880,842,305)  |
| 40   | 14. Other profit  | 30    | 6,790,089,456       | 131,165,810,049   |
| 50   | 15. Accounting profit before tax                                    |       | 484,340,916,453     | 276,027,836,682   |
| 51   | 16. Current corporate income tax expense                            | 31.1  | (99,684,284,976)    | (54,177,297,565)  |
| 52   | 17. Deferred tax income (expense)                                   | 31.3  | 2,913,538,401       | (13,261,871,723)  |
| 60   | 18. Net profit after tax  |       | 387,570,169,878     | 208,588,667,394   |
| 61   | 19. Net profit after tax attributable to shareholders of the parent |       | 345,217,739,625     | 206,244,169,156   |
| 62   | 20. Net profit after tax attributable to non-controlling interests  |       | 42,352,430,253      | 2,344,498,238     |
| 70   | 21. Basic earnings per share  | 33    | 2,367               | 1,424             |
| 71   | 22. Diluted earnings per share                                      | 33    | 1,149               | 1,424             |

Nguyen Thi Thu Hien  
Preparer

Luong Thi Kim Thoa  
Chief Accountant



See Kwang  
General Director

6 March 2017

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2016

VND

| Code      | ITEMS   | Notes             | Current year             | Previous year            |
|-----------|---|-------------------|--------------------------|--------------------------|
|           | <b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                   |                          |                          |
| <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                             | 12, 13,<br>14, 16 | 13,735,081,154           | 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                         |                   | (43,708,871,266)         | (50,596,447,301)         |
| 06        | Interest expense  | 29                | 20,554,703,566           | 10,560,127,150           |
| <b>08</b> | <b>Operating profit before changes in working capital</b> |                   | <b>476,352,602,046</b>   | <b>252,539,310,465</b>   |
| 09        | Increase in receivables                                   |                   | (566,792,764,022)        | (74,783,878,536)         |
| 10        | Increase in inventories                                   |                   | (35,055,433,091)         | (280,245,329,022)        |
| 11        | Increase in payables                                      |                   | 27,371,102,993           | 242,319,582,597          |
| 12        | (Decrease) increase in prepaid expenses                   |                   | (34,082,328,714)         | 488,704,214              |
| 14        | Interest paid   |                   | (34,165,987,336)         | (10,560,127,150)         |
| 15        | Corporate income tax paid                                 | 19                | (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>(261,159,017,642)</b> | <b>58,891,010,826</b>    |
|           | <b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>           |                   |                          |                          |
| 21        | Purchases and construction of fixed assets                | 12, 13<br>14      | (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                                   |                   | (64,013,059,386)         | (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 entities     |                   | 211,584,308,448          | 81,154,388,649           |
| 27        | Interest and dividends received                           | 26.2              | 25,688,673,908           | 5,754,246,837            |
| <b>30</b> | <b>Net cash flows used in investing activities</b>        |                   | <b>(45,465,977,429)</b>  | <b>(162,871,390,721)</b> |
|           | <b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                   |                          |                          |
| 31        | Issuance of convertible bond                              | 24.1              | 40,503,427,830           | 145,573,822,374          |
|           | Capital contribution from non-controlling interest        |                   | 345,459,240,000          | 50,000,000,000           |
| 33        | Drawdown of borrowings                                    | 22.4, 23          | 865,185,286,783          | 301,867,740,905          |
| 34        | Repayment of borrowings                                   | 22.4              | (339,607,527,274)        | (282,848,937,760)        |
| 36        | Dividends paid to equity holders                          | 24.3, 25          | (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

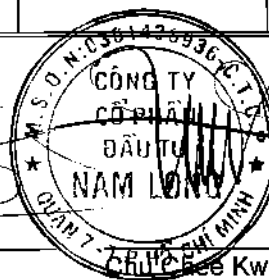
| Code | ITEMS  | Notes | Current year    | Previous year   |
|------|--|-------|-----------------|-----------------|
| 50   | Net increase in cash and cash equivalents      |       | 508,366,975,396 | 49,199,368,992  |
| 60   | Cash and cash equivalents at beginning of year | 4     | 423,195,907,688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



Nguyen Thi Thu Hien  
Preparer



Luong Thi Kim Thoa  
Chief Accountant



Lee Kwang  
General Director

6 March 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 ("BRC") No. 4103004194 issued by the Ho Chi Minh City Department of Planning and Investment ("DPI") on 27 December 2005, and the fifteenth amended BRC dated 5 September 2016.

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/QĐ-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>Location</i>           | <i>Business</i>               | <i>Ownership %</i> |
|--|---------------------------|-------------------------------|--------------------|
| <b>Subsidiary</b>  |                           |                               |                    |
| Nam Long Property Management and Development One Member Limited Company (Nam Long PMD)           | Ho Chi Minh City ("HCMC") | Construction and real estate  | 100                |
| Nam Long Service Joint Stock Company ("Nam Long Service")  | HCMC                      | Service and construction      | 71.29              |
| Nam Long - Hong Phat Joint Stock Company ("Nam Long - Hong Phat")                                | HCMC                      | Construction and real estate  | 99.98              |
| Nguyen Son Real Estate Joint Stock Company ("Nguyen Son")  | HCMC                      | Real estate                   | 87.33              |
| Nam Long Apartment Development Corporation ("Nam Long ADC")                                      | HCMC                      | Construction and real estate  | 97.14              |
| Nam Long Real Estate Transaction Floor One Member Limited Liability Company ("Trading Floor")    | HCMC                      | Real estate trading floor     | 100                |
| Nam Khang Construction Investment Development One Member Limited Liability Company ("Nam Khang") | HCMC                      | Construction and real estate  | 100                |
| Nam Vien Construction and Design Consulting Joint Stock Company ("Nam Vien")                     | HCMC                      | Service                       | 81.25              |
| Nam Khang Construction Materials Trading Company Limited ("Nam Khang Materials")                 | HCMC                      | Construction material trading | 100                |
| Nam Long VCD Corporation ("Nam Long VCD")  | Long An Province          | Construction and real estate  | 99.91              |
| Nam Phan Investment Corporation ("Nam Phan")   | HCMC                      | Construction and real estate  | 100                |
| Nguyen Phuc Real Estate Investment and Trading Company Limited ("Nguyen Phuc")                   | HCMC                      | Real estate                   | 50.00              |
| Thao Nguyen Real Estate Investment and Trading Company Limited ("Thao Nguyen")                   | HCMC                      | Real estate                   | 50.00              |
| NLG – NNR – HR Fuji Company Limited ("NLG – NNR – HR Fuji")                                      | HCMC                      | Construction and real estate  | 50.00              |
| NNH Kikyo Flora Company Limited ("Kikyo Flora")  | HCMC                      | Real estate                   | 50.00              |
| NNH Kikyo Valora Company Limited ("Kikyo Valora")  | HCMC                      | Real estate                   | 50.00              |
| <b>Joint venture</b>   |                           |                               |                    |
| Gamuda - Nam Long Development Limited Liability Company ("Gamuda – Nam Long")                    | HCMC                      | Real estate                   | 30.00              |
| <b>Associate</b>   |                           |                               |                    |
| Okamura Tokyo Co., Ltd   | HCMC                      | Real estate                   | 31.10              |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2016**1. CORPORATE INFORMATION (continued)**

The current principal activities of Nam Long Investment Corporation 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 its branch in Can Tho City, Vietnam.

The number of the Group's employees as at 31 December 2016 is 624 (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 Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

**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.

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

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

**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 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.

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



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

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

**3.3 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 fixed 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 separate income statement as incurred.

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

*Land use rights ("LURs")*

LURs are recorded as intangible fixed assets if the land is held for use in the production or business, for rental to others by the enterprise and when the Company receives the LUR certificate. The cost of LUR comprises any directly attributable costs of preparing the land for its intended use. LUR 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 rights 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.

**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   |

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

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

**3.7 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          | 47 years     |

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

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 and 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 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:

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

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

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

#### 3.10 *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.

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.

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 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 interim 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 dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 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.

**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 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 interim 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2016**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.15 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.

▶ *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 year.

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 year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**3.18 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2016**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Revenue recognition (continued)***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.

**3.19 Taxation***Current income tax*

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

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

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 (continued)***Deferred tax (continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

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

**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. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

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

**4. CASH AND CASH EQUIVALENTS**

|                      | VND                           |                               |
|----------------------|-------------------------------|-------------------------------|
|                      | <i>Ending balance</i>         | <i>Beginning balance</i>      |
| Cash on hand         | 4,103,225,059                 | 3,568,746,299                 |
| Cash at banks        | 387,701,913,519               | 307,627,161,389               |
| Cash equivalents (*) | <u>539,757,744,506</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.

**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 of 5.3% to 6.4% per annum.

**6. SHORT-TERM TRADE RECEIVABLES**

|  | VND                           |                               |
|--|-------------------------------|-------------------------------|
|  | <i>Ending balance</i>         | <i>Beginning balance</i>      |
| Trade receivables from other customers           | 340,042,349,127               | 161,447,651,685               |
| Trade receivables from related parties (Note 32) | <u>341,755,097</u>            | <u>387,726,987</u>            |
| <b>TOTAL</b>                                     | <b><u>340,384,104,224</u></b> | <b><u>161,835,378,672</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               |
| - Hoang Nam Company Limited   | 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                 |
| - Pacific Property and Infrastructure Development Joint Stock Company | -                             | 6,500,000,000                 |
| - Others  | 56,680,710,935                | 32,711,295,507                |
| Others  | <u>7,905,406,904</u>          | <u>4,801,100,041</u>          |
| <b>TOTAL</b>  | <b><u>556,785,295,674</u></b> | <b><u>261,657,351,595</u></b> |

**8. SHORT-TERM LOAN RECEIVABLES**

|                      | VND                   |                          |
|----------------------|-----------------------|--------------------------|
|                      | <i>Ending balance</i> | <i>Beginning balance</i> |
| Loans to individuals | <u>41,780,000,000</u> | <u>-</u>                 |



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

**8. SHORT-TERM LOAN RECEIVABLES (continued)**

Details of the loan receivables are as follows:

| <i>Borrower</i>                          | <i>Ending balance</i><br>VND | <i>Due date</i>  | <i>Interest rate</i><br>% p.a |
|--|------------------------------|------------------|-------------------------------|
| <b>Mr Nguyen Thanh Dong</b>              |                              |                  |                               |
| Loan Agreement dated<br>30 December 2016 | 23,180,000,000               | 30 December 2017 | 7.0                           |
| <b>Ms Vu Bich Lan</b>                    |                              |                  |                               |
| Loan Agreement dated<br>28 December 2016 | 18,600,000,000               | 28 December 2017 | 7.0                           |
|  | <b>41,780,000,000</b>        |                  |                               |

**9. OTHER RECEIVABLES**

|   | VND                    |                          |
|---|------------------------|--------------------------|
|   | <i>Ending balance</i>  | <i>Beginning balance</i> |
| <b>Short-term</b>   |                        |                          |
| Staff advances for land compensation purpose  | 111,354,640,763        | 29,564,479,516           |
| Staff advances for other purposes   | 14,261,932,186         | 12,159,465,000           |
| Prepayment of corporate income tax based on<br>payment progress of customers        | 9,213,961,104          | 10,812,576,880           |
| Receivable from disposal of investment in<br>Business Cooperation Contracts ("BCC") | 6,210,353,467          | -                        |
| Deposit for loans   | -                      | 18,841,428,377           |
| Others  | 19,782,992,027         | 24,485,935,304           |
| Other receivables from related parties  | -                      | 1,999,963,309            |
|   | <b>160,823,879,547</b> | <b>97,863,848,386</b>    |
| <b>Long-term</b>  |                        |                          |
| Investments in BCC projects (i)   | 117,264,530,680        | 78,934,497,680           |
| Advances to employees   | -                      | 5,849,160,729            |
| Deposit   | 7,457,900,301          | -                        |
|   | <b>124,722,430,981</b> | <b>84,783,658,409</b>    |
| <b>TOTAL</b>  | <b>285,546,310,528</b> | <b>182,647,506,795</b>   |
| Provision for doubtful debts  | (4,653,330,043)        | (4,823,235,536)          |
| <b>NET</b>  | <b>280,892,980,485</b> | <b>177,824,271,259</b>   |
| <i>In which:</i>  |                        |                          |
| <i>Due from other parties</i>   | 280,892,980,485        | 175,824,307,950          |
| <i>Due from related parties</i>   | -                      | 1,999,963,309            |

(i) This amount mainly represented the BCC with 21 Century Joint Stock Company in 2015 to develop Lot 9B7 Residential Area on an area of 5.9 hectares in South Sai Gon Urban Area. The Company has 60% interest in this BCC. As at 31 December 2016, this project was under completion stage and hand over.

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

10. INVENTORIES

|  | VND                             |                                 |
|--|---------------------------------|---------------------------------|
|  | Ending balance                  | Beginning balance               |
| Inventory properties under development (*)         | 3,653,677,010,465               | 3,648,140,790,364               |
| Engineering Procurement Contracts ("EPC") services | 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> |

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

|  | VND                             |                                 |
|--|---------------------------------|---------------------------------|
|  | Ending balance                  | Beginning balance               |
| Long An project                                | (i) (ii) 1,410,132,529,019      | 1,372,672,355,842               |
| Casa project                                   | (ii) 693,986,174,349            | 355,560,197,731                 |
| Nguyen Son project                             | (ii) 581,124,624,485            | 334,586,969,131                 |
| Phu Huu project                                | 515,253,842,875                 | 355,148,920,824                 |
| 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                         | (ii) 66,297,696,252             | 227,862,292,437                 |
| 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               | (i) 13,050,022,077              | 244,292,610,089                 |
| Ehome West Sai Gon project ("Ehome 3 project") | (i) (ii) 8,867,612,807          | 227,935,804,332                 |
| Binh Duong project ("Ehome 4 project")         | (ii) 6,677,696,256              | 224,801,319,063                 |
| Nhon Trach project                             | 211,865,659                     | 10,838,215,659                  |
| Others   | 28,232,116,112                  | 19,339,653,400                  |
| <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 22):
- 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;
- (ii) During the year, the Group capitalised interest amounting to VND 68,367,854,650 (for the year ended 31 December 2015: VND 53,272,512,168) to work in progress. These loans and borrowings are used to finance apartments, town houses, villa projects and acquisition of land for development for Ehome 3, Ehome 4, Long An, Tan Thuan Dong and Hoang Nam Residence projects.

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

11. PREPAID EXPENSES

|                    | <i>Ending balance</i>        | <i>VND<br/>Beginning balance</i> |
|--------------------|------------------------------|----------------------------------|
| <b>Short-term</b>  |                              |                                  |
| 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>            |
| <b>Long-term</b>   |                              |                                  |
| Commission fees    | 46,037,828,520               | 6,585,650,053                    |
| Tools and supplies | 2,069,793,214                | 1,504,229,831                    |
| Others             | 130,339,480                  | 2,071,569,714                    |
|                    | <u>48,237,961,214</u>        | <u>10,161,449,598</u>            |
| <b>TOTAL</b>       | <u><b>55,661,231,158</b></u> | <u><b>21,578,902,444</b></u>     |

# Nam Long Investment Corporation

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

## 12. TANGIBLE FIXED ASSETS

|  | Buildings and structures | Machinery and equipment | Means of transportation | Office equipment and furniture | Other assets  | Total            |
|--|--------------------------|-------------------------|-------------------------|--------------------------------|---------------|------------------|
| <b>Cost:</b>                                 |                          |                         |                         |                                |               | VND              |
| 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   |
| Transfer from investment properties          | 8,109,909,370            | -                       | -                       | -                              | -             | 8,109,909,370    |
| New purchase                                 | 321,760,383              | 1,813,699,283           | 2,595,149,112           | 152,700,000                    | 156,000,000   | 5,039,308,778    |
| Disposal                                     | (2,185,151,938)          | (749,951,920)           | (1,542,501,122)         | (98,663,673)                   | -             | (4,576,268,653)  |
| Ending balance                               | 50,779,575,483           | 11,703,266,072          | 6,980,703,283           | 5,396,138,334                  | 1,139,333,846 | 75,999,017,018   |
| <i>In which</i>                              |                          |                         |                         |                                |               |                  |
| Fully depreciated                            | 349,211,061              | 171,890,000             | 1,346,238,364           | 2,040,011,375                  | 983,333,846   | 4,890,684,646    |
| <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 year                    | (2,242,201,272)          | (1,095,132,191)         | (1,312,430,506)         | (579,874,929)                  | (5,200,000)   | (5,234,838,898)  |
| Transfer from investment properties          | (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                               | (18,188,960,280)         | (6,826,950,225)         | (4,809,886,452)         | (3,089,751,578)                | (988,533,846) | (33,904,082,381) |
| <b>Net carrying amount:</b>                  |                          |                         |                         |                                |               |                  |
| Beginning balance                            | 29,766,362,962           | 4,480,935,404           | 1,539,059,027           | 2,733,561,685                  | -             | 38,519,919,078   |
| Ending balance                               | 32,590,615,203           | 4,876,315,847           | 2,170,816,831           | 2,306,386,756                  | 150,800,000   | 42,094,934,637   |
| <i>In which:</i>                             |                          |                         |                         |                                |               |                  |
| Pledged/mortgaged as loan security (Note 22) | 28,852,509,243           | -                       | -                       | -                              | -             | 28,852,509,243   |

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

13. INTANGIBLE ASSETS

|   | <i>Land use rights</i> | <i>Computer software</i> | <i>VND<br/>Total</i>   |
|---|------------------------|--------------------------|------------------------|
| <b>Cost:</b>  |                        |                          |                        |
| Beginning balance                                   | 11,690,254,979         | 4,043,439,223            | 15,733,694,202         |
| Transfer from investment properties                 | 1,673,370,966          | -                        | 1,673,370,966          |
| New purchase  | -                      | 896,262,296              | 896,262,296            |
| Disposal  | <u>(235,521,227)</u>   | <u>(140,210,000)</u>     | <u>(375,731,227)</u>   |
| Ending balance                                      | <u>13,128,104,718</u>  | <u>4,799,491,519</u>     | <u>17,927,596,237</u>  |
| <i>In which</i>                                     |                        |                          |                        |
| <i>Fully depreciated</i>                            | -                      | 386,040,600              | 386,040,600            |
| <b>Accumulated amortisation:</b>                    |                        |                          |                        |
| Beginning balance                                   | (1,001,655,290)        | (3,073,518,105)          | (4,075,173,395)        |
| Amortization for the year                           | (203,516,723)          | (456,654,859)            | (660,171,582)          |
| Transfer from investment properties                 | (287,870,426)          | -                        | (287,870,426)          |
| Disposal  | <u>33,824,856</u>      | <u>140,210,000</u>       | <u>174,034,856</u>     |
| 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>  |
| <i>In which</i>                                     |                        |                          |                        |
| <i>Pledged/mortgaged as loan security (Note 22)</i> | 7,899,586,078          | -                        | 7,899,586,078          |

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

14. 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          |
| Transfer from inventory                           | -                      | 8,242,304,000                   | 8,242,304,000           |
| New purchase                                      | -                      | 1,981,188,000                   | 1,981,188,000           |
| Disposal  | (5,039,962,143)        | (20,781,753,170)                | (25,821,715,313)        |
| Transfer to owner-occupied property               | -                      | (9,783,280,336)                 | (9,783,280,336)         |
| Ending balance                                    | <u>9,418,240,612</u>   | <u>44,804,669,695</u>           | <u>54,222,910,307</u>   |
| <i>In which</i>                                   |                        |                                 |                         |
| <i>Fully depreciated</i>                          | -                      | 816,491,827                     | 816,491,827             |
| <b>Accumulated depreciation and amortisation:</b> |                        |                                 |                         |
| Beginning balance                                 | (8,947,051,112)        | (13,834,637,747)                | (22,781,688,859)        |
| Charge for the year                               | (170,864,163)          | (2,505,121,901)                 | (2,675,986,064)         |
| Disposal  | 638,829,908            | 7,118,013,928                   | 7,756,843,836           |
| Transfer to owner-occupied property               | -                      | 2,813,798,052                   | 2,813,798,052           |
| 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>   |

*Additional disclosures:*

- The rental income and operating expenses relating to investment properties is presented as below:

|   | VND                 |                      |
|---|---------------------|----------------------|
|   | <i>Current year</i> | <i>Previous year</i> |
| Rental income from investment properties  | 20,377,823,683      | 24,745,587,012       |
| Direct operating expenses of investment properties that generated rental income during the year | (9,450,300,155)     | (12,582,946,035)     |

The future annual rental receivable under the operating leases is included in Note 34.

The fair value of the investment properties had not yet been formally assessed and determined as at 31 December 2016. However, management believes that these properties' market values are much higher than their carrying values as at the balance sheet date.

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

15. LONG-TERM INVESTMENTS

|  | Ending balance               | Beginning balance            |
|--|------------------------------|------------------------------|
|  | VND                          |                              |
| Investment in an associate and jointly controlled entity (Note 15.1) | 24,797,751,856               | 24,198,842,309               |
| Other long-term investments (Note 15.2)                              | 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> |

15.1 Investment in an associate and jointly controlled entity

| Entities  | Business    | As at 31 December 2016 and 2015 |                           |
|---|-------------|---------------------------------|---------------------------|
|   |             | Interest<br>%                   | Cost of investment<br>VND |
| Gamuda - Nam Long Development Limited Liability Company | Real estate | 30                              | 22,400,000,000            |
| Okamura Tokyo Co., Ltd.                                 | Real estate | 31.1                            | 834,000,000               |

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

|  | Okamura<br>Tokyo Co., Ltd. | Gamuda –<br>Nam Long  | Total                 |
|--|----------------------------|-----------------------|-----------------------|
|  | VND                        |                       |                       |
| <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

15. LONG-TERM INVESTMENTS (continued)

15.2 Other long-term investments

|   | As at 31 December 2016 and 2015 |              |                        |
|---|---------------------------------|--------------|------------------------|
|   | Quantity of shares              | Interest (%) | Cost of investment VND |
| Bac Trung Nam Housing Development Joint Stock Company | 353,330                         | 7.00         | 3,533,300,000          |
| Hong Phat Finance Investment Corporation              | 150,000                         | 1.25         | 2,409,000,000          |
| <b>TOTAL</b>  |                                 |              | <b>5,942,300,000</b>   |

16. GOODWILL

|                                      | VND                                 |                      |                  |
|--------------------------------------|-------------------------------------|----------------------|------------------|
|                                      | Goodwill arising from investment in |                      |                  |
|                                      | Nguyen Son                          | Nam Long - Hong Phat | Total            |
| <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   |

17. SHORT-TERM TRADE PAYABLES

|  | VND                    |                        |
|--|------------------------|------------------------|
|  | Ending balance         | Beginning balance      |
| Trade payables to other suppliers                | 199,476,008,760        | 190,543,508,912        |
| Hung Quoc Thinh Services Trading Company Limited | 51,254,292,144         | -                      |
| 6D Joint Stock Company                           | 25,517,601,720         | 31,537,339,100         |
| Uni Eastern VN Company                           | 12,523,635,523         | -                      |
| QH Plus Corporation                              | 10,405,912,933         | 6,655,408,412          |
| Payables to other construction contractors       | 99,774,566,440         | 152,350,761,400        |
| Trade payables to related parties                | -                      | 7,718,400,000          |
| <b>TOTAL</b>                                     | <b>199,476,008,760</b> | <b>198,261,908,912</b> |



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

**18. ADVANCES FROM CUSTOMERS**

This amount represented advances from customers for apartments, town houses, villas and land purchases which were not handed over.

**19. STATUTORY OBLIGATIONS**

|                      |                               |                               |                                 | VND                           |
|----------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                      | <i>Beginning balance</i>      | <i>Increase</i>               | <i>Decrease</i>                 | <i>Ending balance</i>         |
| Corporate income tax | 69,358,572,449                | 97,403,687,446                | (80,824,364,594)                | 85,937,895,301                |
| Value-added tax      | 53,570,252,697                | 267,682,038,044               | (286,194,423,922)               | 35,057,866,819                |
| Land use fee         | 4,964,335,851                 | 77,910,628,126                | (37,503,743,976)                | 45,371,220,001                |
| <b>TOTAL</b>         | <b><u>127,893,160,997</u></b> | <b><u>442,996,353,616</u></b> | <b><u>(404,522,532,492)</u></b> | <b><u>166,366,982,121</u></b> |

**20. SHORT-TERM ACCRUED EXPENSES**

|   | VND                           |                               |
|---|-------------------------------|-------------------------------|
|   | <i>Ending balance</i>         | <i>Beginning balance</i>      |
| Cost-to-complete of projects that revenues have been recognised | 494,846,884,624               | 184,820,883,491               |
| Interest expense payables                                       | 36,325,426,027                | 16,074,883,773                |
| Warranty expenses for projects                                  | 21,983,341,011                | 19,517,356,135                |
| Other operating costs   | 51,403,052,509                | 11,437,061,442                |
| <b>TOTAL</b>  | <b><u>604,558,704,171</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

**21. OTHER PAYABLES**

|  | VND                           |                               |
|--|-------------------------------|-------------------------------|
|  | <i>Ending balance</i>         | <i>Beginning balance</i>      |
| <b>Short-term</b>                              |                               |                               |
| Maintenance fee for Ehome projects             | 98,663,839,102                | 40,269,102,714                |
| Payables for on-going projects                 | 40,874,681,511                | 33,410,275,452                |
| Investment contributions received for BCCs     | 7,764,901,664                 | 32,983,198,438                |
| Dividends payable to non-controlling interests | 1,846,051,299                 | 224,911,050                   |
| Deposits received                              | 755,635,000                   | 982,135,000                   |
| Acquisition of ownership interest in ASPL      | -                             | 147,062,264,265               |
| Others   | 22,930,701,480                | 22,801,110,416                |
| Other payables to related parties              | -                             | 7,008,800,000                 |
|  | <b><u>172,835,810,056</u></b> | <b><u>284,741,797,335</u></b> |
| <b>Long-term</b>                               |                               |                               |
| Deposits for rental office                     | 7,971,859,607                 | 8,101,840,437                 |
| <b>TOTAL</b>                                   | <b><u>180,807,669,663</u></b> | <b><u>292,843,637,772</u></b> |

**22. LOANS**

|  | VND                           |                               |
|--|-------------------------------|-------------------------------|
|  | <i>Ending balance</i>         | <i>Beginning balance</i>      |
| <b>Short-term</b>                              |                               |                               |
| Short-term loans from individuals (Note 22.1)  | 69,894,565,335                | 79,028,478,171                |
| Short-term loan from banks (Note 22.1)         | 82,126,096,080                | 13,750,000,000                |
| Current portion of bonds (Note 22.3)           | 99,690,509,259                | 94,000,000,000                |
| Current portion of long-term loans (Note 22.2) | 101,943,358,000               | 37,722,000,000                |
|  | <b><u>353,654,528,674</u></b> | <b><u>224,500,478,171</u></b> |
| <b>Long-term</b>                               |                               |                               |
| Loans from banks (Note 22.2)                   | 451,556,745,000               | 279,870,745,000               |
| <i>Current portion</i>                         | 101,943,358,000               | 37,722,000,000                |
| <i>Non-current portion</i>                     | 349,613,387,000               | 242,148,745,000               |
| Bonds (Note 22.3)                              | 99,690,509,259                | 244,000,000,000               |
| <i>Current portion</i>                         | 99,690,509,259                | 94,000,000,000                |
| <i>Non-current portion</i>                     | -                             | 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> |

# Nam Long Investment Corporation

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

## 22. LOANS (continued)

### 22.1 Short-term loans

Details of the short-term loans are as follows:

|  | Ending balance        | Due date        | Purpose  | Interest rate | Description of collateral (Note 12, 13)   |
|--|-----------------------|-----------------|--|---------------|---|
|  | VND                   |                 |  | % p.a         |   |
| <b>Loans from individuals</b>                                |                       |                 |  |               |   |
| Short-term loans from individuals                            | 69,894,565,335        | 9 December 2017 | Support working capital needs                  | 9.5 - 10.5    | Unsecured   |
| <b>Loans from banks</b>                                      |                       |                 |  |               |   |
| Orient Commercial Joint Stock Bank                           | 56,928,466,222        | March 2017      | Support working capital needs                  | 8.0           | 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    | Support working capital needs                  | 8.0           | LUR and associated assets of An Thanh Ward, Ben Luc District, Long An Province  |
| Ho Chi Minh City Housing Development Bank                    | 13,000,000,000        | November 2017   | Finance Ehome, Long An and Nguyen Son projects | 9.5           | 1 LUR in Hung Thanh Ward, Cai Rang District, Can Tho; and 1 LUR in An Thanh Ward, Ben Luc District, Long An Province. |
| <b>TOTAL</b>   | <b>82,126,096,080</b> |                 |  |               |   |

## Nam Long Investment Corporation

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

### 22. LOANS (continued)

#### 22.2 Long-term loans from banks

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

| Bank   | Ending balance<br>VND | Principal<br>repayment term                      | Purpose                           | Interest<br>rate<br>(%/p.a) | Description of collateral<br>(Note 10, 12, 13)  |
|--|-----------------------|--|-----------------------------------|-----------------------------|---|
| Orient Commercial<br>Joint Stock Bank –<br>Loan 1  | 127,004,745,000       | From 26<br>September 2016 to<br>6 May 2018       | Finance<br>Ehome 3 project        | 9.7                         | LUR for 1,064,307 square meters and future<br>associated assets of Long An VCD project  |
| Orient Commercial<br>Joint Stock Bank –<br>Loan 2  | 275,000,000,000       | From 12<br>October 2017 to<br>12 October 2022    | Purchase project<br>Hoang Nam     | 9.9                         | Guaranteed by Hoang Nam Construction Trading<br>Limited   |
| Orient Commercial<br>Joint Stock Bank –<br>Loan 3  | 45,352,000,000        | From 26<br>September 2016 to<br>26 December 2023 | Finance<br>Nguyen Son<br>projects | 10.7                        | LUR and associated assets owned by Nam Long<br>VCD Corporation and Nguyen Son house construction<br>project at Binh Chanh District  |
| CTBC Bank Co., Ltd –<br>Ho Chi Minh City<br>Branch | 4,200,000,000         | Quarterly<br>repayment up to 19<br>January 2017  | Support working<br>capital needs  | 7.5                         | Assets attached to land mortgage:<br>Floor 1, 7, 8, 9, 10, 11, 12, basement, mezzanine<br>and rooftop of Nam Long Office Building at land lot<br>Cr 3-4 – Cr 3-5, A Zone Phu My Hung, Tan Phu Ward,<br>District 7, Ho Chi Minh City |

**TOTAL** 451,556,745,000

In which:

- Current portion of  
long-term loans 101,943,358,000  
- Long-term loans 349,613,387,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

**22. LOANS (continued)**

**22.3 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 (Note 13).

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

|                           | Loans                  | Bond                   | VND<br>Total           |
|---------------------------|------------------------|------------------------|------------------------|
| <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> |

**23. 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:

|   | VND<br>31 December 2016 |
|---|-------------------------|
| Value of convertible bond                         | 500,000,000,000         |
| Equity component (Note 24.1)                      | (40,503,427,830)        |
| <b>Liability component at initial recognition</b> | <b>459,496,572,170</b>  |
| Add: Amortisation in year                         | 3,586,877,909           |
| <b>Liability component at end of year</b>         | <b>463,083,450,079</b>  |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2015

**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 | Convertible bond option | Total             |
|--|-------------------|-----------------|------------------|---------------------------------|---|------------------------|-------------------------|-------------------|
| <b>Previous year</b>                   |                   |                 |                  |                                 |   |                        |                         | VND               |
| 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 |
| Issuance of new shares                 | 76,028,780,000    | 69,545,042,374  | -                | -                               | -                                       | -                      | -                       | 145,573,822,374   |
| Net profit for the year                | -                 | -               | -                | -                               | -                                       | 206,244,169,156        | -                       | 206,244,169,156   |
| Dividend declared                      | -                 | -               | -                | -                               | -                                       | (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 |
| Issuance of new share (*)              | 5,423,530,000     | (176,000,000)   | -                | -                               | -                                       | -                      | -                       | 5,247,530,000     |
| Issuance of convertible bond (Note 23) | -                 | -               | -                | -                               | -                                       | -                      | 40,503,427,830          | 40,503,427,830    |
| Net profit for the year                | -                 | -               | -                | -                               | -                                       | 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 ordinary shares at agreed value of VND 10,000 per share to the executives in accordance with the Executive Stock Grant program. This issuance was appropriated from bonus and welfare funds and in accordance with the Resolution of Shareholders No. 02/2016/NQ/DHDCD/NLG dated 23 April 2016 and the relevant the Board of Directors' Resolutions.

(\*\*) During the year, the Group additionally acquired/disposed ownership in certain subsidiaries without losing control in these entities. The difference between the consideration transferred to/ received from non-controlling interests and the carrying value of net assets received/transferred is recorded into retained earnings.

**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              |

**24.3 Dividends**

|  |                          | <i>VND</i>               |
|--|--------------------------|--------------------------|
|  | <i>Current year</i>      | <i>Previous year</i>     |
| <b>Contributed capital</b>                 |                          |                          |
| Beginning balance                          | 1,415,721,570,000        | 1,339,692,790,000        |
| Increase                                   | 5,423,530,000            | 76,028,780,000           |
| Ending balance                             | <u>1,421,145,100,000</u> | <u>1,415,721,570,000</u> |
| Dividends declared (to be payable in cash) | 97,655,580,121           | 60,071,816,382           |
| Dividends paid                             | 96,034,439,872           | 59,846,905,332           |

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

**25. NON-CONTROLLING INTERESTS**

|   | VND                           |                               |
|---|-------------------------------|-------------------------------|
|   | <i>Ending balance</i>         | <i>Beginning balance</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> |

Movements of non-controlling interests ("NCI") are as follows:

|   | VND                           |
|---|-------------------------------|
|   | <i>Current year</i>           |
| <b>Beginning balance</b>                          | <b>208,548,161,912</b>        |
| Received interests from the Group                 | 189,771,970,622               |
| Additional capital contribution                   | 360,514,530,000               |
| Capital withdrawal                                | (65,000,000,000)              |
| Net profit for the period                         | 42,352,430,253                |
| Transferred non-controlling interest to the Group | (72,054,351,099)              |
| Dividends paid                                    | (514,017,000)                 |
| Fund contribution                                 | (104,418,282)                 |
| <b>Ending balance</b>                             | <b><u>663,514,306,406</u></b> |

**26. REVENUES**

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

|   | VND                             |                                 |
|---|---------------------------------|---------------------------------|
|   | <i>Current year</i>             | <i>Previous year</i>            |
| <b>Gross revenues</b>                                   | <b>2,533,798,820,045</b>        | <b>1,267,221,417,021</b>        |
| <i>In which:</i>  |                                 |                                 |
| <i>Sale of land, apartments, town houses and villas</i> | 2,479,838,501,617               | 1,228,069,415,072               |
| <i>Rendering of services</i>                            | 33,582,494,745                  | 14,406,414,937                  |
| <i>Rental income from investment properties</i>         | 20,377,823,683                  | 24,745,587,012                  |
| <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>In which:</i>  |                                 |                                 |
| <i>Sale of land, apartments, town houses and villas</i> | 2,479,838,501,617               | 1,219,391,536,824               |
| <i>Rendering of services</i>                            | 33,582,494,745                  | 14,406,414,937                  |
| <i>Rental income from investment properties</i>         | 20,377,823,683                  | 24,745,587,012                  |
| <i>In which:</i>  |                                 |                                 |
| <i>Sale to other parties</i>                            | 2,533,798,820,045               | 1,258,543,538,773               |



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

26. REVENUES (continued)

26.2 Finance income

|                                    | VND                          |                              |
|------------------------------------|------------------------------|------------------------------|
|                                    | Current year                 | Previous year                |
| Interest income                    | 18,976,347,441               | 5,754,246,837                |
| Profit received from BCCs          | 6,210,353,467                | -                            |
| Dividends income                   | 501,973,000                  | -                            |
| Gains from disposals of investment | -                            | 10,811,102,112               |
| <b>TOTAL</b>                       | <b><u>25,688,673,908</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, apartments, town houses and villas (*) | 1,669,369,283,118               | 816,956,724,260               |
| Cost of rendering of services                        | 32,099,101,410                  | 11,242,732,257                |
| Operating costs of investment property               | 9,450,300,155                   | 12,582,946,035                |
| <b>TOTAL</b>   | <b><u>1,710,918,684,683</u></b> | <b><u>840,782,402,552</u></b> |

(\*) Details of costs of property inventories sold are as follow:

|                                     | VND   |                        |
|-------------------------------------|---|------------------------|
|                                     | <u>Cost of land, apartments,<br/>town houses and villas</u> |                        |
|                                     | Current year  | Previous year          |
| Actual costs incurred               | 1,284,918,289,880   | 804,535,810,024        |
| Accrued as at 31 December           | 384,450,993,238   | 12,420,914,236         |
| Total cost of goods sold recognised | <u>1,669,369,283,118</u>                                    | <u>816,956,724,260</u> |

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

**28. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

|  | VND                           |                               |
|--|-------------------------------|-------------------------------|
|  | <i>Current year</i>           | <i>Previous year</i>          |
| <b>Selling expenses</b>                            |                               |                               |
| - Commission fee                                   | 70,668,124,394                | 38,891,847,674                |
| - Marketing fees and show-houses construction cost | 31,825,380,779                | 15,781,628,495                |
| - Salary expenses                                  | 27,929,894,511                | 21,986,558,293                |
| - Consultant fee                                   | 19,254,849,729                | 14,635,739,550                |
| - Others   | 38,941,680,461                | 27,440,249,999                |
|  | <b><u>188,619,929,874</u></b> | <b><u>118,736,024,011</u></b> |
| <b>General and administrative expenses</b>         |                               |                               |
| - Salary expenses                                  | 110,869,605,453               | 96,892,442,094                |
| - External services                                | 21,175,728,643                | 21,607,608,886                |
| - Rental fee                                       | 2,178,868,003                 | 2,113,309,350                 |
| - Depreciation                                     | 2,031,459,342                 | 1,165,897,513                 |
| - Others   | 18,130,856,252                | 32,595,626,253                |
|  | <b><u>154,386,517,693</u></b> | <b><u>154,374,884,096</u></b> |
| <b>TOTAL</b>                                       | <b><u>343,006,447,567</u></b> | <b><u>273,110,908,107</u></b> |

**29. FINANCE EXPENSES**

|   | VND                          |                              |
|---|------------------------------|------------------------------|
|   | <i>Current year</i>          | <i>Previous year</i>         |
| Interest expense on bonds issued and bank loans | 20,554,703,566               | 10,560,127,150               |
| Foreign exchange loss                           | -                            | 2,549,497,346                |
| Other finance expenses                          | 8,055,740,687                | 3,441,351,773                |
| <b>TOTAL</b>                                    | <b><u>28,610,444,253</u></b> | <b><u>16,550,976,269</u></b> |

**30. OTHER INCOME AND EXPENSES**

|  | VND                         |                               |
|--|-----------------------------|-------------------------------|
|  | <i>Current year</i>         | <i>Previous year</i>          |
| <b>Other income</b>                        | <b>11,012,029,151</b>       | <b>148,046,652,354</b>        |
| Penalties received from contract violation | 5,698,061,496               | 935,061,715                   |
| Land rental income                         | 1,594,571,123               | -                             |
| Negative goodwill on acquisition           | -                           | 33,833,673,323                |
| Income relating to Phuoc Long B project    | -                           | 111,071,460,611               |
| Others                                     | 3,719,396,532               | 2,206,456,705                 |
| <b>Other expenses</b>                      | <b>(4,221,939,695)</b>      | <b>(16,880,842,305)</b>       |
| Interest on tax late payment               | (904,737,630)               | (14,245,992,904)              |
| Others                                     | (3,317,202,065)             | (2,634,849,401)               |
| <b>NET</b>                                 | <b><u>6,790,089,456</u></b> | <b><u>131,165,810,049</u></b> |

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

**31. 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.

**31.1 CIT expense**

|   | VND                          |                              |
|---|------------------------------|------------------------------|
|   | Current year                 | Previous year                |
| Current CIT expense                                       | 98,555,565,526               | 52,762,741,914               |
| Adjustment for under accrual of tax from previous periods | 1,128,719,450                | 1,414,555,651                |
| Deferred tax (income) expense (Note 31.3)                 | <u>(2,913,538,401)</u>       | <u>13,261,871,723</u>        |
| <b>TOTAL</b>  | <b><u>96,770,746,575</u></b> | <b><u>67,439,169,288</u></b> |

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

|  | VND                          |                              |
|--|------------------------------|------------------------------|
|  | Current year                 | Previous year                |
| Accounting profit before tax                         | <u>484,340,916,453</u>       | <u>276,027,836,682</u>       |
| At CIT normal applicable rate (2016: 20%, 2015: 22%) | 96,868,183,291               | 60,726,124,070               |
| CIT deduction  | -                            | (2,375,853,015)              |
| <i>Adjustments to increase (decrease)</i>            |                              |                              |
| Amortisation of goodwill in business combination     | 1,032,816,922                | 1,165,217,621                |
| Losses of subsidiaries                               | 97,633,888                   | 895,917,000                  |
| Non-deductible interest expenses                     | 995,235,394                  | 428,269,600                  |
| Income from business activities not subject to CIT   | (5,497,051,732)              | (43,433,685)                 |
| Tax loss carried forward                             | (1,742,586,387)              | -                            |
| Other non-deductible expenses                        | 3,887,795,749                | 5,228,372,046                |
| Under provision of CIT from previous years           | <u>1,128,719,450</u>         | <u>1,414,555,651</u>         |
| <b>CIT expense</b>                                   | <b><u>96,770,746,575</u></b> | <b><u>67,439,169,288</u></b> |

**31.2 Current CIT**

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

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

31. CORPORATE INCOME TAX (continued)

31.3 *Deferred corporate income tax*

The following comprise the Group's deferred tax assets and the movements thereon, during the year and the previous year.

|  | <i>Consolidated balance sheet</i> |                                | <i>Consolidated income statement</i> |                                |
|--|-----------------------------------|--------------------------------|--------------------------------------|--------------------------------|
|  | <i>Ending balance</i>             | <i>Beginning balance</i>       | <i>Current year</i>                  | <i>Previous year</i>           |
|  |                                   |                                |                                      | VND                            |
| <b><i>Deferred tax assets</i></b>                                |                                   |                                |                                      |                                |
| Intra-group unrealised profits eliminated in consolidation       | 50,473,975,502                    | 55,912,148,612                 | (5,438,173,110)                      | (17,371,145,965)               |
| Accrued expenses   | 15,852,626,714                    | 13,755,515,281                 | 2,097,111,433                        | 1,996,893,450                  |
| Severance allowance  | 437,989,175                       | 372,434,000                    | 65,555,175                           | (65,599,662)                   |
| Interest expenses  | 647,954,204                       | 855,047,802                    | (207,093,598)                        | (1,021,859,951)                |
| Loss in subsidiaries   | 1,201,539,118                     | 29,956,675                     | 1,171,582,443                        | -                              |
|  | <b><u>68,614,084,713</u></b>      | <b><u>70,925,102,370</u></b>   |                                      |                                |
| <b><i>Deferred tax liabilities</i></b>                           |                                   |                                |                                      |                                |
| Deferred tax loss  | (2,696,372,478)                   | (2,696,372,478)                | -                                    | 204,284,927                    |
| Temporary difference in cost of sales                            | -                                 | (5,224,556,058)                | 5,224,556,058                        | 2,995,555,478                  |
| Fair value adjustment on assets acquired in business combination | (52,635,495,867)                  | (52,635,495,867)               | -                                    | -                              |
|  | <b><u>(55,331,868,345)</u></b>    | <b><u>(60,556,424,403)</u></b> |                                      |                                |
| <b><i>Net deferred income tax income (expense)</i></b>           |                                   |                                | <b><u>2,913,538,401</u></b>          | <b><u>(13,261,871,723)</u></b> |

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

**32. TRANSACTIONS WITH RELATED PARTIES**

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

| <i>Related parties</i>    | <i>Relationship</i> | <i>Transactions</i>                     | <i>VND</i>          |                      |
|---------------------------|---------------------|---|---------------------|----------------------|
|                           |                     |   | <i>Current year</i> | <i>Previous year</i> |
| Mr Tran Thanh Phong       | Vice chairman       | Dividend payable                        | 2,175,785,655       | 4,019,523,700        |
| Mr Nguyen Xuan Quang      | Chairman            | Acquire ownership interest in an entity | 20,412,500,000      | 24,291,250,000       |
|                           |                     | Dividend payable                        | 5,183,940,711       | 8,518,757,940        |
| Ms Nguyen Thi Ngoc Lan    | Related party       | Loan repayment                          | 5,000,000,000       | 1,000,000,000        |
|                           |                     | Borrowing                               | 5,000,000,000       | -                    |
|                           |                     | Loan interest                           | 203,534,000         | -                    |
| Ms Nguyen Thi Phuc Nguyen | Related party       | Loan repayment                          | 4,692,821,000       | 1,281,100,000        |
|                           |                     | Advance for purchase land               | 1,560,085,727       | -                    |
|                           |                     | Transfer capital in Nguyen Phuc         | -                   | 22,084,500,000       |
|                           |                     | Borrowing                               | -                   | 2,675,966,000        |
| Ms Nguyen Thi Bich Ngoc   | Related party       | Dividend payable                        | 2,238,161,649       | 4,314,756,460        |
| Ms Ngo Thi Ngoc Lieu      | Related party       | Advance for purchasing of Apartment     | 1,312,559,042       | -                    |
|                           |                     | Dividend payables                       | 1,780,350,249       | -                    |

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> | <i>Beginning balance</i> |
| <b>Short-term trade receivables (Note 6)</b> |                     |                     |                       |                          |
| Ms Nguyen Thi Bich Ngoc                      | Related party       | Sales of Apartment  | 231,750,000           | 231,750,000              |
| Ms Ngo Thi Ngoc Lieu                         | Related party       | Sales of Apartment  | 110,005,097           | 155,976,987              |
|  |                     |                     | <b>341,755,097</b>    | <b>387,726,987</b>       |

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 | 8,028,240,852         | 5,006,260,139         |
| <b>TOTAL</b>                                | <b>14,790,240,852</b> | <b>10,647,926,806</b> |

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

**33. 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 year.

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

|  | <i>Current year</i>    | <i>Previous year<br/>(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>16,062,809,514</u>  | <u>-</u>                            |
| <b>Net profit attributable to ordinary shareholders (VND)</b>                                  | <b>337,115,307,365</b> | <b>193,085,791,164</b>              |
| Weighted average number of ordinary shares during the year (VND)                               | 135,612,345            | 135,612,345                         |
| Adjusted weighted average number of potential shares from convertible bonds (VND) (ii)         | <u>21,276,596</u>      | <u>-</u>                            |
| <b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>          | <b>156,888,941</b>     | <b>135,612,345</b>                  |
| <b>Earnings per share (VND)</b>  |                        |                                     |
| Basic earnings per share   | 2,367                  | 1,424                               |
| Diluted earnings per share   | 2,149                  | 1,424                               |

(i) Net profit used to compute earnings per share for the year 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 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 23 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 2016.

**34. CORRESPONDING FIGURES**

Certain corresponding figures on the consolidated financial statements for the year ended 31 December 2015 have been reclassified to reflect the presentation of the current year's consolidated financial statements in accordance with Circular 200.

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

**35. COMMITMENTS AND CONTINGENCIES**

***Operating lease commitments***

The Group leases assets under operating lease arrangements. The future minimum rental payable as at 31 December 2016 under the operating lease agreements are as follows:

|                        | VND                          |                              |
|------------------------|------------------------------|------------------------------|
|                        | <i>Current year</i>          | <i>Previous year</i>         |
| Less than one year     | 2,596,923,678                | 11,732,276,491               |
| From one to five years | 8,811,533,769                | 27,486,746,979               |
| More than five years   | 407,492,800                  | 3,923,975,000                |
| <b>TOTAL</b>           | <b><u>11,815,950,247</u></b> | <b><u>43,142,998,470</u></b> |

The Group leases out assets under operating lease arrangements. The future minimum rental receivable as at 31 December 2016 under the operating lease agreements are as follows:

|                        | VND                          |                              |
|------------------------|------------------------------|------------------------------|
|                        | <i>Current year</i>          | <i>Previous year</i>         |
| Less than one year     | 5,327,026,280                | 18,950,018,773               |
| From one to five years | 15,741,304,299               | 31,288,805,857               |
| More than five years   | 18,374,978,680               | -                            |
| <b>TOTAL</b>           | <b><u>39,443,309,259</u></b> | <b><u>50,238,824,630</u></b> |

***Capital commitments***

As at 31 December 2016, the Group has contractual commitments for the construction work for its apartments, villa projects as follows:

|                            | VND                           |                                 |                               |
|----------------------------|-------------------------------|---------------------------------|-------------------------------|
|                            | <i>Contracted amount</i>      | <i>Recognized amount</i>        | <i>Remaining commitment</i>   |
| Fuji Residence Project     | 240,053,717,070               | (68,533,153,992)                | 171,520,563,078               |
| Tien Hung Project          | 193,304,759,891               | (138,404,089,963)               | 54,900,669,928                |
| Nguyen Son Project         | 95,028,478,660                | (58,019,447,986)                | 37,009,030,674                |
| Phu Huu Project            | 57,145,267,353                | (25,465,403,283)                | 31,679,864,070                |
| Kykyo Residence Project    | 45,396,580,000                | -                               | 45,396,580,000                |
| 21 Century Project         | 38,472,457,672                | (14,448,649,467)                | 24,023,808,205                |
| Binh Duong Project         | 26,131,658,439                | (24,277,838,658)                | 1,853,819,781                 |
| Flora Anh Dao Project      | 23,415,308,491                | (14,614,756,548)                | 8,800,551,943                 |
| Nam Long Hong Phat Project | 17,924,861,892                | (5,174,224,090)                 | 12,750,637,802                |
| Other projects             | 68,875,040,328                | (44,533,970,334)                | 24,341,069,994                |
| <b>TOTAL</b>               | <b><u>805,748,129,796</u></b> | <b><u>(393,471,534,321)</u></b> | <b><u>412,276,595,475</u></b> |

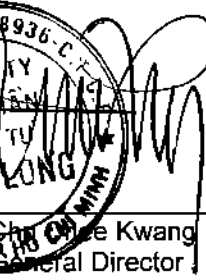
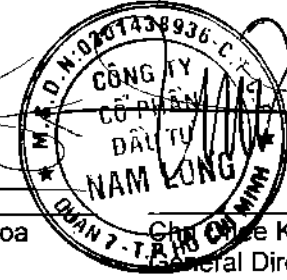

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**36. EVENTS AFTER THE BALANCE SHEET DATE**

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in accompanying consolidated financial statements of the Group.



\_\_\_\_\_  
Nguyen Thi Thu Hien  
Preparer



\_\_\_\_\_  
Luong Thi Kim Thoa  
Chief Accountant

\_\_\_\_\_  
Tran Thi Thu Kwang  
General Director

6 March 2017