

**Phat Dat Real Estate Development Corp**

Consolidated financial statements

31 December 2017

# Phat Dat Real Estate Development Corp

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# Phat Dat Real Estate Development Corp

## GENERAL INFORMATION

### THE COMPANY

Phat Dat Real Estate Development Corp ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002655 issued by the Department of Planning and Investment of Ho Chi Minh City on 13 September 2004, which was amended to BRC No. 0303493756 on 27 August 2009. The latest amended BRC of the Company is the 24<sup>th</sup> dated 7 June 2017.

The Company's shares were listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 1207/SGDHCM-NY issued by the Ho Chi Minh Stock Exchange on 9 July 2010.

The current principal activities of the Company are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company's registered head office is located at No. 422 Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

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

Mr Nguyen Van Dat	Chairman
Ms Tran Thi Huong	Member
Mr Le Quang Phuc	Member
Mr Doan Viet Dai Tu	Member
Mr Nguyen Tan Danh	Member
Mr Nguyen Thanh Tan	Member

### BOARD OF SUPERVISION

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

Mr Phan Ton Ngoc Tien	Head
Ms Nguyen Ai Linh	Member
Ms Vo Thi Minh Hang	Member

### MANAGEMENT

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

Mr Nguyen Van Dat	General Director	
Mr Pham Trong Hoa	Deputy General Director	
Mr Bui Quang Anh Vu	Deputy General Director	
Mr Nguyen Tan Danh	Deputy General Director	resigned on 3 May 2017

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and as the date of this report is Mr Nguyen Van Dat.

### AUDITORS

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



# Phat Dat Real Estate Development Corp

## REPORT OF MANAGEMENT

Management of Phat Dat Real Estate Development Corp ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2017.

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

Management is responsible for the consolidated financial statements of the Group 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 operation 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 in 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 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:



\_\_\_\_\_  
Nguyen Van Dat  
General Director

Ho Chi Minh City, Vietnam

9 March 2018





Ernst & Young Vietnam Limited  
28th Floor, Bitexco Financial Tower  
2 Hai Trieu Street, District 1  
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Reference: 60822566/19356218-HN

## INDEPENDENT AUDITORS' REPORT

To: **The Shareholders of Phat Dat Real Estate Development Corp**

We have audited the accompanying consolidated financial statements of Phat Dat Real Estate Development Corp ("the Company") and its subsidiary ("the Group") as prepared on 9 March 2018 and set out on pages 5 to 38, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.



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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 2017, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

**Ernst & Young Vietnam Limited**



  
Hang Nhat Quang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1772-2018-004-1



Dinh Minh Tuan  
Auditor  
Audit Practicing Registration Certificate  
No. 3203-2015-004-01

Ho Chi Minh City, Vietnam

9 March 2018



CONSOLIDATED BALANCE SHEET  
as at 31 December 2017

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>7,860,010,625,298</b>	<b>8,100,624,916,393</b>
<b>110</b>	<b>I. Cash</b>	<b>4</b>	<b>144,054,693,984</b>	<b>149,428,415,321</b>
111	1. Cash		144,054,693,984	149,428,415,321
<b>130</b>	<b>II. Current accounts receivable</b>		<b>1,578,903,070,849</b>	<b>590,825,286,269</b>
131	1. Short-term trade receivables	5	236,287,708,511	412,465,279,126
132	2. Short-term advances to suppliers	6	690,230,052,651	170,687,145,859
136	3. Other short-term receivables	7	656,526,367,981	11,558,656,578
137	4. Provision for doubtful short-term receivables	5	(4,141,058,294)	(3,885,795,294)
<b>140</b>	<b>III. Inventories</b>	<b>8</b>	<b>6,089,786,830,966</b>	<b>7,356,019,345,496</b>
141	1. Inventories		6,089,786,830,966	7,356,019,345,496
<b>150</b>	<b>IV. Other current assets</b>		<b>47,266,029,499</b>	<b>4,351,869,307</b>
151	1. Short-term prepaid expenses		2,355,117,576	2,563,360,239
152	2. Value-added tax deductible	18	35,849,517,006	40,000
153	3. Tax and other receivables from the State	18	9,061,394,917	1,788,469,068
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>2,088,844,517,292</b>	<b>901,725,127,368</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>1,459,408,639,650</b>	<b>282,233,384,900</b>
211	1. Long-term trade receivables	5	159,372,177,750	21,693,633,000
216	2. Other long-term receivables	7	1,300,036,461,900	260,539,751,900
<b>220</b>	<b>II. Fixed assets</b>		<b>8,058,761,804</b>	<b>6,620,584,999</b>
221	1. Tangible fixed assets	9	2,760,319,809	2,294,923,234
222	Cost		8,527,551,925	7,517,162,925
223	Accumulated depreciation		(5,767,232,116)	(5,222,239,691)
227	2. Intangible assets	10	5,298,441,995	4,325,661,765
228	Cost		7,028,037,476	5,778,037,476
229	Accumulated amortisation		(1,729,595,481)	(1,452,375,711)
<b>230</b>	<b>III. Investment properties</b>	<b>11</b>	<b>187,656,326,218</b>	<b>189,226,845,262</b>
231	1. Cost		189,664,270,272	189,664,270,272
232	2. Accumulated depreciation		(2,007,944,054)	(437,425,010)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>66,911,660,005</b>	<b>61,122,822,743</b>
242	1. Construction in progress	12	66,911,660,005	61,122,822,743
<b>250</b>	<b>V. Long-term investments</b>		<b>345,228,665,217</b>	<b>345,550,287,768</b>
252	1. Investments in associates	13	293,748,665,217	294,070,287,768
253	2. Investment in another entity	14	51,480,000,000	51,480,000,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>21,580,464,398</b>	<b>16,971,201,696</b>
261	1. Long-term prepaid expenses	15	21,067,019,225	15,740,681,776
262	2. Deferred tax assets	29.3	513,445,173	1,230,519,920
<b>270</b>	<b>TOTAL ASSETS</b>		<b>9,948,855,142,590</b>	<b>9,002,350,043,761</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2017

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>7,121,973,655,093</b>	<b>6,598,553,026,310</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,080,841,341,631</b>	<b>1,678,061,815,990</b>
311	1. Short-term trade payables	16	100,187,824,622	97,009,228,555
312	2. Short-term advances from customers	17	701,189,815,134	616,586,623,102
313	3. Statutory obligations	18	44,356,017,704	52,316,569,712
314	4. Payables to employees		3,703,172,029	2,310,167,000
315	5. Short-term accrued expenses	19	100,108,893,586	445,223,814,189
319	6. Other short-term payables	20	71,095,134,376	21,574,500,158
320	7. Short-term loans	21	47,196,419,134	434,359,131,796
322	8. Bonus and welfare fund		13,004,065,046	8,681,781,478
<b>330</b>	<b>II. Non-current liabilities</b>		<b>6,041,132,313,462</b>	<b>4,920,491,210,320</b>
333	1. Long-term accrued expenses	19	-	1,834,689,406,876
337	2. Other long-term liabilities	20	6,041,132,313,462	278,513,801,294
338	3. Long-term loans	21	-	2,807,288,002,150
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>2,826,881,487,497</b>	<b>2,403,797,017,451</b>
<b>410</b>	<b>I. Capital</b>	<b>22.1</b>	<b>2,826,881,487,497</b>	<b>2,403,797,017,451</b>
411	1. Share capital		2,219,909,230,000	2,018,099,710,000
411a	- Shares with voting rights		2,219,909,230,000	2,018,099,710,000
412	2. Share premium		11,680,300,000	11,680,300,000
418	3. Investment and development fund		102,713,584,076	85,413,584,076
421	4. Undistributed earnings		492,578,373,421	288,603,423,375
421a	- Undistributed earnings up to prior year-end		54,146,503,375	46,959,953,094
421b	- Undistributed earnings of current year		438,431,870,046	241,643,470,281
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>9,948,855,142,590</b>	<b>9,002,350,043,761</b>



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

9 March 2018

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	23	1,542,032,394,877	1,523,980,005,444
02	2. Deductions	23	(215,406,237,704)	(27,314,421,600)
10	3. Net revenue from sale of goods and rendering of services	23	1,326,626,157,173	1,496,665,583,844
11	4. Costs of goods sold and services rendered	24	(807,580,163,076)	(1,093,340,694,560)
20	5. Gross profit from sale of goods and rendering of services		519,045,994,097	403,324,889,284
21	6. Finance income	25	3,695,423,725	3,223,990,284
22	7. Finance expenses		(878,810,109)	(2,378,387,948)
23	<i>In which: interest expense</i>		(638,810,109)	(1,995,666,333)
24	8. Share of loss of an associate		(321,622,551)	(1,929,712,232)
25	9. Selling expenses	26	(101,154,109,064)	(55,473,117,992)
26	10. General and administrative expenses	26	(57,970,821,539)	(42,488,317,898)
30	11. Operating profit		362,416,054,559	304,279,343,498
31	12. Other income	28	194,137,535,123	646,192,514
32	13. Other expenses		(5,686,153,216)	(495,502,796)
40	14. Other profit		188,451,381,907	150,689,718
50	15. Accounting profit before tax		550,867,436,466	304,430,033,216
51	16. Current corporate income tax expense	29.1	(110,270,491,673)	(63,140,960,397)
52	17. Deferred tax (expense) income	29.3	(717,074,747)	1,230,519,920
60	18. Net profit after tax		439,879,870,046	242,519,592,739
61	19. Net profit after tax attributable to shareholders of the parent		439,879,870,046	242,519,592,739
70	20. Basic earnings per share	22.3	1,873	1,023
71	21. Diluted earnings per share	22.3	1,873	1,023



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

9 March 2018



CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2017

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Accounting profit before tax		550,867,436,466	304,430,033,216
	Adjustments for:			
02	Depreciation of fixed assets and investment properties	9, 10, 11	2,392,731,239	604,007,934
03	Provisions		255,263,000	2,721,553,965
05	Profits from investing activities	25	(3,679,904,844)	(168,687,362)
06	Interest expense		638,810,109	1,995,666,333
08	Operating profit before changes in working capital		550,474,335,970	309,582,574,086
09	(Increase) decrease in receivables		(1,335,377,357,404)	1,250,944,827,152
10	Increase in inventories		(222,203,288,906)	(1,644,851,379,116)
11	Increase (decrease) in payables		5,957,052,238,083	(61,385,359,002)
12	(Increase) decrease in prepaid expenses		(5,118,094,786)	4,001,860,543
14	Interest paid		(1,561,581,403,647)	(4,787,661,668)
15	Corporate income tax paid		(118,810,894,203)	(43,191,393,410)
17	Other cash outflows for operating activities		(10,077,716,432)	(4,177,904,459)
20	Net cash flows from (used in) operating activities		3,254,357,818,675	(193,864,435,874)
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(4,945,421,449)	(79,997,479,035)
27	Interest received		3,679,904,844	168,687,362
30	Net cash flows used in investing activities		(1,265,516,605)	(79,828,791,673)
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings		-	613,720,352,150
34	Repayment of borrowings		(3,258,349,398,407)	(121,552,883,338)
36	Dividend paid		(116,625,000)	(100,617,585,500)
40	Net cash flows (used in) from financing activities		(3,258,466,023,407)	391,549,883,312



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

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net (decrease) increase in cash		(5,373,721,337)	117,856,655,765
60	Cash at beginning of year		149,428,415,321	31,571,759,556
70	Cash at end of year	4	144,054,693,984	149,428,415,321



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

9 March 2018

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

## 1. CORPORATE INFORMATION

Phat Dat Real Estate Development Corp ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002655 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 13 September 2004, which was amended to BRC No. 0303493756 on 27 August 2009. The latest amended BRC of the Company is the 24<sup>th</sup> dated 7 June 2017.

The Company's shares were listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 1207/SGDHCM-NY issued by the Ho Chi Minh Stock Exchange on 9 July 2010.

The current principal activities of the Company are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management.

The Company's registered head office is located at No. 422 Dao Tri, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam.

The number of the Group's employees as at 31 December 2017 was 170 (31 December 2016: 133).

### *Corporate structure*

As at the balance sheet date, the Group included the Company and a subsidiary, which is Phat Dat Investment Limited Company ("Phat Dat Investment"). The financial statements of Phat Dat Investment for the year ended 31 December 2017 were consolidated into the consolidated financial statements of the Company and its subsidiary ("the Group").

Phat Dat Investment is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313241765 issued by the DPI of Ho Chi Minh City on 11 May 2015 and the subsequent amended BRC. The registered head office of Phat Dat Investment is located at No. 422 Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. The principal activities of Phat Dat Investment are to trade in real estate properties, leased land use rights of owners, users or lessee.

As at the balance sheet date, the Company owned 100% shares of Phat Dat Investment.

## 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).



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

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

**2.1 Accounting standards and system (continued)**

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

**2.2 Applied accounting documentation system**

The Group's applied accounting documentation system is the General Ledger system.

**2.3 Fiscal year**

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

**2.4 Accounting currency**

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

**2.5 Basis of consolidation**

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

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

The consolidated financial statements of the Company and its subsidiary 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 subsidiary, without a loss of control, is recorded to the account of undistributed earnings.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash**

Cash comprises cash on hand and cash in banks.



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

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

**3.2 Inventories**

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

Cost includes:

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

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

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

**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 administration expense in the consolidated income statement.

**3.4 Fixed assets**

Tangible fixed assets and intangible assets are stated at cost less accumulated depreciation/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 while expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

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

**3.5 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:

Machinery and equipment	3 – 7 years
Motor vehicles	3 – 6 years
Computer software	3 years



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

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

#### 3.6 *Investment properties*

Investment properties comprise land use rights, buildings or part of a building or both and infrastructure held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services; administration purposes or sale in the ordinary course of business.

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or 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 of investment properties is calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	25 – 45 years
Land use rights	49 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.

#### 3.7 *Construction in progress*

Construction in progress represents fixed assets under construction and is stated at historical cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operation.

#### 3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group 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.



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

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

#### 3.10 *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. 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. Dividend receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting year 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.

#### 3.11 *Payables and accruals*

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

#### 3.12 *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary shareholders (after the allocation to bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year, where applicable.

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.

#### 3.13 *Appropriation of net profits*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors ("BOD") 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 in-depth investments.

##### *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.



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

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

**3.13 Appropriation of net profits (continued)**

*Dividends*

Final dividends proposed by the Company's BOD are classified as a allocation of undistributed earnings within the equity section on the balance sheet, until they have been approved by the Company's shareholders at the Annual General Meeting. At that time, they are recognized as a liability in the consolidated balance sheet.

**3.14 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. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of apartments*

For apartments sold after completion of construction, the revenue and associated costs are recognised when the significant risks and rewards of ownership of the apartments have passed to the buyers, usually upon the handing over of the apartments, or upon the expiring of the Notice of Handover, which is usually 7 days from the due date that was informed on the hand-over notice.

*Sale of residential plots and related infrastructure*

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

*Rental income*

Rental income receivable under operating leases is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises.

*Rendering of services*

Revenues are recognised upon the services had been provided and completed.

*Interest income*

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

**3.15 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and previous 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.



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

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

#### 3.15 *Taxation* (continued)

##### *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences. 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.

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 income tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

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

#### 3.16 *Related parties*

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

#### 3.17 *Segment information*

A segment is considered as an independent department of the Group which involve in the process of providing products or rendering services (business segment), or providing products or rendering services in a specific economic environment (geographical segment). These departments are responsible for risk and gain benefit separately from other department.

The Group's principal activities are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is constructing or the locations where the Group is operating. 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 2017

**4. CASH**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	87,679,956	74,343,136
Cash in banks	<u>143,967,014,028</u>	<u>149,354,072,185</u>
<b>TOTAL</b>	<b><u>144,054,693,984</u></b>	<b><u>149,428,415,321</u></b>

**5. TRADE RECEIVABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>236,287,708,511</b>	<b>412,465,279,126</b>
T.A.M Service Trading Investment Joint Stock Company ("T.A.M")	60,000,000,000	185,000,000,000
Toan Tam Management Service Corporation	48,744,884,500	66,160,800,000
Xuan Thanh Real Estate Company Limited	37,899,663,000	-
Vinh Hoi Investment and Development Joint Stock Company	26,400,000,000	13,200,000,000
Others	63,243,161,011	148,104,479,126
<b>Long-term</b>	<b>159,372,177,750</b>	<b>21,693,633,000</b>
T.A.M	117,000,000,000	-
Toan Tam Management Service Corporation	42,372,177,750	-
Minh Hoang Real Estate Business Joint Stock Company ("Minh Hoang")	-	12,243,333,000
Mr Nguyen Huu Loc	-	9,450,300,000
<b>TOTAL</b>	<b>395,659,886,261</b>	<b>434,158,912,126</b>
Provision for doubtful short-term receivables	<u>(4,141,058,294)</u>	<u>(3,885,795,294)</u>
<b>NET</b>	<b><u>391,518,827,967</u></b>	<b><u>430,273,116,832</u></b>
<i>In which:</i>		
<i>Due from other customers</i>	213,466,746,390	414,217,842,255
<i>Due from related parties (Note 30)</i>	178,052,081,577	16,055,274,577

*Movements of provision for doubtful short-term receivables are as follows:*

	VND	
	<i>Current year</i>	<i>Previous year</i>
At beginning of year	3,885,795,294	1,164,241,329
Add: Provision made during the year	255,493,000	2,721,553,965
Less: Reversal of provision during the year	<u>(230,000)</u>	<u>-</u>
At end of year	<b><u>4,141,058,294</u></b>	<b><u>3,885,795,294</u></b>

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

## 6. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	Ending balance	Beginning balance
Tan Hoang Real Estate Corporation (*)	223,000,000,000	-
Tam Binh Real Estate Corporation (*)	200,000,000,000	-
Land Clearance and Compensation Corporation Toan Thuan Phat Construction - Trading - Service Co., Ltd.	174,340,420,229	158,031,883,438
Others	68,237,428,763	-
	<u>24,652,203,659</u>	<u>12,655,262,421</u>
<b>TOTAL</b>	<b><u>690,230,052,651</u></b>	<b><u>170,687,145,859</u></b>

(\*) These are advances relating to the investment and cooperation in the construction of the ICD Port of Transshipment located at Long Binh Ward, District 9, Ho Chi Minh City, Vietnam.

## 7. OTHER RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>656,526,367,981</b>	<b>11,558,656,578</b>
Phu Hung Real Estate Investment Company Limited ("Phu Hung") (i)	517,908,385,303	-
T.A.M	90,000,000,000	-
Others	48,617,982,678	11,558,656,578
<b>Long-term</b>	<b>1,300,036,461,900</b>	<b>260,539,751,900</b>
Minh Hoang (ii)	500,000,000,000	-
Phu Quoc Doan Anh Duong Corporation ("Doan Anh Duong") (iii)	476,000,000,000	-
Truong Phat Loc Shipping Joint Stock Company ("Truong Phat Loc") (iv)	126,400,000,000	125,000,000,000
T.A.M (v)	100,939,751,900	100,939,751,900
Phat Dat Quang Ngai Hotel and Resort Corporation	18,000,000,000	34,600,000,000
Others	78,696,710,000	-
<b>TOTAL</b>	<b><u>1,956,562,829,881</u></b>	<b><u>272,098,408,478</u></b>
<i>In which</i>		
Due from other customers	1,121,314,692,678	147,012,009,168
Due from related parties (Note 30)	835,248,137,203	125,086,399,310

(i) This is the advance payment of the Group for Phu Hung to settle the sale and purchase contract of apartments of the former River City project in accordance with the Business Cooperation Contract ("BCC") dated 26 April 2016 between the Group and Phu Hung and the BCC Termination Agreement dated 10 April 2017 (Note 8).

(ii) On 8 December 2017, the Group entered into the BCC No. 01/2017/HĐHTKD/MH-PĐ totalling VND 628,822,606,040 with Minh Hoang regarding the development of commercial floors and officetel of Millennium project located at No. 132, Ben Van Don Street, Ward 6, District 4, Ho Chi Minh City, Vietnam ("Millennium Project"). According to the BCC, the Group contributed an amount of VND 500,000,000,000 and will receive the actual profit after tax arising from the project in accordance with the proportion of financial contributions of the parties.



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

7. OTHER RECEIVABLES (continued)

(iii) On 18 December 2017, the Group entered into the Investment Cooperation Contract ("ICC") No. 01/2017/HĐHTĐT/DAD-PĐ totalling VND 1,727,000,000,000 with Doan Anh Duong in relation to the construction, exploitation and development of Vung Bau Ecotourism Project located at Cua Can Commune, Phu Quoc District, Kien Giang Province, Vietnam. In accordance with the ICC:

- a. The actual profit after tax arising from the project will be divided according to the proportion of financial contributions of the parties.
- b. Doan Anh Duong committed to pay the Group a portion of its annual profit of 20% on the Group's contributed capital to the project.

As at the balance sheet date, the outstanding balance of this ICC was VND 476,000,000,000.

(iv) On 8 December 2015, the Group signed a 3-year ICC totalling VND 883,000,000,000 with Truong Phat Loc related to Millennium project. According to ICC, the Group has fully contributed capital amounting to VND 125,000,000,000 and will receive the actual profit but not less than the initial investment from this project.

(v) On 2 June 2016, the Group entered into a 3-year ICC and appendix with T.A.M in relation to the development of a project located at No. 239, Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. According to the ICC, the Group contributed the amount of VND 100,939,751,900 and will receive the actual interest arising from the project. On 25 December 2017, the two parties decided to liquidate the contract before the maturity date. Accordingly, the Group will transfer all rights in developing this project to T.A.M and receive the initial contributed capital plus the agreed interest of VND 180,000,000,000.

8. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Real estate properties (*)	6,089,306,979,559	7,355,602,811,224
Merchandise goods	479,851,407	416,534,272
<b>TOTAL</b>	<b><u>6,089,786,830,966</u></b>	<b><u>7,356,019,345,496</u></b>

(\*) Real estate properties mainly include compensation and land clearance costs to acquire the land use rights, and construction costs and capitalised interest, incurred for the following on-going real estate projects:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
The EverRich 2 Project (i)	4,290,528,718,898	4,699,218,783,894
The EverRich 3 Project (ii)	1,545,661,117,204	1,583,700,770,086
The EverRich Infinity (iii)	143,905,122,710	800,270,676,987
Nha Be Project (iv)	42,375,766,621	225,501,716,621
Others	66,836,254,126	46,910,863,636
<b>TOTAL</b>	<b><u>6,089,306,979,559</u></b>	<b><u>7,355,602,811,224</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2017**8. INVENTORIES (continued)**

The land use rights and assets attached to the land to be formed in future of The EverRich 2 and The EverRich 3 projects were pledged to Vietnam Technological and Commercial Joint Stock Bank as security collateral for the Group's certain investors to guarantee for their bank loans related to the implementation of the ICCs (*Note 20*).

The interest incurred during the year of VND 253,791,707,190 from loans and borrowings obtained for the purpose of financing the land compensation costs, land clearance costs, designing, construction, consultation and supervision of the Group's ongoing projects was capitalised (2016: VND 707,457,961,891).

Details of the Group's on-going real estate projects as at the consolidated balance sheet date are as follows:

(i) *The EverRich 2 Project (formerly River City Project)*

This project is located at No. 442, Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. The ending balance mainly includes cost of land compensation, capitalised interest and construction costs. The foundation level of this project including four blocks A, B, C and D have been completed, while the foundation level of blocks L is under construction.

On 26 April 2016, the Group signed the BCCs with parties including CRE & AGI Consulting JSC ("CRE & AGI") and Phu Hung relating to the co-operation agreement for construction and business management of The EverRich 2 project. However, on 10 April 2017, the Group signed the Termination Agreements of these BCCs. Accordingly, the parties have agreed to terminate the BCCs and are in the process of discussion to exercise the rights and obligations of each party. As a result, financial obligations, if any, of the Group have not been recognized by the management as at the balance sheet date (*Notes 31.2 and 32*).

On 24 November 2017 and 26 December 2017, the Board of Directors issued the Decisions No. 16/2017/QĐ-HĐQT and No. 17/2017/QĐ-HĐQT relating to the investment and transferring a part or whole of The EverRich 2 project. Accordingly, the Group entered into an ICC with another party regarding the development of this project (*Note 20*). Currently, the Group is performing the investment in order to fulfil the Government's requirements for transferring the project. The Group will transfer this project when legal conditions of the project are met.

(ii) *The EverRich 3 Project*

This project is located at Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam. The ending balance includes costs of land compensation, design, and infrastructure construction. On 24 November 2017 and 26 December 2017, the BOD of the Group issued the Decisions No. 16/2017/QĐ-HĐQT and No. 17/2017/QĐ-HĐQT relating to the investment and transferring whole of The EverRich 3 project (including the apartment block, excluding 15,000 m<sup>2</sup> of low-rise housing area). Accordingly, the Group entered into the ICC with another party regarding the development of this project (*Note 20*). Currently, the Group is performing the investment in order to fulfil the Government's requirements for transferring the project. The Group will transfer this project when legal conditions of the project are met.

(iii) *The EverRich Infinity Project*

This project is located at No. 290, An Duong Vuong Street, Ward 4, District 5, Ho Chi Minh City, Vietnam. The ending balance mainly includes costs to acquire project, designation cost, construction cost and capitalised interest. As at the balance sheet date, this project had been completed and number of apartments that the customer bought had been handing over followed by the sale contracts.

(iv) *Nha Be Project*

This project is located at Phuoc Kien Commune, Nha Be District, Ho Chi Minh City, Vietnam. The ending balance mainly includes land compensation cost.



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

## 9. TANGIBLE FIXED ASSETS

	VND		
	<i>Machinery and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	2,290,743,387	5,226,419,538	7,517,162,925
New purchase	1,010,389,000	-	1,010,389,000
Ending balance	<u>3,301,132,387</u>	<u>5,226,419,538</u>	<u>8,527,551,925</u>
<i>In which:</i>			
<i>Fully depreciated</i>	2,135,834,294	2,966,637,720	5,102,472,014
<b>Accumulated depreciation:</b>			
Beginning balance	(2,208,379,745)	(3,013,859,946)	(5,222,239,691)
Depreciation for the year	<u>(79,702,721)</u>	<u>(465,289,704)</u>	<u>(544,992,425)</u>
Ending balance	<u>(2,288,082,466)</u>	<u>(3,479,149,650)</u>	<u>(5,767,232,116)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>82,363,642</u>	<u>2,212,559,592</u>	<u>2,294,923,234</u>
Ending balance	<u>1,013,049,921</u>	<u>1,747,269,888</u>	<u>2,760,319,809</u>

## 10. INTANGIBLE ASSETS

	VND		
	<i>Land use right (*)</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	5,059,556,440	718,481,036	5,778,037,476
New purchase	-	1,250,000,000	1,250,000,000
Ending balance	<u>5,059,556,440</u>	<u>1,968,481,036</u>	<u>7,028,037,476</u>
<i>In which:</i>			
<i>Fully amortised</i>	-	718,481,036	718,481,036
<b>Accumulated amortisation:</b>			
Beginning balance	(733,894,675)	(718,481,036)	(1,452,375,711)
Amortisation for the year	<u>(103,608,660)</u>	<u>(173,611,110)</u>	<u>(277,219,770)</u>
Ending balance	<u>(837,503,335)</u>	<u>(892,092,146)</u>	<u>(1,729,595,481)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>4,325,661,765</u>	<u>-</u>	<u>4,325,661,765</u>
Ending balance	<u>4,222,053,105</u>	<u>1,076,388,890</u>	<u>5,298,441,995</u>

(\*) Definite life land use right ("LUR") of VND 5,059,556,440 located at Tran Phu Ward, Quang Ngai City, Quang Ngai Province, Vietnam. This LUR period will end in 2058.

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

## 11. INVESTMENT PROPERTIES

	VND		
	<i>Land use rights</i>	<i>Building and structures</i>	<i>Total</i>
<b>Cost:</b>			
Beginning and ending balances	<u>120,446,972,991</u>	<u>69,217,297,281</u>	<u>189,664,270,272</u>
<b>Accumulated amortisation:</b>			
Beginning balance	-	(437,425,010)	(437,425,010)
Amortisation for the year	-	<u>(1,570,519,044)</u>	<u>(1,570,519,044)</u>
Ending balance	-	<u>(2,007,944,054)</u>	<u>(2,007,944,054)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>120,446,972,991</u>	<u>68,779,872,271</u>	<u>189,226,845,262</u>
Ending balance	<u>120,446,972,991</u>	<u>67,209,353,227</u>	<u>187,656,326,218</u>

The Group's land use rights consist of the following:

- (i) indefinite life LUR of VND 113,140,000,000 located at No. 131, Nguyen Trai Street, Ward 2, District 5, Ho Chi Minh City, Vietnam; and
- (ii) indefinite life LUR of VND 7,306,972,991 representing the basement B1 and B2 of The EverRich 1 project is located at No. 968, 3 February Street, District 11, Ho Chi Minh City, Vietnam.

The fair values of the investment properties were not formally assessed and determined as at 31 December 2017. However, given the current occupancy rate of these properties and market price of surrounding land, it is management's assessment that these properties' market values are higher than their carrying value as at the balance sheet date.

## 12. CONSTRUCTION IN PROGRESS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Phu Quoc Five-Star Hotel & Resort	53,732,479,734	53,402,479,734
Others	<u>13,179,180,271</u>	<u>7,720,343,009</u>
<b>TOTAL</b>	<b><u>66,911,660,005</u></b>	<b><u>61,122,822,743</u></b>

The interest incurred during the year of VND 3,103,804,813 from loans and borrowing for the purpose of financing Group's projects was capitalised (2016: VND 3,110,491,567).



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

### 13. INVESTMENTS IN ASSOCIATES

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>% ownership</u>	<u>Amount VND</u>	<u>% ownership</u>	<u>Amount VND</u>
Dien Gia Khang Real Estate Co., Ltd. ("Dien Gia Khang") (i)	49.00	176,000,000,000	49.00	176,000,000,000
Dien Gia Khanh Real Estate Co., Ltd. ("Dien Gia Khanh") (ii)	49.00	75,000,000,000	49.00	75,000,000,000
Phat Dat Anh Duong Real Estate Development Corporation ("Phat Dat Anh Duong") (iii)	48.00	45,000,000,000	48.00	45,000,000,000
Phu Hung (iv)	49.90	(2,251,334,783)	49.90	(1,929,712,232)
<b>TOTAL</b>		<b><u>293,748,665,217</u></b>		<b><u>294,070,287,768</u></b>

- (i) Dien Gia Khang is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313294703 issued by the DPI of Ho Chi Minh City on 9 June 2015. The registered office of Dien Gia Khang is located at No. 271/7B, An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Dien Gia Khang are to trade real estate properties.
- (ii) Dien Gia Khanh is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313428266 issued by the DPI of Ho Chi Minh City on 7 September 2015. The registered office of Dien Gia Khanh is located at No. 271/7B, An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Dien Gia Khanh are to trade real estate properties.
- (iii) Phat Dat Anh Duong is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4103013747 issued by the DPI of Ho Chi Minh City on 20 June 2009. The registered office of Phat Dat Anh Duong is located at No. 357-359, An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Phat Dat Anh Duong are to trade real estate properties.
- (iv) Phu Hung is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313558191 issued by the DPI of Ho Chi Minh City on 1 December 2015. The registered office of Phu Hung is located at No. 30, Nguyen Thi Dieu Street, Ward 6, District 3, Ho Chi Minh City, Vietnam. The principal activities of Phu Hung are to trade real estate properties. As at the balance sheet date, the Group has yet contributed the capital to Phu Hung.

### 14. INVESTMENT IN ANOTHER ENTITY

The ending balance represents the investment in My Loi Bridge Investment Corporation ("MLC") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 1201465247 issued by the DPI of Tien Giang Province on 28 February 2014, and as amended. The current principal activities of MLC are invest in constructing, exploiting and trading in infrastructure under the form of Build-Operate-Transfer (BOT) contract. At the balance sheet date, the Group owns 19.8% of MLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**15. LONG-TERM PREPAID EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Management fee of apartments	11,711,809,547	-
Advertising fee	4,871,306,448	286,785,006
Commission fee	3,801,263,949	14,495,820,399
Others	682,639,281	958,076,371
<b>TOTAL</b>	<b><u>21,067,019,225</u></b>	<b><u>15,740,681,776</u></b>

**16. SHORT-TERM TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Coteccons Construction Joint Stock Company	86,545,894,373	1,271,436,250
Toan Thuan Phat Construction Trading and Service Co., Ltd.	-	73,167,379,721
Others	13,641,930,249	22,570,412,584
<b>TOTAL</b>	<b><u>100,187,824,622</u></b>	<b><u>97,009,228,555</u></b>

**17. SHORT-TERM ADVANCES FROM CUSTOMERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from third parties	701,189,815,134	566,586,623,102
<i>Big Gain Investment Company Limited</i>	595,141,256,792	-
<i>("Big Gain") (*)</i>		
<i>Others</i>	106,048,558,342	566,586,623,102
Advances from related parties ( <i>Note 30</i> )	-	50,000,000,000
<b>TOTAL</b>	<b><u>701,189,815,134</u></b>	<b><u>616,586,623,102</u></b>

(\*) As at the balance sheet date, this balance represents the advance from Big Gain for the purchasing of 196 apartments of Block C of The EverRich 2 project.



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**18. STATUTORY OBLIGATIONS**

				VND
	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending balance</i>
<b>Payables</b>				
Corporate income tax	43,563,733,166	110,270,491,673	(111,537,968,354)	42,296,256,485
Personal income tax	5,123,812,400	6,702,535,743	(9,783,825,747)	2,042,522,396
Value-added tax	3,400,146,492	127,166,521,919	(130,549,429,588)	17,238,823
Other taxes	228,877,654	420,336,639	(649,214,293)	-
<b>TOTAL</b>	<b><u>52,316,569,712</u></b>	<b><u>244,559,885,974</u></b>	<b><u>(252,520,437,982)</u></b>	<b><u>44,356,017,704</u></b>
<b>Receivables</b>				
Value-added tax	40,000	35,849,477,006	-	35,849,517,006
Corporate income tax	1,788,469,068	21,799,162,381	(14,526,236,532)	9,061,394,917
<b>TOTAL</b>	<b><u>1,788,509,068</u></b>	<b><u>57,648,639,387</u></b>	<b><u>(14,526,236,532)</u></b>	<b><u>44,910,911,923</u></b>

**19. ACCRUED EXPENSES**

			VND
	<i>Ending balance</i>	<i>Beginning balance</i>	
<b>Short-term</b>	<b>100,108,893,586</b>	<b>445,223,814,189</b>	
Construction costs	70,297,902,207	26,390,723,463	
Commission fee	20,297,566,999	2,997,284,563	
Interest expense	6,214,296,380	409,023,483,884	
Others	3,299,128,000	6,812,322,279	
<b>Long-term</b>	<b>-</b>	<b>1,834,689,406,876</b>	
Interest expense	-	1,834,689,406,876	
<b>TOTAL</b>	<b><u>100,108,893,586</u></b>	<b><u>2,279,913,221,065</u></b>	

**20. OTHER PAYABLES**

			VND
	<i>Ending balance</i>	<i>Beginning balance</i>	
<b>Short-term</b>	<b>71,095,134,376</b>	<b>21,574,500,158</b>	
Maintenance fees received in advance and deposits for projects	52,960,495,310	18,794,751,245	
Due to a related party (Note 30)	14,490,455,153	-	
Others	3,644,183,913	2,779,748,913	
<b>Long-term</b>	<b>6,041,132,313,462</b>	<b>278,513,801,294</b>	
Payable for ICCs (i) (ii)	6,027,000,000,000	-	
Deposits from customers	14,132,313,462	8,513,801,294	
Payable BCC	-	270,000,000,000	
<b>TOTAL</b>	<b><u>6,112,227,447,838</u></b>	<b><u>300,088,301,452</u></b>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**20. OTHER PAYABLES (continued)**

- (i) On 26 December 2017, the Group has entered into a 5-year ICC No. 01/HĐHTĐT-E2/2017 with Big Gain relating to the development of a part of The EverRich 2 project located at No. 422, Dao Tri Street, Quarter 1, Phu Thuan Ward, District 7, Ho Chi Minh City, Vietnam. According to the ICC:
- Big Gain has obligation to settle the costs incurred by the Group for the cooperated project.
  - The parties may receive the profits from the project in accordance with the proportion of financial contributions of the parties.
  - After the land use right certificate of the project is granted for the Group, Big Gain has the option to purchase and the Group has the option to sell 99% of the Group's interest in the ICC at the price equivalent to 99% of the agreed contributed value of the Group in this ICC, plus a surplus that will be agreed upon by the parties.
  - When the legal conditions of the project are met, the Group has the right to assign this project to another partner provided that it fully reimburses Big Gain the contributed amount plus interest. The amount of interest shall be agreed upon by the parties.

As at the balance sheet date, the Group received the amount of VND 4,002,000,000,000 from Big Gain in relation to this ICC.

- (ii) On 26 December 2017, the Group has entered into a 5 years ICC 01/HĐHTĐT-E3/2017 with Dynamic Innovation Co., Ltd. ("Dynamic") relating to the development of apartment block of The EverRich 3 Project located at Tan Phu Ward, District 7, Ho Chi Minh City, Vietnam. According to the ICC:
- Dynamic has obligation to settle the costs incurred by the Group for the cooperated project.
  - The parties may receive the profits from the project in accordance with the proportion of financial contributions of the parties.
  - After the land use right certificate of the project is granted for the Group, Dynamic has the option to purchase and the Group has the option to sell 99% of the Group's interest in the ICC at the price equivalent to 99% of the agreed contributed value of the Group in this ICC, plus a surplus that will be agreed upon by the parties.
  - When the legal conditions of the project are met, the Group has the right to assign this project to another partner provided that it fully reimburses Dynamic the contributed amount plus interest. The amount of interest shall be agreed upon by the parties.

As at the balance sheet date, the Group received the amount of VND 2,025,000,000,000 from Dynamic in relation to this ICC.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 21. LOANS

	Beginning balance	Increase	Decrease	VND Ending balance
<b>Short-term loans</b>				
Loans from a company (*)	434,359,131,796	-	(387,162,712,662)	47,196,419,134
Current portion of long-term bank loans	47,775,085,539	-	(578,666,405)	47,196,419,134
	386,584,046,257	-	(386,584,046,257)	-
<b>Long-term loans</b>				
Issued bonds	2,807,288,002,150	64,477,350,000	(2,871,765,352,150)	-
Loans from individuals	2,051,922,650,000	64,477,350,000	(2,116,400,000,000)	-
Long-term loans from banks	155,600,000,000	-	(155,600,000,000)	-
	599,765,352,150	-	(599,765,352,150)	-
<b>TOTAL</b>	<b>3,241,647,133,946</b>	<b>64,477,350,000</b>	<b>(3,258,928,064,812)</b>	<b>47,196,419,134</b>

*In which*

Long-term loan from related parties (Note 30)

5,300,000,000

(5,300,000,000)

-

(\*) This is a loan obtained from a company to finance the development of the Group's projects. The loan bears an interest rate of 6% per annum and has no fixed term of repayment.

## Phat Dat Real Estate Development Corp

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 22. OWNERS' EQUITY

#### 22.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total
<b>Previous year</b>					VND
Beginning balance	2,018,099,710,000	11,680,300,000	76,113,584,076	164,926,416,136	2,270,820,010,212
Net profit for the year	-	-	-	242,519,592,739	242,519,592,739
Appropriation of funds	-	-	9,300,000,000	(17,100,000,000)	(7,800,000,000)
Dividends declared	-	-	-	(100,617,585,500)	(100,617,585,500)
BOD's allowance	-	-	-	(1,125,000,000)	(1,125,000,000)
Ending balance	2,018,099,710,000	11,680,300,000	85,413,584,076	288,603,423,375	2,403,797,017,451
<b>Current year</b>					
Beginning balance	2,018,099,710,000	11,680,300,000	85,413,584,076	288,603,423,375	2,403,797,017,451
Net profit for the year	-	-	-	439,879,870,046	439,879,870,046
Appropriation of funds	-	-	17,300,000,000	(31,700,000,000)	(14,400,000,000)
Dividends share (*)	201,809,520,000	-	-	(201,809,520,000)	-
Dividends declared	-	-	-	(287,400,000)	(287,400,000)
BOD's allowance	-	-	-	(2,108,000,000)	(2,108,000,000)
Ending balance	2,219,909,230,000	11,680,300,000	102,713,584,076	492,578,373,421	2,826,881,487,497

(\*) On 24 May 2017, the Company issued 20,180,952 ordinary shares to pay dividend at the price of VND 10,000 per share amounting to VND 201,809,520,000 according to the Resolution of Shareholders No. 01/ĐHĐCĐ-NQ.2017 dated 22 March 2017 and Decision No. 07/2017/QĐ-HĐQT dated 19 April 2017. On 7 June 2017, the Company received the 24<sup>th</sup> amended BRC issued by the DPI of Ho Chi Minh City, expressing the increase in the Company's charter capital to VND 2,219,909,230,000 from the said issuance.



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

22. OWNERS' EQUITY (continued)

22.2 Ordinary shares

	Ending balance	Beginning balance
	Shares	Shares
Shares authorised to be issued	221,990,923	201,809,971
Shares issued and fully paid	221,990,923	201,809,971
Ordinary shares	221,990,923	201,809,971

Par value of outstanding share: VND 10,000 (2016: VND 10,000).

22.3 Earnings per share

Basic earnings per share is calculated by dividing net profit after tax for the year (after adjusting for the bonus and welfare fund and Board of Director's allowance) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Current year	Previous year
Net profit attributable to ordinary equity holders of the Group	439,879,870,046	242,519,592,739
Less: BOD's allowance	(2,108,000,000)	(1,125,000,000)
Bonus and welfare fund (*)	<u>(21,993,993,502)</u>	<u>(14,400,000,000)</u>
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	415,777,876,544	226,994,592,739
Weighted average number of ordinary shares for the year (shares)	<u>221,990,923</u>	<u>221,990,923</u>
<b>Basic earnings per share (VND)</b> (par value: VND 10,000 per share)	<u><b>1,873</b></u>	<u><b>1,023</b></u>
<b>Diluted earnings per share (VND)</b>	<u><b>1,873</b></u>	<u><b>1,023</b></u>

(\*) Profit used to compute previous year's earnings per share as presented in the financial statements for the year ended 31 December 2016 was restated to reflect the actual allocation to bonus and welfare fund from previous year's undistributed earnings following the Resolution No. 01/ĐHĐCĐ-NQ.2017 of Shareholders at Annual General Meeting dated 22 March 2017.

Profit used to compute current year's earnings per share was adjusted for the provisional allocation to bonus and welfare fund from current year's undistributed earnings following the plan as approved in the said Resolution of the Shareholders Meeting.

(\*\*) The weighted average number of ordinary shares for the year ended 31 December 2016 has been retrospectively adjusted for dividend shares issued and increase in capital from undistributed earnings in 2017.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**22. OWNERS' EQUITY (continued)****22.4 Dividends**

	VND	
	Current year	Previous year
<b>Dividends declared and paid during the year</b>		
Dividends declared during the year	201,809,520,000	100,617,585,500
Dividends paid during the year	-	100,617,585,500
Shares issued to pay dividends	201,809,520,000	-

**23. REVENUES FROM SALE OF GOODS AND RENDERING OF SERVICES**

	VND	
	Current year	Previous year
<b>Gross revenues</b>	<b>1,542,032,394,877</b>	<b>1,523,980,005,444</b>
<i>Of which:</i>		
Sale of apartments	1,458,081,614,417	1,295,682,001,190
Sale of real estate properties	57,046,019,669	205,876,194,454
Revenue from rendering of services	26,904,760,791	22,421,809,800
<b>Deductions:</b>	<b>(215,406,237,704)</b>	<b>(27,314,421,600)</b>
Sales returns	(205,717,795,286)	(27,314,421,600)
Sales deduction	(9,688,442,418)	-
<b>NET REVENUES</b>	<b><u>1,326,626,157,173</u></b>	<b><u>1,496,665,583,844</u></b>
<i>In which:</i>		
Sale of apartments	1,302,369,759,342	1,295,682,001,190
Sale of real estate properties	(1,528,362,960)	178,561,772,854
Revenue from rendering of services	25,784,760,791	22,421,809,800
<i>In which:</i>		
Sale to other customers	1,339,991,381,288	1,494,745,583,844
Sale to a related party (Note 30)	(13,365,224,115)	1,920,000,000

**24. COSTS OF GOODS SOLD AND SERVICES RENDERED**

	VND	
	Current year	Previous year
Costs of apartments sold	799,660,414,749	969,455,192,095
Costs of real estate properties sold	4,795,613,069	122,642,636,995
Costs of services rendered	3,124,135,258	1,242,865,470
<b>TOTAL</b>	<b><u>807,580,163,076</u></b>	<b><u>1,093,340,694,560</u></b>

**25. FINANCE INCOME**

	VND	
	Current year	Previous year
Interest income	3,679,904,844	168,687,362
Others	15,518,881	3,055,302,922
<b>TOTAL</b>	<b><u>3,695,423,725</u></b>	<b><u>3,223,990,284</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>101,154,109,064</b>	<b>55,473,117,992</b>
Commission expenses	79,671,870,745	30,001,981,542
Supporting interest	8,601,168,387	8,440,533,603
Customer meeting	5,045,812,260	-
Advertising expenses	3,406,575,637	14,146,240,525
Salary expenses	2,752,214,966	2,061,487,300
Others	1,676,467,069	822,875,022
<b>General and administrative expenses</b>	<b>57,970,821,539</b>	<b>42,488,317,898</b>
Salary expenses	37,931,276,693	25,288,366,397
External services	10,511,801,857	7,476,860,621
Depreciation and amortisation expenses	2,392,731,239	604,007,934
Others	7,135,011,750	9,119,082,946
<b>TOTAL</b>	<b><u>159,124,930,603</u></b>	<b><u>97,961,435,890</u></b>

## 27. OPERATING COSTS

	VND	
	<i>Current year</i>	<i>Previous year</i>
Expenses for external services	107,237,228,886	60,698,506,572
Labour expenses	40,676,709,167	27,357,650,697
Depreciation and amortisation expenses (Notes 9, 10 and 11)	2,392,731,239	604,007,934
Others	8,818,261,311	9,301,270,687
<b>TOTAL</b>	<b><u>159,124,930,603</u></b>	<b><u>97,961,435,890</u></b>

## 28. OTHER INCOME

	VND	
	<i>Current year</i>	<i>Previous year</i>
Profit sharing from ICC (*)	180,000,000,000	-
Others	14,137,535,123	646,192,514
<b>TOTAL</b>	<b><u>194,137,535,123</u></b>	<b><u>646,192,514</u></b>

(\*) This is the profit arising from the ICC with T.A.M on project located at No. 239, Cach Mang Thang 8 Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. On 25 December 2017, the two parties decided to liquidate the contract before the maturity date. Accordingly, the Group will transfer all rights in developing this project to T.A.M and receive the initial contributed capital plus the agreed interest of VND 180,000,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**29. CORPORATE INCOME TAX**

The CIT rate applicable to the Company and its subsidiary is 20% of taxable profits.

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

**29.1 CIT expenses**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Estimated CIT during the year	109,756,961,359	62,160,620,921
Adjustment for under accrual of CIT from prior years	513,530,314	980,339,476
Current CIT expense	110,270,491,673	63,140,960,397
Deferred CIT expense (income)	<u>717,074,747</u>	<u>(1,230,519,920)</u>
<b>TOTAL</b>	<b><u>110,987,566,420</u></b>	<b><u>61,910,440,477</u></b>

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Accounting profit before tax</b>	<b><u>550,867,436,466</u></b>	<b><u>304,430,033,216</u></b>
At CIT rate of 20% applicable to companies in the Group	110,162,138,780	60,935,782,151
<i>Adjustments to increase:</i>		
Adjustment for under accrual of CIT from prior years (*)	513,530,314	980,339,476
Non-deductible expenses	1,134,716,883	486,278,893
Loss from associate	64,324,510	-
<i>Adjustments to decrease:</i>		
Gains on disposal of a subsidiary	-	(163,297,124)
Gains on decrease in ownership in associates	-	(61,637,109)
Advertising expenses	<u>(887,144,067)</u>	<u>(267,025,810)</u>
<b>CIT expense</b>	<b><u>110,987,566,420</u></b>	<b><u>61,910,440,477</u></b>

(\*) This is the adjusted CIT expense according to the Decision No. 3723/QD-CT-XP dated 4 August 2017 issued by the Head of Tax Department of Ho Chi Minh City.

**29.2 Current tax**

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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29. CORPORATE INCOME TAX (continued)

29.3 *Deferred tax*

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

	<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>
Advertising expenses	513,445,173	1,230,519,920	(717,074,747)	1,230,519,920
<b><i>Deferred tax assets</i></b>	<b><u>513,445,173</u></b>	<b><u>1,230,519,920</u></b>		
<b><i>Deferred tax (expense) income</i></b>			<b><u>(717,074,747)</u></b>	<b><u>1,230,519,920</u></b>

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related party transactions include all transactions undertaken with other individuals and companies to which the Group is related, either through the investor, investee relationship or because they share a common investor and thus are considered to be a part of the same corporate company.

The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Amounts due to and from related parties at the balance sheet date are unsecured and non-interest bearing.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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### 30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

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

Related parties	Relationship	Transactions	Current year	Previous year
				VND
Mr Nguyen Van Dat	General Director	Borrowing Payment of borrowing Advances Collection of advances	460,077,012,570 445,586,557,417 305,586,711,215 305,586,711,215	100,282,600,000 100,282,600,000 159,383,270,600 159,383,270,600
Phu Hung	Associate	Advance to liquid the selling contract of The EverRich 2 project Collection of advance to liquid the selling contract of The EverRich 2 project Refund of advance for purchase of apartments Advance for purchase of apartments Borrowing Payment of borrowing Utility expense	1,548,908,385,303 1,031,000,000,000 327,891,614,697 201,991,823,310 10,000,000,000 10,000,000,000 317,159,579	- - - - - - 327,034,672
Truong Phat Loc	Related company	Sales return Office rental Deduction of revenue from rendering of services Others	13,687,396,843 1,156,000,000 1,120,000,000 286,172,728	- 1,920,000,000 - 284,815,224
BDSC Management Consulting Corporation	Related company	Consulting services	1,222,250,000	-
T.A.M (*)	Related company	Interest from sharing of ICC	180,000,000,000	-



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

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

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

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Ending balance</i>	<i>Beginning balance</i>
<i>VND</i>				
<b>Short-term trade receivables</b>				
T.A.M	Related company	Capital transfer	60,000,000,000	-
Truong Phat Loc	Related company	Office rental	1,052,081,577	3,101,267,777
		Sale of apartments	-	12,954,006,800
			<b>61,052,081,577</b>	<b>16,055,274,577</b>
<b>Long-term trade receivable</b>				
T.A.M	Related company	Capital transfer	117,000,000,000	-
<b>Other short-term receivables</b>				
Phu Hung	Associate	Advance	517,908,385,303	-
		Utility expenses	-	86,399,310
T.A.M	Related company	Interest from sharing of ICC	90,000,000,000	-
			<b>607,908,385,303</b>	<b>86,399,310</b>
<b>Other long-term receivables</b>				
Truong Phat Loc	Related company	ICC	126,400,000,000	125,000,000,000
T.A.M	Related company	ICC	100,939,751,900	-
			<b>227,339,751,900</b>	<b>125,000,000,000</b>
<b>Short-term advance from customer</b>				
Phu Hung	Associate	Advance for purchase of apartments	-	50,000,000,000

Phat Dat Real Estate Development Corp

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

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

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

Related parties	Relationship	Transactions	Ending balance	Beginning balance
<i>VND</i>				
<b>Other short-term payable</b>				
Mr Nguyen Van Dat	General Director	Borrowing	14,490,455,153	-
<b>Long-term loans</b>				
Mr Bui Quang Anh Vu	Related party	Loan	-	1,900,000,000
Mr Vo Minh Han	Related party	Loan	-	1,700,000,000
Ms Tran Thi Hoai An	Related party	Loan	-	1,700,000,000
			-	<b>5,300,000,000</b>

(\*) T.A.M is a related party with the Group from the year ended 31 December 2017.



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

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

Remuneration to members of the BOD and Management during the year was as follows:

	VND	
	<i>Current year</i>	<i>Previous year</i>
<i>BOD</i>		
Allowance and bonus	1,448,000,000	1,125,000,000
<i>Management</i>		
Salaries and bonus	<u>8,472,000,000</u>	<u>6,210,108,000</u>
<b>TOTAL</b>	<b><u>9,920,000,000</u></b>	<b><u>7,335,108,000</u></b>

**31. COMMITMENTS**

**31.1 Investment commitments**

Details of commitments were as follows:

		VND	
	<i>Relationship</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Construction commitments		103,551,925,451	309,805,821,087
Capital contribution commitments		249,158,084,832	172,000,000,000
<i>Phat Dat Anh Duong</i>	<i>Associate</i>	113,400,000,000	113,400,000,000
<i>Phu Hung</i>	<i>Associate</i>	100,000,000,000	49,900,000,000
<i>Doan Anh Duong</i>		24,000,000,000	-
<i>Dien Gia Khanh</i>	<i>Associate</i>	8,300,000,000	8,300,000,000
<i>Minh Hoang</i>		3,058,084,832	-
<i>Dien Gia Khang</i>	<i>Associate</i>	<u>400,000,000</u>	<u>400,000,000</u>
<b>TOTAL</b>		<b><u>352,710,010,283</u></b>	<b><u>481,805,821,087</u></b>

**31.2 Other commitment**

As disclosed in Note 8, the Group has committed to perform its financial obligations to Phu Hung under the BCCs Termination Agreements. At the date of the consolidated financial statements, the Group and Phu Hung are in the process of negotiating to determine the value of the financial obligations arising from the signed BCC. When these liabilities are determined, the parties will liquidate the BCC. As a result, the Company's management has not recognized any liabilities that may arise as at the balance sheet date. However, this obligation will be contributed by parties of BCC when incurred (Note 20).

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

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

On 8 February 2018, the Group signed the BCC Termination Agreement No. 01/BBTL/PDR-CRE&AGI with CRE & AGI relating to the liquidation of the former signed BCC (Note 8). Accordingly, the Group had the obligation to reimburse all expenses relating to the liquidation of this BCC amounting to VND 350,000,000,000. However, this amount will be contributed by parties of the BCC (Note 20).

Except for the above event, there has been no other significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements of the Group.

  
\_\_\_\_\_  
Vo Van Giap  
Preparer

  
\_\_\_\_\_  
Vu Quynh Hoa  
Chief Accountant

  
\_\_\_\_\_  
Nguyen Van Dat  
General Director



9 March 2018