

# **577 Investment Corporation**

Consolidated financial statements

31 December 2016

# 577 Investment Corporation

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# 577 Investment Corporation

## GENERAL INFORMATION

### THE COMPANY

577 Investment Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103003556 issued by the Department of Planning and Investment of Ho Chi Minh City on 4 July 2005, and as amended.

The Company’s shares were officially listed on the Ho Chi Minh City Stock Exchange (“HOSE”) on 20 November 2008 with the stock code as NBB.

The principal activities as of the Company are construction & trading real estate, construction in transportation works, construction in civil works, investing, trading infrastructure, quarrying of stone, sand, gravel, clay, kaolin, manufacturing and trading in all kinds of filters for automobile, exploiting and processing mineral.

The Company’s registered head office is located at Carina Plaza Tower, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Viet Nam and 4 dependent accounting branches are as below:

- Binh Thuan Branch, registered at 47 Tran Hung Dao, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province, Viet Nam.
- Tay Nam Branch, registered at C7-TTTM Ba Trieu, Ward 3, Bac Lieu City, Bac Lieu Province, Viet Nam.
- Mien Bac Branch, registered at Group 1, Block 6, Bai Chay Ward, Ha Long City, Quang Ninh Province, Viet Nam.
- Quang Ngai Branch, registered at Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai province, Viet Nam.

### BOARD OF DIRECTORS

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

Mr. Doan Tuong Trieu	Chairman
Mr. Mai Thanh Truc	Member
Mr. Louis T. Nguyen	Member
Mr. Hoang Huu Tuong	Member
Mr. Chong Kuan Yew	Member
Mr. Nguyen Phi Thuong	Member
Mr. Hoang Thanh Tung	Member

### BOARD OF SUPERVISION

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

Ms. Nguyen Quynh Huong	Head of Board of Supervision
Mr. Vo Hoang Chuong	Member
Mr. Nguyen Van Tung	Member

### MANAGEMENT

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

Mr. Doan Tuong Trieu	Chief Executive Officer
Mr. Mai Thanh Truc	Chief Finance Officer
Mr. Nguyen Thanh Quyet	Acting Chief Project Officer

# 577 Investment Corporation

GENERAL INFORMATION (continued)

## **LEGAL REPRESENTATIVE**

The legal representative of the Company during the year and at the date of this report is Mr. Doan Tuong Trieu.

## **AUDITORS**

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

# 577 Investment Corporation

## REPORT OF MANAGEMENT

Management of 577 Investment Corporation (“the Company”) is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as “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.

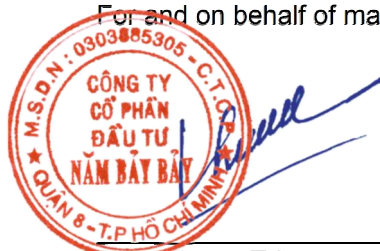
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding 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 ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



Doan Tuong Trieu  
Chief Executive Officer

Ho Chi Minh City, Viet Nam

15 March 2017

## **INDEPENDENT AUDITORS' REPORT**

**To: The Shareholders of 577 Investment Corporation**

We have audited the accompanying consolidated financial statements of 577 Investment Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 15 March 2017 and set out on pages 6 to 52, 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 the consolidated financial statements, and for such internal control system 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control system 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 system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

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

### **Other matters**

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 23 March 2016.

### **Ernst & Young Vietnam Limited**

Công ty Trách nhiệm Hữu hạn Ernst & Young Việt Nam



Lê Quang Minh  
Phó Tổng Giám đốc  
Giấy CNĐKHN kiểm toán  
Số: 0426-2013-004-1

15 March 2017

Số 2759-2014- 004-1

CONSOLIDATED BALANCE SHEET  
as at 31 December 2016

VND

Code	ASSETS	Notes	Ending balance	Beginning balance (Restated – Note 35)
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>4,559,352,246,245</b>	<b>3,151,140,081,087</b>
<b>110</b>	<b>I. Cash</b>	<b>5</b>	<b>112,066,193,541</b>	<b>29,710,586,394</b>
111	1. Cash		112,066,193,541	29,710,586,394
<b>130</b>	<b>II. Current accounts receivable</b>		<b>1,088,253,274,871</b>	<b>397,195,700,239</b>
131	1. Short-term trade receivables	6	48,389,979,356	66,462,763,278
132	2. Short-term advances to suppliers	7	548,142,441,433	83,454,221,170
135	3. Short-term loan receivables	8	22,886,305,555	56,000,000,000
136	4. Other short-term receivables	9	469,647,654,213	193,392,628,577
137	5. Provision for doubtful short-term receivables	6, 9	(813,105,686)	(2,113,912,786)
<b>140</b>	<b>III. Inventories</b>	<b>10</b>	<b>3,344,464,931,138</b>	<b>2,701,660,478,976</b>
141	1. Inventories		3,344,738,771,676	2,702,650,890,694
149	2. Provision for obsolete inventories		(273,840,538)	(990,411,718)
<b>150</b>	<b>IV. Other current assets</b>		<b>14,567,846,695</b>	<b>22,573,315,478</b>
151	1. Short-term prepaid expenses	16	40,944,152	653,833,431
152	2. Value-added tax deductible		7,830,497,553	20,984,769,975
153	3. Tax and other receivables from the State		6,696,404,990	934,712,072
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>425,087,983,557</b>	<b>381,387,855,989</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>110,391,880,378</b>	<b>67,997,969,552</b>
216	1. Other long-term receivables	9	110,391,880,378	67,997,969,552
<b>220</b>	<b>II. Fixed assets</b>		<b>132,404,252,958</b>	<b>141,159,055,987</b>
221	1. Tangible fixed assets	11	128,142,726,940	136,702,395,997
222	Cost		182,133,002,603	181,868,273,703
223	Accumulated depreciation		(53,990,275,663)	(45,165,877,706)
227	2. Intangible fixed assets	12	4,261,526,018	4,456,659,990
228	Cost		5,708,334,546	5,648,149,366
229	Accumulated amortization		(1,446,808,528)	(1,191,489,376)
<b>230</b>	<b>III. Investment properties</b>	<b>13</b>	<b>64,648,602,919</b>	<b>64,749,641,246</b>
231	1. Cost		67,786,031,001	65,508,492,671
232	2. Accumulated depreciation		(3,137,428,082)	(758,851,425)
<b>240</b>	<b>IV. Long-term assets in progress</b>		<b>14,667,130,169</b>	<b>14,348,238,082</b>
242	1. Construction in progress	14	14,667,130,169	14,348,238,082
<b>250</b>	<b>V. Long-term investments</b>		<b>5,374,978,308</b>	<b>7,762,978,308</b>
252	1. Investments in associates	15.1	4,574,978,308	4,574,978,308
253	2. Investment in other entities	15.2	800,000,000	3,188,000,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>97,601,138,825</b>	<b>85,369,972,814</b>
261	1. Long-term prepaid expenses	16	78,795,185,973	59,968,973,343
262	2. Deferred tax assets	31.4	2,715,875,995	2,715,875,995
269	3. Goodwill	17	16,090,076,857	22,685,123,476
<b>270</b>	<b>TOTAL ASSETS</b>		<b>4,984,440,229,802</b>	<b>3,532,527,937,076</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2016

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance (Restated – Note 35)
<b>300</b>	<b>C. LIABILITIES</b>		<b>3,597,490,877,130</b>	<b>2,286,430,636,470</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>2,471,720,945,060</b>	<b>866,846,342,906</b>
311	1. Short-term trade payables	18	56,441,106,620	42,907,367,711
312	2. Short-term advances from customers	19	755,812,944,341	294,852,923,570
313	3. Statutory obligations	20	19,709,958,041	35,062,930,756
314	4. Payables to employees		1,518,568,754	1,292,690,882
315	5. Short-term accrued expenses	21	103,730,681,081	19,883,074,539
319	6. Other short-term payables	22	840,050,319,559	158,250,630,142
320	7. Short-term loan	24	667,507,428,571	289,779,271,598
322	8. Bonus and welfare fund	23	26,949,938,093	24,817,453,708
<b>330</b>	<b>II. Non-current liabilities</b>		<b>1,125,769,932,070</b>	<b>1,419,584,293,564</b>
331	1. Long-term trade payables		-	3,300,000,000
337	2. Other long-term liabilities	22	500,472,215,371	388,662,672,144
338	3. Long-term loans	24	407,448,625,411	809,772,530,132
339	4. Convertible bonds	25	210,000,000,000	210,000,000,000
341	5. Deferred tax liabilities	31.4	7,849,091,288	7,849,091,288
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>1,386,949,352,672</b>	<b>1,246,097,300,606</b>
<b>410</b>	<b>I. Capital</b>		<b>1,386,949,352,672</b>	<b>1,246,097,300,606</b>
411	1. Share capital	26.2	583,212,000,000	583,212,000,000
411a	- Shares with voting rights		583,212,000,000	583,212,000,000
412	2. Share premium	26.1	385,417,099,032	385,417,099,032
415	3. Treasury shares	26.1	(6,891,019,437)	(6,891,019,437)
418	4. Investment and development fund	26.1	131,477,728,497	131,477,728,497
421	5. Undistributed earnings	26.1	146,692,706,494	151,602,063,949
421a	- Undistributed earnings of prior year		100,708,469,933	112,214,700,898
421b	- Undistributed earnings of current year		45,984,236,561	39,387,363,051
429	6. Non-controlling interests		147,040,838,086	1,279,428,565
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>4,984,440,229,902</b>	<b>3,532,527,937,076</b>

Preparer  
Nguyen Van Minh

Chief Accountant  
Truong Hai Dang Khoa

Chief Executive Officer  
Doan Tuong Trieu

15 March 2017

CONSOLIDATED INCOME STATEMENT  
for year ended 31 December 2016

VND

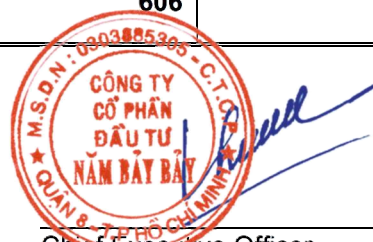
Code	ITEMS	Notes	Current year	Previous year (Restated – Note 35)
10	1. Net revenue from sale of goods and rendering of services	27.1	41,226,365,006	96,670,214,210
11	2. Cost of goods sold and services rendered	28	(36,656,784,087)	(72,030,793,715)
20	3. Gross profit from sale of goods and rendering of services		4,569,580,919	24,639,420,495
21	4. Finance income	27.2	118,719,447,098	51,835,801,584
22	5. Finance expenses	29	(43,392,119,037)	(19,519,180,461)
23	<i>In which: Interest expense</i>		(11,394,080,255)	(9,083,713,739)
25	6. Selling expenses	30	(15,578,473,835)	(917,943,602)
26	7. General and administrative expenses	30	(13,412,370,432)	(23,416,965,141)
30	8. Operating profit		50,906,064,713	32,621,132,875
31	9. Other income		2,705,947,362	15,761,399,548
32	10. Other expenses		(2,056,989,675)	(7,422,397,274)
40	11. Other profit		648,957,687	8,339,002,274
50	12. Accounting profit before tax		51,555,022,400	40,960,135,149
51	13. Current corporate income tax expense	31.1	(6,824,076,318)	(7,957,548,832)
52	14. Deferred tax expenses	31.1	-	(502,641,242)
60	15. Net profit after tax		44,730,946,082	32,499,945,075
61	16. Net profit after tax attributable to shareholders of the parent		45,984,236,561	36,937,656,781
62	17. Net loss after tax attributable to non-controlling interests		(1,253,290,479)	(4,437,711,706)
70	18. Basic earnings per share	33	703	553
71	19. Diluted earnings per share	33	606	527



Preparer  
Nguyen Van Minh



Chief Accountant  
Truong Hai Dang Khoa



Chief Executive Officer  
Doan Tuong Trieu

15 March 2017

CONSOLIDATED CASH FLOW STATEMENT  
for year ended 31 December 2016

VND

Code	ITEMS	Notes	Current year	Previous year (Restated – Note 35)
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>51,555,022,400</b>	<b>40,960,135,149</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		18,053,340,385	10,048,939,100
03	(Reversal of provision) provision		(2,017,378,280)	2,616,484,945
05	Profits from investing activities		(118,220,920,861)	(31,341,481,447)
06	Interest expense	29	11,394,080,255	9,083,713,739
08	<b>Operating (loss) profit before changes in working capital</b>		<b>(39,235,856,101)</b>	<b>31,367,791,486</b>
09	(Increase) decrease in receivables		(536,233,117,212)	39,458,874,153
10	Increase in inventories		(642,087,880,982)	(157,796,738,141)
11	Increase in payables		1,420,764,412,224	142,531,622,278
12	Increase in prepaid expenses		(18,213,323,351)	(48,018,157,744)
14	Interest paid		(129,726,816,536)	(147,346,145,081)
15	Corporate income tax paid		(24,445,195,148)	(78,043,464,279)
17	Other cash outflows from operating activities		(2,215,669,631)	(3,322,258,498)
20	<b>Net cash flows from (used in) operating activities</b>		<b>28,606,553,263</b>	<b>(221,168,475,826)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(583,620,987)	(10,358,402,828)
22	Proceeds from disposals of fixed assets		-	300,000,000
23	Loans to other entities		(7,000,000,000)	(56,000,000,000)
24	Collections from borrowers		44,000,000,000	681,027,888
26	Proceeds from sale of investments in other entities		34,776,000,000	75,765,000,000
27	Interest and dividends received		7,322,639,219	3,974,270,983
30	<b>Net cash flows from investing activities</b>		<b>78,515,018,232</b>	<b>14,361,896,043</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings	24	127,326,523,850	635,001,002,660
34	Repayment of borrowings	24	(151,922,271,598)	(406,765,346,223)
36	Dividends paid	26.2	(170,216,600)	(1,522,500,000)
40	<b>Net cash flows (used in) from financing activities</b>		<b>(24,765,964,348)</b>	<b>226,713,156,437</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
31 December 2016

VND

Code	ITEMS	Notes	Current year	Previous year (Restate – Note 35)
50	Net increase in cash		82,355,607,147	19,906,576,654
60	Cash at beginning of year		29,710,586,394	9,804,009,740
70	Cash at end of year	5	112,066,193,541	29,710,586,394



Preparer  
Nguyen Van Minh



Chief Accountant  
Trương Hải Đăng Khoa



Chief Executive Officer  
Đoàn Tường Triều

15 March 2017

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

## 1. CORPORATE INFORMATION

577 Investment Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate (“BRC”) No. 4103003556 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 4 July 2005, and as amended.

The Company’s shares were officially listed on the Ho Chi Minh City Stock Exchange (“HOSE”) on 20 November 2008 with the stock code as NBB.

The principal activities as of the Company are construction & trading real estate, construction in transportation works, construction in civil works, investing, trading infrastructure, quarrying of stone, sand, gravel, clay, kaolin, manufacturing and trading in all kinds of filters for automobile, exploiting and processing mineral.

The Company’s registered head office is located at Carina Plaza Tower, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Viet Nam and 4 dependent accounting branches are as below:

- Binh Thuan Branch, registered at 47 Tran Hung Dao, Phu Thuy Ward, Phan Thiet City, Binh Thuan Province, Viet Nam.
- Tay Nam Branch, registered at C7-TTTM Ba Trieu, Ward 3, Bac Lieu City, Bac Lieu Province, Viet Nam.
- Mien Bac Branch, registered at Group 1, Block 6, Bai Chay Ward, Ha Long City, Quang Ninh Province, Viet Nam.
- Quang Ngai Branch, registered at Truong Tho Dong Residential Group, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai province, Viet Nam.

The number of Group’s employees as at 31 December 2016 was 137 (31 December 2015: 148).

### **Corporate structure**

The Company’s corporate structure includes five subsidiaries, in which:

(i) *Hung Thanh Construction - Trading - Service - Production Co., Ltd. (“Hung Thanh”)*

Hung Thanh is a limited liability company incorporated under the Law of Enterprise of Vietnam pursuant to the BRC No. 4102003918 issued by the DPI of Ho Chi Minh City on 1 March 2001, and as amended. The head office of Hung Thanh is located at 3<sup>rd</sup> floor, Block B, Carina PLaza, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Vietnam. The principal activities of Hung Thanh Company are constructing industrial works and civil works; road projects, house and real estate trading.

As at 31 December 2016, the Company hold a 95% equity share in Hung Thanh.

(ii) *Quang Ngai Mineral Investment Joint Stock Company (“QMI”)*

QMI is a shareholding company incorporated under the Law of Enterprise of Vietnam pursuant to the BRC No. 4300368176 issued by the DPI of Ho Chi Minh City on 24 December 2007, and as amended. The head office of QMI is located at Block C1-3, Tinh Phong industrial zone, Tinh Phong Commune, Son Tinh District, Quang Ngai Province. The principal activities of QMI Company are trading materials, installation equipment in the construction; trading gasoline and related products and exploiting rock, sand, soil, land, kaolin.

As at 31 December 2016, the Company hold a 90% equity share in QMI.

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

## 1. CORPORATE INFORMATION (continued)

### **Corporate structure** (continued)

#### *(iii) NBB Industry Joint Stock Company (“NBBI”)*

NBBI is a shareholding company incorporated under the Law of Enterprise of Vietnam pursuant to the BRC No. 3203001767 issued by the DPI of Da Nang City on 24 December 2007, and as amended. The head office of NBBI is located at Block G, road 10, Hoa Khanh industrial zone, Lien Chieu District, Da Nang City, Vietnam. The principal activities of NBBI Company are manufacturing and trading all kinds of filter for automobile.

As at 31 December 2016, the Company hold a 76% equity share in NBBI.

#### *(iv) Huong Tra Company Limited (“Huong Tra”)*

HuongTra is a limited liability company incorporated under the Law of Enterprise of Vietnam pursuant to the BRC No. 4300340364 issued by the DPI of Quang Ngai Province on 21 June 2006, and as amended. The head office of Huong Tra is located at Truong Tho Dong complex, Truong Quang Trong Ward, Quang Ngai City, Quang Ngai Province, Vietnam. The principal activities of Huong Tra Company are trading materials, installation equipment in the construction; trading in gasoline and related products and exploiting rock, sand, soil, land, kaolin.

As at 31 December 2016, the Company hold a 99% equity share in Huong Tra.

#### *(v) Thu Thiem Land Company Limited (“DTT”)*

DTT is a limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No 0313629237 issued by the DPI of Ho Chi Minh City on 20 January 2016, and as amended. DTT’s registered office located at Carina Plaza Tower, 1648 Vo Van Kiet, Ward 16, District 8, Ho Chi Minh City, Viet Nam. DTT’s principle activities are construction & trading real estate, land use rights and construction in civil works.

As at 31 December 2016, the Company hold a 51% equity share in DTT.

## 2. BASIS OF PREPARATION

### 2.1 **Accounting standards and system**

The consolidated financial statements of the Group expressed in Vietnam dong (“VND”), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

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

## 2. BASIS OF PREPARATION (continued)

### 2.2 *Applied accounting documentation system*

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

### 2.3 *Fiscal year*

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

### 2.4 *Accounting currency*

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

### 2.5 *Basis of consolidation*

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group 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 year as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

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*

Cash comprises cash on hand and cash at banks.

### 3.2 *Inventories*

#### *Inventory property*

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

Cost includes:

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

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

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

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

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

#### 3.2 *Inventories* (continued)

##### *Other inventories*

Other inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, tools and supplies - cost of purchase on a weighted average basis.

##### *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 raw materials, finished goods, and other 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.

#### 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 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

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

When intangible assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.



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

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

#### 3.6 *Depreciation and amortization*

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

Land use rights	30 years
Permits and franchise licenses	8 years
Buildings and structures	5 - 25 years
Machinery and equipment	4 - 10 years
Means of transportation	6 - 8 years
Office equipment	3 years
Other tangible fixed assets	3 - 16 years

#### 3.7 *Investment properties*

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation. Investment properties held for capital appreciation are not depreciated/amortised but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property.

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

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

Shopping mall	30 years
Pool and tennis court	10 -30 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 period of retirement or disposal.

#### 3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the period in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets.

#### 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 31 December 2016 and for year then ended

### 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 acquiree'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 10-year period 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.

When the acquisition of a subsidiary is not recognized as a business combination, it is treated as an asset acquisition transaction rather than a business combination. Accordingly, the purchasing price will be allocated to identifiable assets and liabilities based on their relative fair value at the purchasing date. Therefore, no goodwill arise from this transaction.

#### 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 associates is included in the carrying amount of the investment and is amortized over 10-year period. The consolidated income statement reflects the share of the post-acquisition results of operation of the associates.

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/profit sharing 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.

##### *Held-for-trading securities and investments in other entities*

Held-for-trading securities and investments in other entities are stated at their acquisition costs.

##### *Provision for diminution in value of held-for-trading securities and investments in entities*

Provision is made for any diminution in value of the held-for-trading securities and investments in entities at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

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

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

#### 3.12 *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.

#### 3.13 *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 another 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 transaction 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 years.

Transaction costs are allocated during the lifetime of the bond following straight line basis. At initial recognition, issuance costs are deducted from the liability component of the bond.

#### 3.14 *Treasury shares*

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

#### 3.15 *Appropriation of net profits*

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

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

##### *Investment and development fund*

This fund is set aside for use in the Group's expansion of its operation or 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.

#### 3.16 *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.

***Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group 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.***

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

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

#### 3.17 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:

##### *Income from sales of houses and apartment*

For completed houses and apartments sold by the Group, revenue and cost are recognised when the significant risks and rewards of ownership of houses and apartments have passed to the buyer.

##### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

##### *Income from sales of block of land and land on which infrastructure has been built*

Income from sales of block of land and land on which infrastructure has been built is defined as the total received amount when block of land and land on which infrastructure has been built were transferred to customer.

##### *Rental income*

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

##### *Rendering of services*

Revenue from rendering of services is recognized as and when the services are rendered to the customers and are stated net of discounts, value-added tax and allowances.

##### *Interest income*

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

##### *Dividends*

Revenue is recognised when the Group's right to receive the payment is established

#### 3.18 Taxation

##### *Current income tax*

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

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

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

##### *Deferred tax*

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

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

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

#### 3.18 *Taxation* (continued)

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

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:

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

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

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

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

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

#### 3.19 *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.

The Group's principal activities are to trade in real estate, construction and other activities. These activities are mainly taking place within Vietnam. Therefore, the Group's management is of the view that the Group has only one geographic area. Accordingly, the Group presents segmented information by business segment and segmented information by geographical segment will not be presented.

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

#### 4. BUSINESS COMBINATIONS

During the year, the Group acquired 99.99% of DTT's ownership at purchase price of VND 430,000,000,000. This acquisition has been approved by the Board of Directors in accordance with Resolution No. 19/NQ-HDQT and DPI of Ho Chi Minh City. On 29 December 2016, the Group transferred 49% of the Group's ownership in DTT and accordingly reduced the Group's ownership in DTT from 100% to 51%. This transaction is approved by the Board of Directors in accordance with Resolution No. 19/NQ-HDQT dated 30 March 2016.

The Group's management assessed that the costs of acquisition represent the fair value of the land owned by newly-acquired subsidiary. Management treated this acquisition as asset acquisition rather than as business combination since this real estate subsidiary is not commercially operating and only have land and projects for future development.

#### 5. CASH

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	4,349,999,058	2,132,607,440
Cash in banks	107,716,194,483	27,577,978,954
<b>TOTAL</b>	<b>112,066,193,541</b>	<b>29,710,586,394</b>

Cash in banks of VND 3,778,531,826 (31 December 2015: VND 962,880,000) was blocked at Joint Stock Commercial Bank for Investment and Development of Vietnam to assure the payment for land compensation and clearance activities at Seafood Hill Villas Project – Quang Ninh Province.

#### 6. SHORT-TERM TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivable from Mr. Vu Dinh Khoi	27,500,000,000	29,000,000,000
Receivables from real estate projects:		
- <i>Receivables from customers of Residential Project, Ward 2, Bac Lieu City</i>	5,812,572,325	4,138,941,705
- <i>Receivables from Son Tinh Residential Project, Quang Ngai Province</i>	107,000,000	949,150,000
- <i>Receivables from The Carina Apartment Project</i>	-	20,498,100,586
- <i>Receivables from other parties</i>	14,970,407,031	11,876,570,987
<b>TOTAL</b>	<b>48,389,979,356</b>	<b>66,462,763,278</b>
Provision for doubtful short-term receivables	(813,105,686)	(713,912,786)
<b>NET</b>	<b>47,576,873,670</b>	<b>65,748,850,492</b>

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

## 7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to third parties	248,162,441,433	83,454,221,170
- Arch Real Estate Service Joint Stock Company	68,860,000,000	-
- Tien Phong Concrete Limited Liability Company	51,524,479,829	-
- Land Development Center of De – Lagi Resort Project	39,346,886,130	550,000,000
- Brilliant Lift Technique Joint Stock Company	11,745,454,545	-
- Sai Gon Construction Joint Stock Company (COSACO)	11,235,809,362	38,678,304,406
- Others	65,449,811,567	44,225,916,764
Advances to related parties (Note 32)	299,980,000,000	-
<b>TOTAL</b>	<b><u>548,142,441,433</u></b>	<b><u>83,454,221,170</u></b>

## 8. SHORT-TERM LOANS RECEIVABLES

Ending balance represented amounts the Group lend to Arch Real Estate Service Joint Stock Company to support operating activities with interest rate of 10% per annum.

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

## 9. OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Receivables from shares disposal	288,188,351,642	-
Advance for land compensation of NBB Garden IV Complex Project, Tan Kien – Binh Chanh District (i)	128,893,030,439	128,893,030,439
Advance for land compensation of NBB Garden IV Complex Project, Tan Kien – Binh Chanh District (i)	24,016,200,000	23,016,200,000
Land Fund Development Centre – Quang Ngai Branch	12,172,698,005	-
Advance for land compensation of The Diamond Riverside Apartment Building Project (ii)	1,023,000,000	18,907,500,000
Advance for land compensation of NBB Garden II Apartment Building Project (i)	113,825,160	10,113,825,160
Advances to construction teams	-	1,323,833,574
Others	15,240,548,967	11,138,239,404
	<u>469,647,654,213</u>	<u>193,392,628,577</u>
<b>Long-term</b>		
Ho Chi Minh City Infrastructure Investment Joint Stock Company ("CII") (iii)	100,067,648,226	55,273,737,400
Project deposits	10,324,232,152	12,724,232,152
	<u>110,391,880,378</u>	<u>67,997,969,552</u>
<b>TOTAL</b>	<b>580,039,534,591</b>	<b>261,390,598,129</b>
Provision for doubtful debts	-	(1,400,000,000)
<b>NET</b>	<b>580,039,534,591</b>	<b>259,990,598,129</b>
<i>In which:</i>		
<i>Related parties (Note 32)</i>	100,067,648,226	55,273,737,400
<i>Third parties</i>	479,971,886,365	206,116,860,729

(i) Ending balances represented advances to Mr Pham Van Dau, an investment cooperation partner, for land compensation activities of NBB Garden II, NBB Garden III Apartment Building Project and Tan Kien – Binh Chanh NBB Garden IV Complex projects of the Group (Note 22).

(ii) Ending balances represented advances to Mr Le Van Hoa, an investment cooperation partner, for land compensation activities of Diamond Riverside Apartment Building Project of the Group (Note 22).

(iii) Ending balance represented profit advance from The Diamond Riverside Apartment Building Project which the Group paid to CII – investment cooperation partner of this project (Note 22).



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

**10. INVENTORIES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Real estate in progress (i)	3,329,650,934,199	2,690,295,352,202
Finished goods – sand, stone, car filter	5,616,216,705	6,415,874,654
Work in progress of Utilities of The Carina Apartment	5,599,132,902	2,088,880,330
Raw materials	3,152,305,182	2,548,546,557
Tools and supplies	215,930,383	828,352,601
Work in progress – sand, stone, carfilter	504,252,305	473,884,350
<b>TOTAL</b>	<b>3,344,738,771,676</b>	<b>2,702,650,890,694</b>
Provision for obsolete inventories	(273,840,538)	(990,411,718)
<b>NET</b>	<b>3,344,464,931,138</b>	<b>2,701,660,478,976</b>

(i) Real estate in progress includes investment and development costs of the following projects:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
City Gate Towers Apartment Building Project	1,043,876,734,885	659,568,397,827
NBB Garden II Apartment Building Project (*)	711,741,299,614	672,871,006,444
NBB Garden III Apartment Building Project (*)	481,226,494,296	448,562,435,536
NBB Garden IV Complex Project, Tan Kien – Binh Chanh District	325,416,737,349	312,049,425,426
Son Tinh Residential Project, Quang Ngai Province	319,522,689,353	279,286,262,876
The Diamond Riverside Apartment Building Project (*)	257,488,437,506	219,558,131,236
Thu Thiem New Urban Area Project	66,306,630,000	-
Residential Project, Ward 2, Bac Lieu City	33,699,995,567	33,169,463,933
Seafood Hill Villas Project – Quang Ninh Province	48,643,161,984	26,590,313,599
Ha Long Ecological Urban Area Project	27,996,328,839	27,756,328,839
De – Lagi Resort Project (*)	12,709,697,532	9,860,859,212
Ruby Island Project, Quang Ngai Province	1,022,727,274	1,022,727,274
<b>TOTAL</b>	<b>3,329,650,934,199</b>	<b>2,690,295,352,202</b>

(\*) These are projects the Group cooperates with other parties as disclosed in Note 22.

The value of land use rights and assets formed from the loans of projects presented in the work in progress of the Group as at 31 December 2016 were pledged to secure short-term and long-term loans and liabilities as described in Note 24.1 and Note 24.2.

During the year, the Group capitalized borrowing costs amounting to VND 126,894,621,987 (previous year: VND 128,017,098,290) into the cost of projects.

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

## 11. TANGIBLE FIXED ASSETS

						VND
	<i>Buildings and structures</i>	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Office equipment</i>	<i>Others</i>	<i>Total</i>
<b>Cost:</b>						
Beginning balance	94,684,744,642	66,764,008,990	16,415,568,971	539,429,137	3,464,521,963	181,868,273,703
New purchase	-	-	-	-	264,728,900	264,728,900
Ending balance	<u>94,684,744,642</u>	<u>66,764,008,990</u>	<u>16,415,568,971</u>	<u>539,429,137</u>	<u>3,729,250,863</u>	<u>182,133,002,603</u>
<i>In which:</i>						
<i>Fully depreciated</i>	409,090,909	4,746,087,090	2,378,972,000	150,725,000	66,084,065	7,750,959,064
<b>Accumulated depreciation:</b>						
Beginning balance	(11,389,121,564)	(25,427,358,570)	(7,009,839,921)	(412,629,068)	(926,928,583)	(45,165,877,706)
Depreciation for the year	<u>(2,337,615,036)</u>	<u>(4,291,641,318)</u>	<u>(1,880,808,525)</u>	<u>(44,245,815)</u>	<u>(270,087,263)</u>	<u>(8,824,397,957)</u>
Ending balance	<u>(13,726,736,600)</u>	<u>(29,718,999,888)</u>	<u>(8,890,648,446)</u>	<u>(456,874,883)</u>	<u>(1,197,015,846)</u>	<u>(53,990,275,663)</u>
<b>Net carrying amount:</b>						
Beginning balance	<u>83,295,623,078</u>	<u>41,336,650,420</u>	<u>9,405,729,050</u>	<u>126,800,069</u>	<u>2,537,593,380</u>	<u>136,702,395,997</u>
Ending balance	<u>80,958,008,042</u>	<u>37,045,009,102</u>	<u>7,524,920,525</u>	<u>82,554,254</u>	<u>2,532,235,017</u>	<u>128,142,726,940</u>
<i>In which:</i>						
<i>Pledged as loan security (Note 24.2)</i>	-	32,613,448,437	811,762,025	-	-	33,425,210,462

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

**12. INTANGIBLE ASSETS**

			VND
	<i>Land use rights</i>	<i>Permits and franchise licenses</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	3,648,149,366	2,000,000,000	5,648,149,366
New purchase	60,185,180	-	60,185,180
Ending balance	<u>3,708,334,546</u>	<u>2,000,000,000</u>	<u>5,708,334,546</u>
<b>Accumulated amortisation:</b>			
Beginning balance	-	(1,191,489,376)	(1,191,489,376)
Amortization for the year	-	(255,319,152)	(255,319,152)
Ending balance	<u>-</u>	<u>(1,446,808,528)</u>	<u>(1,446,808,528)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>3,648,149,366</u>	<u>808,510,624</u>	<u>4,456,659,990</u>
Ending balance	<u>3,708,334,546</u>	<u>553,191,472</u>	<u>4,261,526,018</u>

**13. INVESTMENT PROPERTIES**

			VND
	<i>Pool and tennis court</i>	<i>Shopping mall of Carina Apartment</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	11,334,257,682	54,174,234,989	65,508,492,671
Transfer from construction in progress	-	2,277,538,330	2,277,538,330
Ending balance	<u>11,334,257,682</u>	<u>56,451,773,319</u>	<u>67,786,031,001</u>
<b>Accumulated amortization:</b>			
Beginning balance	(457,883,453)	(300,967,972)	(758,851,425)
Amortization for the year	(572,767,824)	(1,805,808,833)	(2,378,576,657)
Ending balance	<u>(1,030,651,277)</u>	<u>(2,106,776,805)</u>	<u>(3,137,428,082)</u>
<b>Net carrying amount:</b>			
Beginning balance	<u>10,876,374,229</u>	<u>53,873,267,017</u>	<u>64,749,641,246</u>
Ending balance	<u>10,303,606,405</u>	<u>54,344,996,514</u>	<u>64,648,602,919</u>

The fair value of the investment properties was not formally assessed and determined as at 31 December 2016. However, it is management's assessment that these properties' market values are higher than their carrying value as at the balance sheet date.

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

**14. WORK IN PROGRESS**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Mo Duc Titanium mining zone	12,034,185,506	11,734,185,506
577 Office Project at City Gate Towers Project	-	1,533,503,576
Others	2,632,944,663	1,080,549,000
<b>TOTAL</b>	<b><u>14,667,130,169</u></b>	<b><u>14,348,238,082</u></b>

**15. LONG-TERM INVESTMENTS**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in associates ( <i>Note 15.1</i> )	4,574,978,308	4,574,978,308
Investments in other entities ( <i>Note 15.2</i> )	800,000,000	3,188,000,000
<b>TOTAL</b>	<b><u>5,374,978,308</u></b>	<b><u>7,762,978,308</u></b>

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

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

**15.1 Investments in associates**

Name	Business activity	Status of operation	Ending balance		Beginning balance	
			Ownership	Carrying value	Ownership	Carrying value
			%	(VND)	%	(VND)
Tam Phu Investment and Construction Co.,Ltd	Real estate	Operating	49	<u>4,574,978,308</u>	49	<u>4,574,978,308</u>

**15.2 Investments in other entities**

Name	Business activity	Ending balance	Beginning balance
Arch Real Estate Service Joint Stock Company	Real estate	-	2,388,000,000
Saigon Highlands Investment Joint Stock Company	Real estate	<u>800,000,000</u>	<u>800,000,000</u>
<b>TOTAL</b>		<b><u>800,000,000</u></b>	<b><u>3,188,000,000</u></b>

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

**16. PREPAID EXPENSES**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Tools and supplies	40,944,152	653,833,431
<b>Long-term</b>		
Expenses for show apartment	13,209,979,315	13,408,920,280
Brokerage expenses of City Gate Towers Apartment Building Project	64,348,005,228	39,146,163,430
Others	1,237,201,430	7,413,889,633
	<u>78,795,185,973</u>	<u>59,968,973,343</u>
<b>TOTAL</b>	<b><u>78,836,130,125</u></b>	<b><u>60,622,806,774</u></b>

**17. GOODWILL**

	<i>VND</i>	
	<i>Goodwill</i>	
<b>Cost:</b>		
Beginning and ending balances		<u>61,702,951,071</u>
<b>Accumulated amortization:</b>		
Beginning balance		39,017,827,595
Amortization for the year		<u>(6,595,046,619)</u>
Ending balance		<u>(45,612,874,214)</u>
<b>Net carrying amount:</b>		
Beginning balance		<u>22,685,123,476</u>
Ending balance		<u>16,090,076,857</u>

**18. SHORT-TERM TRADE PAYABLES**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Saigon Construction Joint Stock Company (COSACO)	33,276,366,872	10,272,891,497
Concrete Aggregate (Viet Nam) Company Limited	8,247,679,415	3,678,378,678
Arch Real Estate Service Joint Stock Company	-	15,728,756,564
Others	14,917,060,333	13,227,340,972
	<u>56,441,106,620</u>	<u>42,907,367,711</u>

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

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

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Customers of The City Gate Tower high-rise apartment building Project	716,973,174,085	259,348,740,410
Customers of Son Tinh Quang Ngai residential Project	29,772,606,668	28,831,221,765
Ward 2 Residential project, Bac Lieu City	3,664,493,962	6,667,897,395
Others	5,402,669,626	5,064,000
<b>TOTAL</b>	<b><u>755,812,944,341</u></b>	<b><u>294,852,923,570</u></b>

**20. STATUTORY OBLIGATIONS**

	VND			
	<i>Beginning balance</i>	<i>Increase in the year</i>	<i>Decrease in the year</i>	<i>Ending balance</i>
Corporate income tax	23,646,103,528	6,824,076,318	(18,516,719,381)	11,953,460,465
Value added tax	3,804,970,323	40,552,318,944	(41,374,490,714)	2,982,798,553
Personal income tax	525,514,353	14,540,529,909	(14,969,989,198)	96,055,064
Environmental resources tax	109,766,300	215,569,109	(267,209,276)	58,126,133
Other taxes	6,976,576,252	3,124,006,810	(5,481,065,236)	4,619,517,826
<b>TOTAL</b>	<b><u>35,062,930,756</u></b>	<b><u>65,256,501,090</u></b>	<b><u>(80,609,473,805)</u></b>	<b><u>19,709,958,041</u></b>

**21. SHORT-TERM ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Interest expenses	54,513,183,761	14,473,073,312
Consulting fee	31,818,181,818	-
Expenses for City Gate Towers Apartment Building Project	17,288,575,502	5,147,386,227
Others	110,740,000	262,615,000
<b>TOTAL</b>	<b><u>103,730,681,081</u></b>	<b><u>19,883,074,539</u></b>

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

**22. OTHER PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>		
Payable to CII (i)	490,808,737,787	57,614,474,592
Dividend payables	108,487,535,000	64,192,271,600
Deposits from customers of The Diamond Riverside Apartment Building Project	202,971,030,417	-
Payable to Kallang Limited (ii)	11,873,229,643	22,615,907,572
Payable to Nam Thinh Mechanical Joint Stock Company	9,000,000,000	-
Others	16,909,786,712	13,827,976,378
	<u>840,050,319,559</u>	<u>158,250,630,142</u>
<b>Long-term</b>		
Investment cooperation capital contribution payable (iii)	471,225,989,920	310,519,117,800
Cost of capital payable	-	49,963,089,174
Payable to maintenance fund of Carina Plaza	21,456,152,683	20,654,954,255
Long-term deposits	7,790,072,768	7,525,510,915
	<u>500,472,215,371</u>	<u>388,662,672,144</u>
<b>TOTAL</b>	<b><u>1,340,522,534,930</u></b>	<b><u>546,913,302,286</u></b>

*In which:*

<i>Other payables to related parties (Note 32)</i>	980,558,428,695	315,779,271,241
<i>Other payables to suppliers</i>	359,964,106,235	231,134,031,045

- (i) Payables to CII including borrowings to finance working capitals with interest of 10%/annum and payables for capital transfer of Thu Thiem Land Company Limited amounting to VND 60,808,737,787 and VND 430,000,000,000, respectively.
- (ii) Payable to Kallang Limited represented payables relating to non conversion of 2,600,000 preference shares to common shares on 7 October 2013. As at 31 December 2016, the remaining amount includes principle and interest incurred from late payment amounting to VND 11,267,600,000 and VND 605,629,643, respectively.
- (iii) Details of capital payables from investment cooperation contracts are as follow:

	VND	
<i>Name of project</i>	<i>Ending balance</i>	<i>Beginning balance</i>
Cooperation with CII - The Diamond Riverside Apartment Building Project (*)	260,487,200,000	165,987,200,000
Cooperation with Thanh Gia Real estate Limited Liability Company - NBB Garden III Apartment Building Project (**)	102,590,025,800	102,590,025,800
Cooperation with CII - De – Lagi Resort Project (***)	58,560,072,120	-
Cooperation with Mr. Pham Van Dau - NBB Garden II Apartment Building Project (****)	42,421,432,000	34,774,632,000
Cooperation with Mr. Le Van Hoa - The Diamond Riverside Apartment Building Project (*****)	7,167,260,000	7,167,260,000
<b>TOTAL</b>	<b><u>471,225,989,920</u></b>	<b><u>310,519,117,800</u></b>



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

## 22. OTHER PAYABLES (continued)

- (\*) The Group cooperated with CII under business cooperation contract to build The Diamond Riverside Apartment Building Project located at Ward 16, District 8, Ho Chi Minh City. Capital contributed by the Group and CII is 20% and 80%, respectively. After the construction is completed and products are sold, profits will be distributed among the parties according to each party's contributed capital. In addition, under the Capital Transfer Agreement dated 29 June 2010, the Group is committed to advance a minimum annual after-tax profit of the project to CII based on the amount of capital contributed. As at 31 December 2016, the Group has advanced to CII an amount of VND 100,067,648,226, as mentioned in Note 9.
- (\*\*) The Group cooperated with Thanh Gia Real estate Limited Liability Company ("Thanh Gia") under the investment cooperation contract No. 11/2012/HD-HTDT dated 1 October 2012 to co-invest in the project NBB Garden III Apartment Building located at Ward 16, District 8, Ho Chi Minh City. Capital contributed by the Group and Thanh Gia is 63% and 37%, respectively. After the construction is completed and products are sold, profits will be distributed among the parties according to each party's contributed capital.
- (\*\*\*) The Group cooperated with CII under the investment cooperation contract No. 01/HDHT-NBB-CII dated 12 January 2016 to build a luxury condominium resort combined with residential area De – Lagi in Lagi Town, Binh Thuan Province. Capital contributed by the Group and CII is 60% and 40%, respectively. After the construction is completed and products are sold, profits will be distributed among the parties according to each party's contributed capital.
- (\*\*\*\*) The Group cooperated with Mr. Pham Van Dau under investment cooperation contract No. 610/2009/HD-HTDT dated 5 November 2009 to invest in the construction of NBB Garden II Apartment Building Project located at Hamlet 2, Tan Kien Commune, Binh Chanh District, Ho Chi Minh City. Capital contributed by the Group and Mr. Pham Van Dau is 70% and 30%, respectively, for the first phase, land clearance investment procedures. Capital contribution for the second phase, construction, will be agreed upon both parties approve the technical design, total cost estimates of construction and project related costs. After the construction is completed and products are sold, profits will be distributed among the parties according to each party's contributed capital.
- (\*\*\*\*\*) The Group cooperated with Mr. Le Van Hoa under investment cooperation contract No. 01/HD dated 29 October 2015 to cooperate to invest in an area of land planed to construct school inside the Diamond Riverside Apartment Building Project located at Ward 16, District 8, Ho Chi Minh City, now converted to a part of residential land with an area of 5,200 m<sup>2</sup>. Capital contributed by the Group and Mr. Le Van Hoa is 80% and 20%, respectively, for the cost of land, other expenses contributed by each party of 50%. After the construction is completed, products will be divided equally to each party.

## 23. BONUS AND WELFARE FUND

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	24,817,453,708	24,919,519,706
Increase	4,348,154,016	3,551,449,015
Utilize of fund	(2,215,669,631)	(3,653,515,013)
<b>Ending balance</b>	<b><u>26,949,938,093</u></b>	<b><u>24,817,453,708</u></b>

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

**24. LOANS**

	VND				
	<i>Beginning balance</i>	<i>Drawdown</i>	<i>Repayment</i>	<i>Reclassified to short-term loans</i>	<i>Ending balance</i>
<b>Short-term loan</b>					
Current portion of long term loans (Note 24.2)	38,500,000,000	-	(15,643,000,000)	80,571,428,571	103,428,428,571
Current portion of long term bonds (Note 24.3)	250,000,000,000	-	(100,000,000,000)	354,322,000,000	504,322,000,000
Loans from banks (Note 24.1)	1,279,271,598	94,757,000,000	(36,279,271,598)	-	59,757,000,000
	<u>289,779,271,598</u>	<u>94,757,000,000</u>	<u>(151,922,271,598)</u>	<u>434,893,428,571</u>	<u>667,507,428,571</u>
<b>Long-term loan</b>					
Bonds (Note 24.3)	354,322,000,000	-	-	(354,322,000,000)	-
Loans from banks (Note 24.2)	455,450,530,132	32,569,523,850	-	(80,571,428,571)	407,448,625,411
	<u>809,772,530,132</u>	<u>32,569,523,850</u>	<u>-</u>	<u>(434,893,428,571)</u>	<u>407,448,625,411</u>
<b>TOTAL</b>	<b><u>1,099,551,801,730</u></b>	<b><u>127,326,523,850</u></b>	<b><u>(151,922,271,598)</u></b>	<b><u>-</u></b>	<b><u>1,074,956,053,982</u></b>
<i>In which:</i>					
Loans from related parties (Note 32)	354,322,000,000				354,322,000,000
Loans from other parties	745,229,801,730				720,634,053,982

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

**24. LOANS** (continued)

**24.1 Short-term loans from banks**

<i>Bank</i>	<i>Ending balance</i> <i>VND</i>	<i>Principal and interest</i> <i>repayment term</i>	<i>Interest rate</i> <i>(%/year)</i>	<i>Purposes</i>	<i>Description of collateral</i>
Vietnam Joint Stock Commercial Bank for Industry and Trade – Branch 8 ("VietinBank")	<u>59,757,000,000</u>	12 months from loan drawdown date	Floating rate calculated by 12-month deposit rate plus margin of 4% per annum	Payment for the cost of capital of The Diamond Riverside Apartment Building Project	The loan is secured by 28 land plots located in the Diamond Riverside Apartment Building Project (30,201 m <sup>2</sup> ) located in Ward 16, District 8, Ho Chi Minh City, owned by the Group.

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

**24. LOANS** (continued)

**24.2 Long-term loans from banks**

<i>Bank</i>	<i>Ending balance</i> VND	<i>Principal and interest repayment term</i>	<i>Interest rate</i> (%/year)	<i>Purposes</i>	<i>Description of collateral</i>
Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") – Binh Dinh Branch	340,130,053,982	5 years from 11 November 2013	Floating from 10.5	To financing for Son Tinh Residential Project and other projects of the Group	Assets formed from loans under Son Tinh Residential Project and land use rights of Residential Project, Ward 2, Bac Lieu City
Asia Joint Stock Commercial Bank	147,857,000,000	Following payment schedule to 31 December 2019	Floating from 9.5	To financing for NBB Garden II and NBB Garden III Apartment Building Project	Land use rights of NBB Garden III Apartment Building Project located at Ward 16, District 8, Ho Chi Minh City
BIDV - Da Nang Branch	22,890,000,000	Following payment schedule to 30 October 2019	Floating rate calculated at the interest rates of 12 month deposits plus 3.6	Purchasing machines and equipment	Machinery and equipment to produce automobile filters owned by NBB Industrial Joint Stock Company
<b>TOTAL</b>	<b><u>510,877,053,982</u></b>				
<i>In which:</i>					
<i>Current portion</i>	103,428,428,571				
<i>Long-term</i>	407,448,625,411				

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

## 24. LOANS (continued)

### 24.3 Bond issued

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Bond issued to Creed Investments VN-1 Ltd (i)	354,322,000,000	354,322,000,000
Bond issued to Viet Nam International Bank – Sai Gon Branch (“VIB Bank”) (ii)	150,000,000,000	250,000,000,000
<b>TOTAL</b>	<b>504,322,000,000</b>	<b>604,322,000,000</b>
<i>In which:</i>		
<i>Current portion</i>	504,322,000,000	250,000,000,000
<i>Long-term</i>	-	354,322,000,000

- (i) The Group’s corporate bonds with total value of VND 600,000,000,000, issued on 9 September 2014, will be paid on full once at or before the maturity date depend on the cash collection progress of The City Gate Towers Project located on Vo Van Kiet Street, Ward 16, District 8, Ho Chi Minh City. These are non-convertible and secured bonds with par value of VND 100,000. These bonds have three years term from 9 September 2014 with fixed interest rate of 10% per annum. The purpose of these bonds is to finance The City Gate Towers Project. Collaterals are the Group’s capital contribution in Hung Thanh and its receivables.
- (ii) The Group’s corporate bonds with the total value of VND 400,000,000,000, issued on 24 December 2009 and will be paid on full once at the maturity date. These are non-convertible and secured bonds with the par value of VND 1,000,000,000. These bonds have 4 years term and was matured on 24 December 2013. Interest rate is floating rate with adjustment every 6 months, and is calculated at the interest rates of 12 month deposits of VIB Bank plus 4% per annum. In 2013, the Group extended the maturity date of these bonds to 24 December 2016. The purpose of these bonds is to finance three projects including The Diamond Riverside, NBB Garden II Apartment Building Project and NBB Garden IV Complex Project, Tan Kien – Binh Chanh District. Collaterals are land use rights of The Diamond Riverside Apartment Building Project located at Ward 16, District 8, Ho Chi Minh City.

At the date of this report, the Group is still waiting for approval of the repayment plan for the said overdue bond. Management believes that the Group has sufficient funds to repay for the bondholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 25. CONVERTIBLE BONDS

<i>Bonds holders</i>	<i>Amount</i>	<i>Interest (%/year)</i>	<i>VND Maturity (year)</i>
Amersham Industries Limited	75,000,000,000	8	5
Vietnam Debt Fund SPC	30,000,000,000	8	5
Kallang Limited	52,500,000,000	8	5
Ms. Phan Diep Huyen Chi	52,500,000,000	8	5
<b>TOTAL</b>	<b>210,000,000,000</b>		
<i>In which:</i>			
<i>Bonds issued to related parties (Note 32)</i>	105,000,000,000		
<i>Bonds issued to other parties</i>	105,000,000,000		

The Group's convertible corporate bonds with total value of VND 210,000,000,000 issued on 29 July 2015. These are unsecured convertible bonds with par value of VND 1,000,000 with purpose to supplement the working capital of the Group's real estate projects. These corporate bonds have 5 years term with fixed interest rate of 8% per annum. Bonds interests is paid every six months. Bonds holders have the right to convert bonds to common shares at any time every six months since the date of issuance. Conversion price is VND 22,500 per share with possible adjustment terms. According to the Group's Board of Directors' assessment, nominal interest rate of convertible bonds is equivalent to market interest rate, therefore, no discount or premium has been recognized.

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

### 26.1 Increase and decrease in owners' equity

	Share capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	VND Total
<b>Previous year</b>						
Beginning balance	583,212,000,000	385,517,099,032	(6,891,019,437)	131,477,728,497	184,596,747,471	1,277,912,555,563
Net profit for the year	-	-	-	-	43,480,703,858	43,480,703,858
Bous and welfare funds appropriation	-	-	-	-	(3,551,449,015)	(3,551,449,015)
Dividends declared	-	-	-	-	(58,181,800,000)	(58,181,800,000)
Remuneration of Board of Director and Supervisor	-	-	-	-	(350,000,000)	(350,000,000)
Others	-	(100,000,000)	-	-	-	(100,000,000)
Ending balance	<u>583,212,000,000</u>	<u>385,417,099,032</u>	<u>(6,891,019,437)</u>	<u>131,477,728,497</u>	<u>165,994,202,314</u>	<u>1,259,210,010,406</u>
<b>Current year</b>						
Beginning balance	583,212,000,000	385,417,099,032	(6,891,019,437)	131,477,728,497	165,994,202,314	1,259,210,010,406
Restated (Note 35)	-	-	-	-	(14,392,138,365)	(14,392,138,365)
Beginning balance (restated)	<u>583,212,000,000</u>	<u>385,417,099,032</u>	<u>(6,891,019,437)</u>	<u>131,477,728,497</u>	<u>151,602,063,949</u>	<u>1,244,817,872,041</u>
Dividends declared	-	-	-	-	(46,545,440,000)	(46,545,440,000)
Net profit for the year	-	-	-	-	45,984,236,561	45,984,236,561
Bous and welfare funds appropriation	-	-	-	-	(4,348,154,016)	(4,348,154,016)
Ending balance	<u>583,212,000,000</u>	<u>385,417,099,032</u>	<u>(6,891,019,437)</u>	<u>131,477,728,497</u>	<u>146,692,706,494</u>	<u>1,239,908,514,586</u>

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

**26. OWNERS' EQUITY** (continued)

**26.2 Capital transactions with owners and distribution of dividends, profits**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Contributed capital</b>		
Beginning and ending balances	<u>583,212,000,000</u>	<u>583,212,000,000</u>
<i>Dividends declared</i>	46,545,440,000	58,181,800,000
<i>Dividends paid</i>	170,216,600	1,522,500,000

**26.3 Shares**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Number of shares</i>	<i>Number of shares</i>
<b>Issued shares</b>	<b>58,321,200</b>	<b>58,321,200</b>
<b>Issued and paid-up shares</b>		
Ordinary shares	58,321,200	58,321,200
<b>Repurchased shares (treasury shares)</b>		
Ordinary shares	(139,400)	(139,400)
<b>Shares in circulation</b>		
Ordinary shares	58,181,800	58,181,800

**27. REVENUES**

**27.1 Revenue from sale of goods and rendering of services**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Sales of goods and rendering of services	26,134,859,092	29,832,493,191
Sales of land lots and land with infrastructures	<u>15,091,505,914</u>	<u>66,837,721,019</u>
<b>TOTAL</b>	<b><u>41,226,365,006</u></b>	<b><u>96,670,214,210</u></b>

**27.2 Finance income**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Bank deposit and loan interest	6,128,639,219	4,563,459,551
Gain from disposal of investments	110,898,281,642	44,965,838,203
Dividends received	1,194,000,000	1,420,027,597
Others	<u>498,526,237</u>	<u>886,476,233</u>
<b>TOTAL</b>	<b><u>118,719,447,098</u></b>	<b><u>51,835,801,584</u></b>



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

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

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of goods sold and service rendered	29,846,765,549	34,722,474,164
Cost of land lots and land with infrastructures	6,810,018,538	37,308,319,551
<b>TOTAL</b>	<b><u>36,656,784,087</u></b>	<b><u>72,030,793,715</u></b>

**29. FINANCE EXPENSES**

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest expense	11,394,080,255	9,083,713,739
Consulting fees	31,818,181,818	8,181,818,181
Others	179,856,964	2,253,648,541
<b>TOTAL</b>	<b><u>43,392,119,037</u></b>	<b><u>19,519,180,461</u></b>

**30. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>		
Expenses for external services	12,489,085,104	291,903,323
Others	3,089,388,731	626,040,279
	<b><u>15,578,473,835</u></b>	<b><u>917,943,602</u></b>
<b>General and administrative expenses</b>		
Labour costs	3,535,080,808	8,368,066,357
Depreciation	994,101,184	2,371,760,857
Expenses for external services	1,345,117,774	1,162,296,098
Reversal of provision for doubtful debts	(1,400,000,000)	-
Goodwill allocation	6,595,046,619	6,770,046,619
Others	2,343,024,047	4,744,795,210
	<b><u>13,412,370,432</u></b>	<b><u>23,416,965,141</u></b>
<b>TOTAL</b>	<b><u>28,990,844,267</u></b>	<b><u>24,334,908,743</u></b>

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

### 31. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company and subsidiaries is 20% of taxable profits (previous year: 22%)

The tax returns filed by the Company and subsidiaries 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.

#### 31.1 CIT expense

	VND	
	Current year	Previous year
Current tax expense	6,824,076,318	7,957,548,832
Deferred tax expense	-	502,641,242
<b>TOTAL</b>	<b>6,824,076,318</b>	<b>8,460,190,074</b>

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

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b>51,555,022,400</b>	<b>40,960,135,149</b>
At CIT rate of 20% (2015: 22%)	10,311,004,480	9,011,229,733
<b>Adjustments</b>		
<i>Adjustments to increase:</i>		
Non-deductible expenses	473,951,378	491,781,968
Goodwill	1,319,009,324	1,489,410,256
<i>Adjustments to decrease:</i>		
Change of provisions	(403,475,656)	-
Dividend income	(238,800,000)	(312,406,072)
Tax loss carried forward	(8,582,010,917)	(6,099,330,034)
<b>CIT expense at CIT rate of 20% (2015: 22%)</b>	<b>2,879,678,609</b>	<b>4,580,685,851</b>
Effect of consolidation	3,944,397,709	3,879,504,223
<b>CIT expense</b>	<b>6,824,076,318</b>	<b>8,460,190,074</b>

#### 31.2 Current tax

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

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

### 31. CORPORATE INCOME TAX (continued)

#### 31.3 Tax losses carried forward

The Company and its subsidiaries are entitled to carry tax loss forward to offset against taxable profits arising within five years subsequent to the year in which the loss was incurred. As at the balance sheet date, the Company and its subsidiaries had aggregated accumulated tax losses of 74,946,997,821 (31 December 2015: VND 125,887,110,170) available for offset against future taxable profits. Details are as follows:

VND					
Originating year	Can be utilized up to	Tax loss amount (*)	Utilized up to 31 December 2016	Forfeited	Unutilized at 31 December 2016
2011	2016	15,115,750,374	-	(15,115,750,374)	-
2012	2017	14,583,043,994	-	-	14,583,043,994
2013	2018	39,412,423,026	(12,897,960,352)	-	26,514,462,674
2014	2019	70,562,415,387	(57,911,996,799)	-	12,650,418,588
2015	2020	9,263,174,777	-	-	9,263,174,777
2016	2021	11,935,897,788	-	-	11,935,897,788
<b>TOTAL</b>		<b>160,872,705,346</b>	<b>(70,809,957,151)</b>	<b>(15,115,750,374)</b>	<b>74,946,997,821</b>

(\*) Estimated tax loss as per the Company and its subsidiaries' corporate income tax declarations above have not been audited by the local tax authorities as at the date of these consolidated financial statements.

Deferred tax assets have not been recognized in respect of tax losses carried forward due to uncertainty of future taxable profits.

#### 31.4 Deferred tax

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

	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
<b>Deferred tax assets</b>				
Unrealised profit	2,715,875,995	2,715,875,995	-	(502,641,242)
<b>Deferred tax liabilities</b>				
Reversal of provision for investments in subsidiaries at consolidated level	7,849,091,288	7,849,091,288	-	-
<b>Net deferred tax charge to consolidated income statement</b>			<b>-</b>	<b>(502,641,242)</b>

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

### 32. TRANSACTIONS WITH RELATED PARTIES

Significant transactions 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>
CII	Major shareholder	Advance for purchasing asset	299,980,000,000	-
		Subsidiary acquisition	430,000,000,000	-
		Advances of warranty profits of investment cooperation contract The Diamond Riverside Apartment Project	94,757,000,000	-
		Capital received for The Diamond Riverside Apartment Project	94,500,000,000	-
		Capital received for De-Lagi project	58,560,072,120	-
		Loan interest	5,843,763,195	4,202,753,418
		Borrowings for capital supports	-	80,000,000,000
		Loans repayment	-	50,750,000,000
		Disposal of subsidiary	-	40,000,000,000
		Dividend paid	-	1,000,000,000
Kallang Limited	Major shareholder	Loan interest	10,000,000,000	-
		Bonds interests	5,591,656,833	3,165,702,772
		Issuance of convertible bonds	-	52,500,000,000
Creed Investments VN-1 Ltd,	Major shareholder	Bonds interests	36,022,736,668	27,705,180,833
		Issuance of bonds	-	236,331,000,000
		Repayment bonds principles	-	71,819,000,000
Ms Phan Diep Huyen Chi	Major shareholder	Bonds interests	4,200,000,000	-

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

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

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Current year</i>	<i>VND Previous year</i>
<b>Short-term advance to supplier</b>				
CII	Major shareholder	Advance for purchasing asset	299,980,000,000	-
<b>Other long-term receivables</b>				
CII	Major shareholder	Advances of warranty profits of business cooperation contract The Diamond Riverside Apartment Project	100,067,648,226	55,273,737,400
<b>Other long-term payables</b>				
CII	Major shareholder	Subsidiary acquisition	430,000,000,000	-
		Borrowing to support operating activities	63,458,237,787	57,614,474,592
Shareholder		Dividend payables	108,487,535,000	62,092,271,600
Kallang Limited	Major shareholder	Payables due to non - conversion of preference shares to common shares	11,873,229,643	22,615,907,572
		Bonds interests	5,523,287,671	1,323,287,671
Creed Investments VN-1 Ltd,	Major shareholder	Bonds interests	40,868,592,501	4,845,855,833
Ms Phan Diep Huyen Chi	Major shareholder	Bonds interests	1,300,273,973	1,300,273,973
			<u>661,511,156,575</u>	<u>149,792,071,241</u>
<b>Other long-term receivables</b>				
CII	Major shareholder	Capital Contribution received for The Diamond Riverside Apartment Building Project	260,487,200,000	165,987,200,000
		Capital Contribution received for De – Lagi Resort Project	58,560,072,120	-
			<u>319,047,272,120</u>	<u>165,987,200,000</u>
			<u><b>980,558,428,695</b></u>	<u><b>315,779,271,241</b></u>

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

### 32. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at consolidated balance sheet dates were as follows:

			VND	
	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Current year</i>	<i>Previous year</i>
<b>Bonds</b>				
Creed Investments VN-1 Ltd,	Major shareholder	Ordinary bonds	<u>354,322,000,000</u>	<u>354,322,000,000</u>
<b>Convertible bonds</b>				
Kallang Limited	Major shareholder	Convertible bonds	52,500,000,000	52,500,000,000
Ms Phan Diep Huyen Chi	Major shareholder	Convertible bonds	52,500,000,000	52,500,000,000
			<u><b>105,000,000,000</b></u>	<u><b>105,000,000,000</b></u>

#### **Transactions with other related parties**

*Remuneration to members of the Board of Directors, Management and Board of Supervisors as follows:*

		VND	
		<i>Current year</i>	<i>Previous year</i>
Salaries, bonus and other benefits		<u>3,302,000,000</u>	<u>2,748,000,000</u>

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

### 33. EARNINGS PER SHARE

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

	<i>Current year</i>	<i>Previous year (restated)</i>
Net profit after tax attributable to ordinary equity holders (VND)	45,984,236,561	36,937,656,781
Distributions of profit (VND) (i)	<u>(5,058,266,022)</u>	<u>(4,782,961,055)</u>
<b>Net profit attributable to ordinary equity holders adjusted for the effect of dilution (VND)</b>	<b><u>40,925,970,539</u></b>	<b><u>32,154,695,726</u></b>
Weighted average number of ordinary shares for basic earnings per share	58,181,700	58,181,700
Effect of dilution due to convertible bonds (ii)	<u>9,333,333</u>	<u>2,889,498</u>
<b>Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution</b>	<b><u>67,515,033</u></b>	<b><u>61,071,198</u></b>
<b>Earnings per share (VND)</b>		
<i>Basic earnings per share</i>	703	553
<i>Diluted earnings per share</i>	606	527

(i) Profit used to compute earnings per share for the year 2015 as presented in the financial statements for the year 2015 was restated to reflect the actual allocation to bonus and welfare fund, remuneration of the Board of Directors and the Board of Supervisors from 2015 retained earnings following the resolution of the shareholders meeting No. 30/NQ-HDQT dated 28 April 2016.

Profit used to compute earnings per share for the year 2016 was adjusted for the allocation to bonus and welfare fund, remuneration of the Board of Directors and the Board of Supervisors from 2016 profit following the plan as approved in the resolution of the shareholders meeting No. 30/NQ-HDQT dated 28 April 2016.

(ii) As disclosed in Note 25 of the consolidated financial statements, on 9 September 2015, the Group issued VND 210,000,000,000 convertible bonds with par value of VND 1,000,000 per bond. These convertible bonds have dilution effect on future earnings per share as calculated for the year ended 31 December 2016.

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

### 34. SEGMENT INFORMATION

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

	<i>Real estate</i>	<i>Other activities</i>	<i>Elimination</i>	<i>VND Consolidated</i>
<b>For the year ended 31 December 2016</b>				
<b>Net segment revenue</b>				
Revenue from sales to external customers	15,091,505,914	26,134,859,092	-	41,226,365,006
Revenue from inter-segment sales	-	8,093,255,525	(8,093,255,525)	-
	<u>15,091,505,914</u>	<u>34,228,114,617</u>	<u>(8,093,255,525)</u>	<u>41,226,365,006</u>
Total revenue from segments				
Cost of goods sold and services rendered to external customers	(6,810,018,538)	(29,846,765,549)	-	(36,656,784,087)
	<u>8,281,487,376</u>	<u>4,381,349,068</u>	<u>(8,093,255,525)</u>	<u>4,569,580,919</u>
<b>Segment profit</b>				
Selling expenses				(15,578,473,835)
General and administration expenses				(13,412,370,432)
Financial income				118,719,447,098
Financial expenses				(43,392,119,037)
Other income				2,705,947,362
Other expense				(2,056,989,675)
Corporate income tax expense				(6,824,076,318)
				<u>44,730,946,082</u>
<b>Profit after tax</b>				



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

**34. SEGMENT INFORMATION** (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment: (continued)

	<i>Real estate</i>	<i>Other activities</i>	<i>Elimination</i>	<i>VND Consolidated</i>
<b>As at 31 December 2016</b>				
<b>Assets</b>				
Segment assets	4,023,878,361,495	93,298,078,928	(116,120,302,087)	4,001,056,138,336
Unallocated assets				<u>983,384,091,466</u>
<b>Total assets</b>				<b><u>4,984,440,229,802</u></b>
<b>Liabilities</b>				
Segment liabilities	2,896,952,913,926	96,062,254,737	(116,120,302,087)	2,876,894,866,576
Unallocated liabilities				<u>720,596,010,554</u>
<b>Total liabilities</b>				<b><u>3,597,490,877,130</u></b>



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

**34. SEGMENT INFORMATION** (continued)

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment: (continued)

	<i>Real estate</i>	<i>Other activities</i>	<i>Elimination</i>	<i>VND Consolidated</i>
<b>As at 31 December 2015</b>				
<b>Assets</b>				
Segment assets	3,275,086,715,822	112,227,252,478	(701,622,429,448)	2,685,691,538,852
Unallocated assets				<u>846,836,398,224</u>
<b>Total assets</b>				<b><u>3,532,527,937,076</u></b>
<b>Liabilities</b>				
Segment liabilities	2,502,704,129,880	107,668,017,085	(604,061,922,132)	2,006,310,224,833
Unallocated liabilities				<u>280,120,411,637</u>
<b>Total liabilities</b>				<b><u>2,286,430,636,470</u></b>

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

**35. RESTATEMENT OF PRIOR YEAR'S**

During the year, the Group has retrospectively adjusted deferred tax liabilities and undistributed retain earnings arising from long-term financial provision is tax deductible in the separate financial statements but is eliminated at consolidation level under the guidance of Circular No. 202/2014/TT-BTC providing guidelines for the preparation and presentation of consolidated financial statements that have not been properly accounted for in previous years.

During the year, the Group has also retrospectively adjusted tax payables and undistributed retain earnings due to understatement of late payment charges of CIT in previous years, amounting to VND 6,887,417,976.

The impact of these restatements are presented as follows:

	<i>Beginning balance (as previously reported)</i>	<i>Restatements</i>	<i>VND Ending balance (restated)</i>
<b>CONSOLIDATED BALANCE SHEET</b>			
Deferred tax liabilities	-	7,849,091,288	7,849,091,288
Undistributed earnings	165,994,202,314	(14,392,138,365)	151,602,063,949
Non-controlling interests	1,623,799,464	(344,370,899)	1,279,428,565
Statutory obligations	28,175,512,780	6,887,417,976	35,062,930,756
<b>CONSOLIDATED INCOME STATEMENT</b>			
Other expenses	(534,979,298)	(6,887,417,976)	(7,422,397,274)
Net profit after tax attributable to shareholders of the parent Company	43,480,703,858	(6,543,047,077)	36,937,656,781
Net loss after tax attributable to non- controlling interests	(4,093,340,807)	(344,370,899)	(4,437,711,706)
<b>CONSOLIDATED CASH FLOW STATEMENT</b>			
Profit before tax	47,847,553,125	(6,887,417,976)	40,960,135,149
Increase in payables	135,644,204,302	6,887,417,976	142,531,622,278

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

### 36. 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. Details are as follows:

	<i>Beginning balance (as previously reported)</i>	<i>Reclassification</i>	<i>VND Ending balance (reclassified)</i>
<b>CONSOLIDATED BALANCE SHEET</b>			
Cost of tangible fixed assets	236,042,508,692	(54,174,234,989)	181,868,273,703
Accumulated depreciation of tangible fixed assets	(45,466,845,678)	300,967,972	(45,165,877,706)
Cost of investment properties	11,334,257,682	54,174,234,989	65,508,492,671
Accumulated depreciation of investment properties	(457,883,453)	(300,967,972)	(758,851,425)
Inventories	975,970,574,016	1,726,680,316,678	2,702,650,890,694
Long-term work in progress	1,718,271,227,566	(1,718,271,227,566)	-
Long-term prepaid expenses	68,378,062,455	(8,409,089,112)	59,968,973,343
<b>CONSOLIDATED CASH FLOW STATEMENT</b>			
(Increase) decrease of receivables	(15,860,097,959)	55,318,972,112	39,458,874,153
Loans to other entities	-	(56,000,000,000)	(56,000,000,000)
Collections from borrowers	-	681,027,888	681,027,888

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

### 37. EVENTS AFTER THE BALANCE SHEET DATE

According to the application to convert convertible bonds into common shares on 9 January 2017 from the bond holders, the Group has issued 5,666,666 common shares to convert VND 127,500,000,000 value of bonds. The issuance was made in accordance with the convertible bond purchase agreements dated 29 July 2015, Resolution No. 33/NQ-DHDCD dated 24 April 2015, and the resolution of the Board of Directors No. 03/NQ-HDQT dated 12 January 2017.

The issuance was completed on 12 January 2017, with the total number of new shares issued to bond holders of 5,666,666 shares at par value of VND 10,000 per share and conversion price of VND 22,500/share. Accordingly, on 12 January 2017, the registered share capital of the Group increased from VND 583,212,000,000 to VND 639,878,660,000. The Group has also reported the results of share issuance to the State Securities Commission of Vietnam in accordance with Official Letter No. 12/CV-TCKT dated 12 January 2017.

At the date of this report, the Group is in the process of submitting the application to the Department of Planning and Investment of Ho Chi Minh City to amend its Business Registration Certificate on this increase in charter capital.

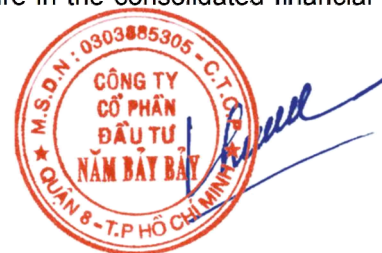
Except for the above event, there is no other matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.



Preparer  
Nguyen Van Minh



Chief Accountant  
Trương Hải Đăng Khoa



Chief Executive Officer  
Đoàn Tuông Triều

15 March 2017