

NO VA LAND INVESTMENT GROUP CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
QUARTER IV 2016**



NO VA LAND INVESTMENT GROUP CORPORATION

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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NO VA LAND INVESTMENT GROUP CORPORATION

CORPORATE INFORMATION

Business Registration Certificate	No. 0301444753 dated 18 September 1992 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 38th amended Business Registration Certificate dated 24 November 2016.	
Board of Management	Mr. Bui Thanh Nhon Mr. Bui Cao Nhat Quan Mr. Phan Thanh Huy Ms. Cong Huyen Ton Nu My Lien Mr. Nguyen Hieu Liem Mr. Vo Dinh Cuong	Chairman Deputy Chairman (appointed on 26.10.2016) Member (appointed on 21.7.2016) Member (appointed on 21.7.2016) Member (resigned on 28.9.2016) Member (resigned on 21.7.2016)
Supervisory Board	Ms. Nguyen Thi Minh Thanh Ms. Nguyen Anh Thi Mr. Nguyen Vu Duy Mr. Pham Huu Quoc Mr. Tra Trong Nghia	Chief Supervisor Member (appointed on 21.7.2016) Member (appointed on 21.7.2016) Member (resigned on 21.7.2016) Member (resigned on 21.7.2016)
Board of General Directors	Mr. Phan Thanh Huy Mr. Bui Cao Nhat Quan Ms. Hoang Thu Chau Mr. Le Hong Phuc Mr. Bui Xuan Huy Mr. Eric Chan Hong Wai Mr. Vo Thi Thu Van	General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director Deputy General Director (appointed on 1.3.2016) Deputy General Director (appointed on 6.10.2016)
Legal representative	Mr. Bui Thanh Nhon	Chairman
Registered office	313B - 315 Nam Ky Khoi Nghia Street, Ward 7, District 3, Ho Chi Minh City, Vietnam	
Representative office	65 Nguyen Du Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	

NO VA LAND INVESTMENT GROUP CORPORATION

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF GENERAL DIRECTORS OF THE COMPANY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

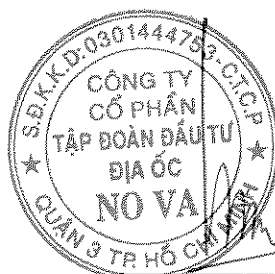
The Board of General Directors of No Va Land Investment Group Corporation ("the Company") is responsible for preparing interim consolidated financial statements which give a true and fair view of the financial position of the Company and its subsidiaries (together, "the Group") as at 31 December 2016 and the results of its operations and cash flows for the year 2016. In preparing these interim consolidated financial statements, the Board of General Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the interim consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of General Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable interim consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim consolidated financial statements. The Board of General Directors 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.

APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying interim consolidated financial statements as set out on pages 3 to 66 which give a true and fair view of the financial position of the Group as at 31 December 2016 and of the results of its operations and cash flows for the year 2016 in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements.



 Bui Thanh Nhon
Chairman

Ho Chi Minh City, SR Vietnam
25 January 2017

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			31/12/2016 VND	31/12/2015 VND
100	CURRENT ASSETS		27,267,744,945,837	18,133,289,908,529
110	Cash and cash equivalents	4	3,336,969,432,791	3,859,710,163,282
111	Cash		808,215,895,293	805,375,183,664
112	Cash equivalents		2,528,753,537,498	3,054,334,979,618
120	Short-term investments		964,822,616,829	818,888,056,357
123	Investments held to maturity	5(a)	964,822,616,829	818,888,056,357
130	Short-term receivables		6,762,177,825,133	6,058,945,996,358
131	Short-term trade accounts receivable	6	333,223,529,420	420,931,792,461
132	Short-term prepayments to suppliers	7	882,436,602,406	283,928,585,866
135	Short-term lending	8(a)	2,143,658,593,511	1,267,616,016,535
136	Other short-term receivables	9(a)	3,416,520,908,938	4,092,329,912,657
137	Provision for doubtful debts – short term		(13,661,809,142)	(5,860,311,161)
140	Inventories	10(a)	15,636,281,555,418	7,158,828,473,488
141	Inventories		15,641,814,417,970	7,201,718,027,433
149	Provision for decline in value of inventories		(5,532,862,552)	(42,889,553,945)
150	Other current assets		567,493,515,666	236,917,219,044
151	Short-term prepaid expenses	11(a)	57,965,159,545	62,376,783,190
152	Value Added Tax to be reclaimed		381,915,855,695	54,629,597,515
153	Other taxes receivable	19(a)	127,612,500,426	119,910,838,339
155	Other short-term assets		-	-

The notes on pages 10 to 64 are an integral part of these interim consolidated financial statements.


CONSOLIDATED BALANCE SHEET
 (continued)

Code	ASSETS	Note	As at	
			31/12/2016 VND	31/12/2015 VND
200	NON-CURRENT ASSETS		9,124,846,262,027	8,437,118,726,514
210	Long-term receivables		3,941,008,805,597	3,309,363,386,210
212	Long-term advances to suppliers		953,750,090	147,000,000
215	Long-term loan receivables	8(b)	1,170,000,000,000	-
216	Other long-term receivables	9(b)	2,770,055,055,507	3,309,216,386,210
220	Fixed assets		148,768,215,155	87,792,452,983
221	Tangible fixed assets	12	120,180,246,302	60,086,312,739
222	Cost		162,134,437,319	95,306,706,054
223	Accumulated depreciation		(41,954,191,017)	(35,220,393,315)
227	Intangible fixed assets	13	28,587,968,853	27,706,140,244
228	Cost		29,970,329,118	28,423,682,881
229	Accumulated amortisation		(1,382,360,265)	(717,542,637)
230	Investment properties	14	1,940,783,531,384	1,082,785,523,673
231	Cost		2,016,569,495,819	1,116,651,068,799
232	Accumulated depreciation		(75,785,964,435)	(33,865,545,126)
240	Long-term assets in progress		276,997,399,796	1,069,151,366,643
241	Long-term work in progress	10(b)	236,603,385,811	-
242	Construction in progress	15	40,394,013,985	1,069,151,366,643
250	Long-term investments	5(b)	350,498,434,891	1,581,877,669,261
252	Investments in associates, joint ventures		350,498,434,891	1,526,233,919,261
253	Investments in other entities		-	55,643,750,000
260	Other long-term assets		2,466,789,875,204	1,306,148,327,744
261	Long-term prepaid expenses	11(b)	189,523,509,827	160,651,074,570
262	Deferred income tax assets	37(a)	59,660,336,325	25,612,519,257
269	Goodwill	16	2,217,606,029,052	1,119,884,733,917
270	TOTAL ASSETS		36,392,591,207,864	26,570,408,635,043

The notes on pages 10 to 64 are an integral part of these interim consolidated financial statements.


CONSOLIDATED BALANCE SHEET
 (continued)

Code	RESOURCES	Note	As at	
			31/12/2016 VND	31/12/2015 VND
300	LIABILITIES		26,349,803,078,956	20,475,199,219,625
310	Current liabilities		13,627,959,141,611	13,354,623,721,533
311	Short-term trade accounts payable	17	1,505,529,206,953	822,690,590,358
312	Short-term advances from customers	18	5,954,806,119,381	8,146,870,114,590
313	Taxes and other payables to the State Budget	19(b)	122,970,248,451	193,390,774,652
314	Payable to employees	20	139,262,665,405	92,448,123,775
315	Short-term accrued expenses	21	576,725,241,183	826,578,979,746
318	Short-term unearned revenue		2,201,411,807	2,300,539,353
319	Other short-term payables	22(a)	914,498,139,483	738,841,288,807
320	Short-term borrowings	23(a)	4,405,269,743,653	2,513,142,521,645
321	Provision for short-term liabilities		-	11,664,423,312
322	Bonus and welfare funds		6,696,365,295	6,696,365,295
330	Non-current liabilities		12,721,843,937,345	7,120,575,498,092
336	Long-term unearned revenue		35,480,545,489	72,396,304,425
337	Other long-term payables	22(b)	2,118,219,507,098	1,475,711,799,129
338	Long-term borrowings	23(b)	9,090,293,558,081	5,480,587,851,378
341	Deferred income tax liabilities	37(a)	1,477,850,326,677	91,879,543,160
400	OWNERS' EQUITY		10,042,788,128,908	6,095,209,415,418
410	Capital and reserves		10,042,788,128,908	6,095,209,415,418
411	Owners' capital	24, 25	5,961,992,340,000	3,682,957,610,000
411a	- Ordinary shares with voting rights		5,893,692,340,000	3,504,657,610,000
411b	- Preference shares		68,300,000,000	178,300,000,000
412	Share premium	25	2,174,026,445,400	882,598,605,400
421	Undistributed earnings	25	952,887,369,322	550,370,777,697
421a	- Undistributed post-tax profits of the previous periods		496,880,777,697	134,948,113,685
421b	- Post-tax profit of the current period		456,006,591,625	415,422,664,012
429	Non-controlling interests	26	953,881,974,186	979,282,422,321
440	TOTAL RESOURCES		36,392,591,207,864	26,570,408,635,043


 Nguyen Ngoc Bang
 Preparer


 Tran Thi Thanh Van
 Chief Accountant




 Bùi Thanh Nhơn
 Chairman
 25 January 2017

The notes on pages 10 to 64 are an integral part of these interim consolidated financial statements.

NO VA LAND INVESTMENT GROUP CORPORATION

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

Code	Note	For the year ended		
		Quarter 4/2016 VND	Quarter 4/2015 VND	31/12/2015 VND
01	Sales	183,938,445,190	4,368,696,237,591	7,369,463,145,396
02	Less deductions	(887,416,113)	(19,192,626,026)	(19,192,626,026)
10	Net sales	183,051,029,077	4,349,503,611,565	7,359,180,920,815
11	Cost of sales	(4,687,482,179)	(3,342,618,740,091)	(5,755,177,046,035)
20	Gross profit	178,363,546,898	1,006,884,871,474	1,604,003,874,780
21	Financial income	630,325,329,977	57,163,690,709	2,525,925,127,763
22	Financial expenses	(435,774,197,157)	(122,454,923,890)	(1,143,236,264,204)
23	- Including: Interest expenses	(275,542,998,454)	-	(863,073,263,518)
24	Share of profit/(loss) from associates	9,867,102,479	992,746,135	12,237,509,058
25	Selling expenses	(26,443,270,867)	(91,416,631,466)	(163,320,899,034)
26	General and administration expenses	(169,293,398,930)	(176,325,210,071)	(647,818,830,401)
30	Net operating profit	187,045,112,400	674,844,542,891	2,187,790,517,962
31	Other income	10,255,151,933	10,265,035,508	58,014,799,861
32	Other expenses	(5,778,759,116)	(21,165,576,290)	(52,615,786,826)
40	Net other income/(expenses)	4,476,392,817	(10,900,540,782)	5,399,013,035
50	Net accounting profit before tax	191,521,505,217	663,944,002,109	2,193,189,530,997
51	Business income tax – current	(44,539,036,128)	(170,562,251,165)	(327,668,483,932)
52	Business income tax – deferred	(52,603,991,209)	37,879,802,792	(210,273,742,250)
60	Net profit/(loss) after tax	94,378,477,880	531,261,553,736	1,655,247,304,815
				441,759,950,527


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NO VA LAND INVESTMENT GROUP CORPORATION

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT
(continued)

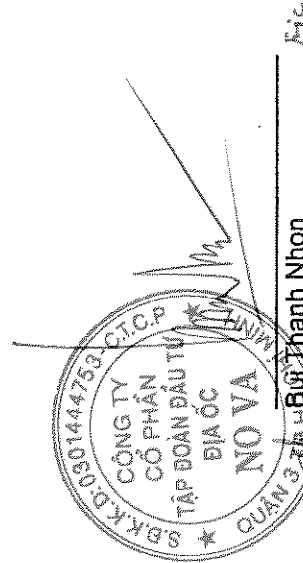
Code	Note	For the year ended		
		Quarter 4/2016 VND	Quarter 4/2015 VND	31/12/2015 VND
	Attributable to:			
61	Net profit/(loss) after tax attributable to	96,361,096,108	472,073,240,288	1,661,806,939,423
62	Net profit/(loss) after tax attributable to non-controlling interests	(1,982,618,228)	59,188,313,448	(6,559,634,608)
				26,337,286,515
70	Basic earnings per share	177	1,347	3,389
71	Diluted earnings per share	157	1,347	3,053
				1,374
				1,168




Nguyen Ngoc Bang
Preparer



Tran Thi Thanh Van
Chief Accountant




Tran Thanh Nhon
Chairman
25 January 2017

The notes on pages 10 to 64 are an integral part of these interim consolidated financial statements.


CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	For the year ended	
		31/12/2016 VND	31/12/2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	2,193,189,530,997	608,112,963,781
	Adjustments for:		
02	Depreciation and amortisation	227,329,113,610	88,779,916,220
03	Provisions	(41,219,616,724)	51,972,653,196
04	Unrealised foreign exchange gains	846,154,588	21,879,821,943
05	Profits from investing activities	(2,181,550,401,498)	(331,279,777,789)
06	Interest expenses	910,387,721,293	351,425,428,041
08	Operating profit before changes in working capital	1,108,982,502,266	790,891,005,392
09	Decrease/(increase) in receivables	4,862,317,270,793	(4,625,495,394,936)
10	Decrease in inventories	656,920,133,874	259,472,715,894
11	(Decrease)/increase in payables	(3,923,973,780,310)	1,953,335,836,895
12	Increase in prepaid expenses	(3,448,097,606)	(120,603,156,057)
14	Interest paid	(992,998,448,062)	(519,785,506,480)
15	Business income tax paid	(452,289,248,554)	(47,093,302,287)
16	Other receipts from operating activities	-	-
17	Other payments from operating activities	-	(128,200,000)
20	Net cash inflows from operating activities	1,255,510,332,401	(2,309,406,001,579)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(413,980,247,794)	(33,647,160,381)
22	Proceeds from disposals of fixed assets	15,555,975,407	9,187,362,668
23	Loans granted, purchases of debt instruments of other entities	(9,295,323,834,445)	(6,399,955,276,371)
24	Collection of loans, proceeds from sales of debt instruments of other entities	6,847,687,027,675	6,462,652,418,650
25	Investments in other entities	(5,218,508,173,908)	(3,288,764,833,329)
26	Proceeds from divestment in other entities	2,348,286,224,428	-
27	Interest received	155,158,923,622	300,231,743,455
30	Net cash outflows from investing activities	(5,561,124,105,015)	(2,950,295,745,308)

The notes on pages 10 to 64 are an integral part of these interim consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)
(continued)

		For the year ended	
Code	Note	31/12/2016 VND	31/12/2015 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	3,570,462,570,000	2,034,337,610,000
33	Proceeds from borrowings	13,596,269,130,252	7,020,343,547,596
34	Repayments of borrowings	(13,328,373,283,609)	(2,714,683,880,779)
36	Dividends paid	(54,639,219,932)	-
40	Net cash (outflows)/inflows from financing activities	3,783,719,196,711	6,339,997,276,817
50	Net (decrease)/increase in cash and cash equivalents	(521,894,575,903)	1,080,295,529,930
60	Cash and cash equivalents at beginning of period	4 3,859,710,163,282	2,779,414,633,352
61	Effect of foreign exchange differences	(846,154,588)	-
70	Cash and cash equivalents at end of period	4 3,336,969,432,791	3,859,710,163,282

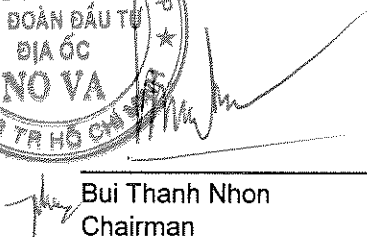


 Nguyen Ngoc Bang
 Preparer



 Tran Thi Thanh Van
 Chief Accountant





 Bui Thanh Nhon
 Chairman
 25 January 2017

The notes on pages 10 to 64 are an integral part of these interim consolidated financial statements.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 GENERAL INFORMATION

No Va Land Investment Group Corporation ("the Company") is a joint stock company which was established in SR Vietnam pursuant to Business Registration Certificate No. 0301444753 which was issued by the Department of Planning and Investment of Ho Chi Minh City on 18 September 1992. The Company is formerly known as Thanh Nhon Trading Limited, which was established and operated under the Business Registration Certificate as above.

The principal activity of the Group is real estate trading; civil and industrial construction; providing design and management consultancy services; providing real estate brokerage services.

The normal business cycle of the Group's projects is 36 months.

As at 31 December 2016, the Group had 38 subsidiaries and 5 associates as follows:

NO VA LAND INVESTMENT GROUP CORPORATION

Form B 09 – DN/HN

1 GENERAL INFORMATION (continued)

Name	Location	The principal activity	31/12/2016		31/12/2015	
			% of ownership	% of voting right	% of ownership	% of voting right
I - Subsidiaries						
No Va Land Investment Joint Stock Company	Ho Chi Minh City	Real estate trading	69.90	69.90	69.90	69.90
No Va Thao Dien Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	99.98	99.98
No Va Festival Corporation	Ho Chi Minh City	Real estate trading	94.02	94.02	78.00	78.00
No Va Land Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	100.00	100.00
Nova Saigon Royal Investment Limited Company	Ho Chi Minh City	Real estate trading	99.99	99.99	99.00	99.00
Nova Phu Sa Ecotourism Joint Stock Company	Ho Chi Minh City	Real estate trading	99.00	99.00	99.00	99.00
Sai Gon Housing And Infrastructure Development Joint Stock Company	Ho Chi Minh City	Real estate trading	98.00	98.00	98.00	98.00
Nova Lucky Palace Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	99.99	99.99
The Prince Residence Joint Stock Company	Ho Chi Minh City	Real estate trading	99.81	99.81	99.80	99.80
Thanh Nhon Investment Real Estate Joint Stock Company	Ho Chi Minh City	Real estate trading	98.00	98.00	98.00	98.00
Nova Galaxy Real Estate Joint Stock Company	Ho Chi Minh City	Real estate trading	99.98	99.98	99.90	99.90
Nova Lexington Real Estate Joint Stock Company	Ho Chi Minh City	Real estate trading	99.90	99.90	99.90	99.90
Nova Phu Sa Investment and Development Joint Stock Company	Ho Chi Minh City	Real estate trading	99.98	99.98	51.00	51.00
Nova Sagel Company Limited	Ho Chi Minh City	Real estate trading	73.98	74.00	92.53	92.53
Novaland Agent Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	100.00	100.00
Phuoc Long Investment and Development Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.63	99.63
Vung Tau Youth Hotel and Travel Joint Stock Company	Ho Chi Minh City	Real estate trading	65.00	65.00	65.00	65.00
Nova Richstar Joint Stock Company	Ho Chi Minh City	Real estate trading, factory and warehouse lease	99.99	99.99	85.21	99.90
Nova Nippon Joint Stock Company	Ho Chi Minh City	Real estate trading	99.98	99.98	60.00	60.00
Khai Hung Real Estate Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.91	99.91
Nova Nam A Company Limited	Ho Chi Minh City	Real estate trading	74.00	74.00	74.00	74.00
Nova Sasco Company Limited	Ho Chi Minh City	Real estate trading	74.00	74.00	74.00	74.00
No Va My Dinh Land Joint Stock Company	Ho Chi Minh City	Real estate trading	99.98	99.98	99.98	99.98
Hung Duc Real Estate Company Limited	Ho Chi Minh City	Real estate trading	70.00	70.00	69.94	70.00

NO VA LAND INVESTMENT GROUP CORPORATION

Form B 09 – DN/HN

1 GENERAL INFORMATION (continued)

Name	Location	The principal activity	31/12/2016		31/12/2015	
			% of ownership	% of voting right	% of ownership	% of voting right
I - Subsidiaries (continued)						
Thanh Nhon Investment Real Estate Company Limited	Ho Chi Minh City	Real estate trading	98.00	100.00	98.00	100.00
Nova An Phu Company Limited	Ho Chi Minh City	Real estate trading	90.00	90.00	-	-
Nova Phuc Nguyen Real Estate Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	-	-
Tuong Minh Investment and Real Estate Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	-	-
The 21st Century International Development Joint Stock Company	Ho Chi Minh City	Real estate trading	98.96	98.97	50.00	50.00
Phuong Dong Building Joint Stock Company	Ho Chi Minh City	Real estate trading	99.89	99.90	-	-
Nova Rivergate Company Limited	Ho Chi Minh City	Real estate trading	99.90	99.90	-	-
Thanh Nien Joint Stock Company	Ho Chi Minh City	Real estate trading	99.70	99.80	-	-
Nova Princess Residence Joint Stock Company	Ho Chi Minh City	Real estate trading	99.90	99.90	-	-
Phu Viet Tin Company Limited	Ho Chi Minh City	Real estate trading	99.89	99.90	-	-
Nha Rong Investment and Trade Joint Stock Company	Ho Chi Minh City	Real estate trading	99.96	99.97	-	-
Mega Housing Joint Stock Company	Ho Chi Minh City	Real estate trading	84.99	84.99	49.90	49.90
Mega Tie Company Limited	Ho Chi Minh City	Real estate trading	62.89	74.00	-	-
Vuong Cung Real Estate Investment Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	-	-
II - Associates						
Phu Dinh Port Joint Stock Company	Ho Chi Minh City	Real estate trading	35.70	35.70	27.91	27.91
Nova Dong Hai Joint Stock Company	Ho Chi Minh City	Real estate trading	49.99	49.99	49.00	49.00
Sai Gon Electronics and Industrial Service Joint Stock Company	Ho Chi Minh City	Electronic equipments, telecommunications trading	33.31	33.31	33.31	33.31
Ben Thanh House One Member Limited Company	Ho Chi Minh City	Real estate trading	25.00	25.00	25.00	25.00
Sai Gon Golf Joint Stock Company	Ho Chi Minh City	Golf course, office for lease	49.00	50.00	77.42	79.00

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of interim consolidated financial statements

The interim consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

The accompanying interim consolidated financial statements 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 and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

2.2 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

2.3 Currency

The financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Group regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the bank where the Group holds the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.4 Basis of consolidation

The Group prepared its interim consolidated financial statements in accordance with Circular 202/2014/TT BTC - Guiding on the preparation and presentation of consolidated financial statements.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Basis of consolidation (continued)*****Subsidiaries (continued)***

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling transactions and interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. The divestment of the Group in a subsidiary that do not result in loss of control are accounted for similar to the equity transaction. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in the undistributed earnings under equity.

Joint ventures and associates

Joint ventures are contractual arrangements whereby two or more parties undertake an economic activity which is subject to joint control. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures and associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint ventures' and associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Unrealised gains and losses on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Goodwill**

Goodwill represents on the interim consolidated financial statements is initially measured at cost being the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/ associate at the date of acquisition. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit but not exceed 10 years. Goodwill on acquisitions of associates is included in the carrying amount of the associate.

On disposal of subsidiaries or associates, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is tested annually for impairment and carried at cost less accumulated amortisation less accumulated impairment losses. If there is evidence that the impairment during the year is higher than the annual goodwill charge, the Group records the impairment immediately in the accounting period.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.7 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of General Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2.8 Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation are recognised as inventories. Inventories are stated at the lower of cost and net realisable value. The cost of inventories includes cost of land and construction costs of infrastructure and apartments, direct expenditures and other overhead expenses incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Provision is made, where necessary, for obsolete, slow-moving, defective inventory items and where cost is higher than net realisable values.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Investments****(a) Investments held to maturity**

Investments held to maturity are investments which the Company's Board of General Directors has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, bonds, preference shares which should be repurchased by issuer at certain time in the future and other held-to-maturity investments. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held to maturity is made when there is evidence that part or the whole of the investment is uncollectible.

(b) Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

2.10 Fixed assets*Tangible fixed assets and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation/amortisation

Fixed assets are depreciated/amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The estimated useful lives of the assets are as follows:

Buildings	5 - 25 years
Plants and machinery	5 - 12 years
Motor vehicles	3 - 8 years
Office equipment	3 - 5 years
Software	3 years
Other assets	3 years

Land use rights with indefinite useful life is recorded at historical cost and is not amortised.

Land use rights with definite useful life are amortised using the straight-line method over their estimated useful lives from 20 to 50 years in accordance with the terms indicated in the land use right certificates which were issued by the State.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.12 Investment properties

Cost of an investment property means the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

Depreciation and amortisation

Investment properties for leasing are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives of the investment properties are as follows:

Buildings	5 - 25 years
Land use rights	25 - 50 years

Investment properties held for price appreciation are not depreciated from 01 January 2015. Impairment of investment properties held for price appreciation is recognised when there are objective evidences of the impairment in the value of investment properties compared to the market price and the impairment allowance can be estimated reliably. Impairment allowance is recorded to cost of sales.

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the income statement.

2.13 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet and are mainly prepaid land rental, office rental, tools and equipment already put to use, sales commissions. Prepaid expenses are recorded at historical cost and allocated to expenses using the straight line method over the allocation period, except for sales commissions which are allocated to expenses on the basis of matching with revenue recorded when the Group has handed over significant risks and rewards of ownership to the buyers.

2.14 Payables

Classifications of payables are based in their natures as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

Payables are reclassified on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the period but not yet paid due to pending invoice or sufficient records and documents. Accrued expenses are recorded as an expense in the reporting period.

2.16 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.17 Share capital

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

Undistributed earnings record the Group's results (profit, loss) after business income tax at the reporting date.

2.18 Appropriation of net profit**Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Group's net profit as proposed by the Board of Management and subject to the shareholders' approval at the Annual General Meeting. This fund is set aside for rewarding, increasing general benefits and improving the welfare for officers and employees.

2.19 Revenue recognition**(a) Revenue from sale of real estate**

Revenue from sale of real estate is recognised in the income statement when the real estate has been completed and the Group has handed over significant risks and rewards of ownership to the buyer.

(b) Sale of services

Revenue from the sale of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

Income from dividend is recognised when the Group has established the receiving right from investees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Cost of sales**

Cost of goods sold or cost of services are cost of finished goods, merchandises, materials sold and cost of services rendered during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.21 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing, losses incurred when selling foreign currencies, losses from foreign exchange differences and payment discounts.

2.22 Selling expenses

Selling expenses represent expenses that are incurred in process of selling products, goods, providing services, which mainly include publicity, display, promotions, advertising expenses, sale commissions, storage, packaging, transportation.

2.23 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly including salary expenses of administrative staffs (salaries, wages, allowances,...); social insurance, health insurance, trade union fees, unemployment insurance of administrative staff; expenses of office materials; tools and supplies; depreciation of fixed assets used for administration; land rental; licence tax, provision for bad debts and loss incurred from signed agreements for sales of apartments; utilities (electricity, water, telephone, fax, assets warranty, fire and explosive accidents insurance,...); and other cash expenses (entertainment, customer conference...).

2.24 Dividend distribution

Dividend of the Group is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Annual General Meeting of shareholders.

2.25 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits and at the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 Current and deferred income tax (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.26 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering of related party relationship, the Group considers the substance of the relationship not merely the legal form.

2.27 Accounting estimate

The financial statements have been prepared in accordance with Vietnamese Accounting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of assets and contingent liabilities at the date of the financial statements as well as the amounts of revenues and expenses for the reporting period. Although the accounting estimate is made all the knowledge of the Board of General Directors, the actual results may differ from those estimates.

3 BUSINESS COMBINATION**(a) (a) Acquisition of a group of companies: Nova Rivergate Company Limited (“Rivergate”) and Thanh Nien Joint Stock Company (“Thanh Nien”)**

In June 2016, the Group completed the acquisition of 99.9% voting shares of Rivergate with a consideration of VND936,201,410,000. Through this acquisition, the Group also controlled Thanh Nien because Rivergate holds 99.8% of voting rights of Thanh Nien.

3 3 BUSINESS COMBINATION (continued)**(a) Acquisition of a group of companies: Nova Rivergate Company Limited (“Rivergate”) and Thanh Nien Joint Stock Company (“Thanh Nien”) (continued)**

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date	Fair values adjustment	Fair values recognised at acquisition date
	VND	VND	VND
Assets			
Cash and cash equivalents	26,568,523,345	-	26,568,523,345
Other short-term receivables	720,835,870,211	-	720,835,870,211
Inventories	589,197,100,100	674,684,409,233	1,263,881,509,333
Other assets	30,596,372,524	-	30,596,372,524
	<u>1,367,197,866,180</u>		<u>2,041,882,275,413</u>
Liabilities			
Short-term loans and finance leases	820,620,875,073	-	820,620,875,073
Other liabilities	282,382,191,880	-	282,382,191,880
Deferred tax liabilities	-	134,936,881,847	134,936,881,847
	<u>1,103,003,066,953</u>		<u>1,237,939,948,800</u>
Total identifiable net assets	<u>264,194,799,227</u>		<u>803,942,326,613</u>
Goodwill from business combination			134,686,409,868
Non-controlling interests			(2,427,326,481)
Purchase consideration transferred			936,201,410,000
Cash acquired			(26,568,523,345)
Net cash outflow on acquisition			<u><u>909,632,886,655</u></u>

3 BUSINESS COMBINATION (continued)**(b) Acquisition of Phu Viet Tin Company Limited (“Phu Viet Tin”)**

In May 2016, a subsidiary of the Group completed the acquisition 99.89% of voting shares of Phu Viet Tin with a consideration of VND976,187,315,000.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date VND	Fair values adjustment VND	Fair values recognised at acquisition date VND
Asset			
Cash and cash equivalents	6,044,547,619	-	6,044,547,619
Short term receivables	833,642,806,637	-	833,642,806,637
Inventories	448,226,346,036	793,556,971,530	1,241,783,317,566
Other assets	24,958,122,791	-	24,958,122,791
	<u>1,312,871,823,083</u>		<u>2,106,428,794,613</u>
Liabilities			
Short-term loans and finance leases	990,316,435,328	-	990,316,435,328
Other liabilities	138,941,731,071	-	138,941,731,071
Deferred tax liabilities	-	158,711,394,306	158,711,394,306
	<u>1,129,258,166,399</u>		<u>1,287,969,560,705</u>
Total identifiable net assets	<u>183,613,656,684</u>		<u>818,459,233,908</u>
Goodwill from business combination			158,530,685,672
Non-controlling interests			(802,604,580)
Purchase consideration transferred			976,187,315,000
Cash acquired			(6,044,547,619)
Net cash outflow on acquisition			<u>970,142,767,381</u>

3 BUSINESS COMBINATION (continued)**(c) Acquisition of a group of companies: Tuong Minh Investment and Real Estate Company Limited (“Tuong Minh”) and Phuong Dong Building Joint Stock Company (“Phuong Dong”)**

In May 2016, the Group completed the acquisition of 99.9% voting shares of Tuong Minh with a consideration of VND325,665,604,000. Through this acquisition, the Group also controlled Phuong Dong because Tuong Minh holds 99.9% of voting rights of Phuong Dong.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date VND	Fair values adjustment VND	Fair values recognised at acquisition date VND
Asset			
Cash and cash equivalents	5,521,815,805	-	5,521,815,805
Short term receivables	276,772,613,313	-	276,772,613,313
Inventories	195,683,834,280	158,727,871,488	354,411,705,768
Other assets	2,880,617,564	-	2,880,617,564
	<u>480,858,880,962</u>		<u>639,586,752,450</u>
Liabilities			
Short-term loans and finance leases	329,364,060,285	-	329,364,060,285
Other liabilities	11,716,175,104	-	11,716,175,104
Deferred tax liabilities	-	31,745,574,299	31,745,574,299
	<u>341,080,235,389</u>		<u>372,825,809,688</u>
Total identifiable net assets	<u>139,778,645,573</u>		<u>266,760,942,762</u>
Goodwill from business combination			59,230,370,958
Non-controlling interests			(325,709,720)
Purchase consideration transferred			325,665,604,000
Cash acquired			(5,521,815,805)
Net cash outflow on acquisition			<u>320,143,788,195</u>

3 BUSINESS COMBINATION (continued)**(d) Acquisition of Nova Princess Residence Joint Stock Company ("Princess")**

In May 2016, the Group completed the acquisition of 99.9% voting shares of Princess with a consideration of VND366,707,530,000.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date	Fair values adjustment	Fair values recognised at acquisition date
	VND	VND	VND
Asset			
Cash and cash equivalents	13,430,575,435	-	13,430,575,435
Short term receivables	296,110,556,872	-	296,110,556,872
Inventories	585,068,287,996	93,022,117,585	678,090,405,581
Other assets	30,686,419,304	-	30,686,419,304
	<u>925,295,839,607</u>		<u>1,018,317,957,192</u>
Liabilities			
Short-term loans and finance leases	590,607,650,858	-	590,607,650,858
Other liabilities	41,854,839,614	-	41,854,839,614
Deferred tax liabilities	-	18,604,423,517	18,604,423,517
	<u>632,462,490,472</u>		<u>651,066,913,989</u>
Total identifiable net assets	<u>292,833,349,135</u>		<u>367,251,043,203</u>
Goodwill from business combination			(176,262,160)
Non-controlling interests			(367,251,043)
Purchase consideration transferred			366,707,530,000
Cash acquired			(13,430,575,435)
Net cash outflow on acquisition			<u>353,276,954,565</u>

3 BUSINESS COMBINATION (continued)**(e) Acquisition of The 21st Century International Development Joint Stock Company ("The 21st Century")**

In September 2015, a subsidiary of the Group has completed the acquisition 99.91% of voting shares of Khai Hung Real Estate Company Limited ("Khai Hung") and then owned 50% of voting shares of The 21st Century with the first consideration of VND1,340,822,229,126. As at 31 December 2015, according to Board of General Directors, the Group did not control The 21st Century through acquisition of Khai Hung at this stage and this investment is presented under the equity method.

In April 2016, Khai Hung completed the additional acquisition 32.46% of voting shares of The 21st Century with the second consideration of VND2,608,297,700,926. Through this acquisition, the Group holds 82.46% of voting shares of The 21st Century and also controlled this company.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date	Fair values adjustment	Fair values recognised at acquisition date
	VND	VND	VND
Asset			
Cash and cash equivalents	376,257,092,308	-	376,257,092,308
Held to maturity investments	18,000,000,000	-	18,000,000,000
Other short-term receivables	907,768,712,503	-	907,768,712,503
Inventories	2,104,937,242,463	3,292,667,844,679	5,397,605,087,142
Other long term receiv.	1,332,959,320,000		1,332,959,320,000
Other assets	203,349,930,441	-	203,349,930,441
	<u>4,943,272,297,715</u>		<u>8,235,940,142,394</u>
Liabilities			
Short-term loans and finance			
leases	1,356,433,940,111	-	1,356,433,940,111
Other liabilities	1,184,925,960,838	-	1,184,925,960,838
Deferred tax liabilities	-	658,533,568,936	658,533,568,936
	<u>2,541,359,900,949</u>		<u>3,199,893,469,885</u>
Total identifiable net assets	<u>2,401,912,396,766</u>		<u>5,036,046,672,509</u>
Goodwill from business combination			1,343,458,274,347
Non-controlling interests			(883,226,302,773)
Purchase consideration transferred			5,496,278,644,083
<i>In which:</i>			
- First consideration in 2015			1,306,006,026,645
- Revaluation of the investments in associate at the acquisition date (*)			1,541,284,094,076
- Second consideration in 2016			2,648,988,523,362
Cash acquired			(376,257,092,308)
Net cash outflow on acquisition (**)			<u>3,578,737,457,699</u>

3 BUSINESS COMBINATION (continued)**(e) Acquisition of The 21st Century International Development Joint Stock Company ("The 21st Century") (continued)**

(*) This is the difference in revaluation of the initial investment of the Group in The 21st Century. The initial investment is presented as investments in associate as at 31 December 2015. The initial investment was revalued at fair value when the Group obtained the control of The 21st Century.

(**) Net cash outflow on acquisition has included VND1,306,006,026,645 paid out in 2015.

(f) Acquisition of Nha Rong Investment and Trade Joint Stock Company ("Nha Rong")

In July 2016, Nova Con Au Investment Limited Company (Renamed as Nova Saigon Royal Investment Limited Company from 15 September 2016) has completed the acquisition 99.97% of voting shares of Nha Rong with the total consideration of VND917,414,884,172. Through this acquisition, the Group holds 99.96% of voting shares of Nha Rong and also controlled this company.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date VND	Fair values adjustment VND	Fair values recognised at acquisition date VND
Asset			
Cash and cash equivalents	235,095,106	-	235,095,106
Other short-term receivables	300,382,869,614	-	300,382,869,614
Inventories	300,124,352,684	742,841,000,000	1,042,965,352,684
Other assets	6,463,930,091	-	6,463,930,091
	<u>607,206,247,495</u>		<u>1,350,047,247,495</u>
Liabilities			
Short-term loans and finance leases	475,898,662,638	-	475,898,662,638
Other liabilities	13,642,613,461	-	13,642,613,461
Deferred tax liabilities	-	148,568,200,000	148,568,200,000
	<u>489,541,276,099</u>		<u>638,109,476,099</u>
Total identifiable net assets	<u>117,664,971,396</u>		<u>711,937,771,396</u>
Goodwill from business combination			205,448,339,075
Non-controlling interests			<u>(159,923,920)</u>
Purchase consideration transferred			917,226,186,551
<i>In which:</i>			
First consideration in 2015			50,583,750,000
Revaluation of the investments at the acquisition date			55,767,289,431
Second consideration in 2016			810,875,147,120
Cash acquired			<u>(235,095,106)</u>
Net cash outflow on acquisition			<u>861,223,802,014</u>

3 BUSINESS COMBINATION (continued)**(g) Acquisition of Mega Housing Joint Stock Company ("Mega Housing")**

In July 2016, the Group completed the acquisition of 84.9% voting shares of Mega Housing with a consideration of VND16,804,538,700.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date VND	Fair values adjustment VND	Fair values recognised at acquisition date VND
Asset			
Cash and cash equivalents	14,030,555,683	-	14,030,555,683
Other short-term receivables	14,553,507,638	-	14,553,507,638
Investment in subsidiary	155,400,000,000	-	155,400,000,000
Other assets	6,298,444	-	6,298,444
	183,990,361,765		183,990,361,765
Liabilities			
Short-term loans and finance leases	164,110,000,000	-	164,110,000,000
Other liabilities	1,239,393,891	-	1,239,393,891
Deferred tax liabilities	-	-	-
	165,349,393,891		165,349,393,891
Total identifiable net assets	18,640,967,874		18,640,967,874
Goodwill from business combination			951,082,204
Non-controlling interests			(2,798,009,278)
Purchase consideration transferred			16,794,040,800
<i>In which:</i>			
<i>First consideration which measured at equity method at the date had control</i>			2,354,880,585
<i>Revaluation of the investments at the acquisition date</i>			440,560,215
<i>Second consideration in 2016</i>			13,998,600,000
Cash acquired			(14,030,555,683)
Net cash outflow on acquisition			2,322,924,902

3 BUSINESS COMBINATION (continued)**(h) Acquisition of Mega Tie Company Limited (“Mega Tie”)**

In July 2016, Mega Housing Joint Stock Company has also completed the acquisition 74% of voting shares of Mega Tie with the consideration of VND155,400,000,000. Through this acquisition, the Group holds 62.89% of voting shares of Mega Tie and also controlled this company.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date VND	Fair values adjustment VND	Fair values recognised at acquisition date VND
Asset			
Cash and cash equivalents	124,723,566,565	-	124,723,566,565
Other short-term receivables	41,940,918,021	-	41,940,918,021
Inventories	24,827,909,687	-	24,827,909,687
Other assets	2,577,540,179	-	2,577,540,179
	<u>194,069,934,452</u>		<u>194,069,934,452</u>
Liabilities			
Short-term loans and finance leases	-	-	-
Other liabilities	1,446,587,168	-	1,446,587,168
Deferred tax liabilities	-	-	-
	<u>1,446,587,168</u>		<u>1,446,587,168</u>
Total identifiable net assets	<u>192,623,347,284</u>		<u>192,623,347,284</u>
Goodwill from business combination			10,928,628,686
Non-controlling interests			(48,151,975,970)
Purchase consideration transferred			155,400,000,000
Cash acquired			(124,723,566,565)
Net cash outflow on acquisition			<u>30,676,433,435</u>

3 BUSINESS COMBINATION (continued)**(i) Acquisition of Vuong Cung Real Estate Investment Company Limited (“Vuong Cung”)**

In July 2016, the Group completed the acquisition of 99.99% voting shares of Vuong Cung with a consideration of VND19,998,000,000.

This business combination impacts to the net asset of the Group at the acquisition date as follows:

	Book value at acquisition date VND	Fair values adjustment VND	Fair values recognised at acquisition date VND
Asset			
Cash and cash equivalents	312,826,517	-	312,826,517
Other short-term receivables	18,679,961,110	-	18,679,961,110
Other assets	892,384	-	892,384
	<u>18,993,680,011</u>		<u>18,993,680,011</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total identifiable net assets	<u>18,993,680,011</u>		<u>18,993,680,011</u>
Goodwill from business combination			1,006,219,357
Non-controlling interests			<u>(1,899,368)</u>
Purchase consideration transferred			19,998,000,000
Cash acquired			<u>(312,826,517)</u>
			<u>19,685,173,483</u>
Net cash outflow on acquisition			

4 CASH AND CASH EQUIVALENTS

	31/12/2016 VND	31/12/2015 VND
Cash on hand	679,014,510	436,098,315
Cash at bank	807,536,880,783	804,939,085,349
Cash equivalents (*)	<u>2,528,753,537,498</u>	<u>3,054,334,979,618</u>
	<u><u>3,336,969,432,791</u></u>	<u><u>3,859,710,163,282</u></u>

(*) Cash equivalents are term deposits at banks in Vietnamese Dong with maturity from one to three months.

As at 31 December 2016, cash and cash equivalents of VND1,137,281 million (as at 31 December 2015: VND730,339 million) were pledged as collateral assets and VND943,271 million (as at 31 December 2015: VND863,455 million) were managed by bank under purpose of borrowings for each project.

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5 INVESTMENTS

(a) Investments held to maturity

Short-term

	31/12/2016			31/12/2015		
	Cost VND	Provision VND	Carrying value VND	Cost VND	Provision VND	Carrying value VND
Term deposits	964,822,616,829	-	964,822,616,829	818,888,056,357	-	818,888,056,357

The term deposits represent bank deposits in VND with original maturity of more than three months and less than one year at the commercial banks with interest from 5.7% to 6.8% per annum (as at 31 December 2015: from 5% to 7.3% per annum).

As at 31 December 2016, short-term deposits of VND1,537 million (as at 31 December 2015: VND42,783 million) were pledged as collateral assets and VND960,536 million (as at 31 December 2015: VND0) were managed by bank under purpose of borrowings for each project.

(b) Investments in other entities

	31/12/2016			31/12/2015		
	Cost VND	Provision VND	Carrying value VND	Cost VND	Provision VND	Carrying value VND
Investments in associates, joint ventures (i)	350,498,434,891	-	350,498,434,891	1,526,233,919,261	-	1,526,233,919,261
Investments in other entities (ii)	-	-	-	55,643,750,000	-	55,643,750,000
	350,498,434,891	-	350,498,434,891	1,581,877,669,261	-	1,581,877,669,261

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5 INVESTMENTS (continued)

(b) Investments in other entities (continued)

(i) Investments in associates and joint ventures

Name	The principal activity	31/12/2016		31/12/2015	
		Cost VND	Fair value VND	Cost VND	Fair value VND
The 21st Century International Development Joint Stock Company	Real estate trading	-		1,342,635,516,042	(*)
Phu Dinh Port Joint Stock Company	Real estate trading	133,199,705,838	(*)	93,097,780,664	(*)
Sai Gon Golf Joint Stock Company	Real estate trading	116,487,572,498	(*)	-	(*)
Ben Thanh House One Member Ltd., Co	Real estate trading	64,881,426,642	(*)	60,600,000,000	(*)
Sai Gon Electronics and Industrial Service Joint Stock Company	Electronic equipments, telecommunications trading	25,892,665,350	(*)	14,999,154,301	(*)
Nova Dong Hai Joint Stock Company	Real estate trading	10,037,064,563	(*)	10,003,418,179	(*)
Mega Housing Joint Stock Company	Real estate trading	-		2,929,644,563	(*)
Nova Bac Nam 79 Joint Stock Company	Real estate trading	-		1,968,405,512	(*)
		350,498,434,891		1,526,233,919,261	

(ii) Investments in other entities

	Cost VND	31/12/2016		31/12/2015	
		Fair value VND	Provision VND	Cost VND	Fair value Provision VND
Nha Rong Investment and Commercial Joint Stock Company	-	(*)	-	50,583,750,000	(*) -
Others	-	(*)	-	5,060,000,000	(*) -
	-	(*)	-	55,643,750,000	(*) -

(*) As at 31 December 2016 and 31 December 2015, the Group was not able to disclose the fair value of these investments as they have not been listed in the stock market. As a result, their fair values were not available.

6 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	31/12/2016 VND	31/12/2015 VND
Trade receivables from rendering services		
Third parties	14,105,859,709	87,710,248,983
Related parties (Note 40(b))	-	2,200,000,000
Trade receivables from sales of properties		
Third parties (*)	319,117,669,711	331,021,543,478
	<u>333,223,529,420</u>	<u>420,931,792,461</u>

(*) The short-term trade accounts receivable from third parties mainly represent receivables from individuals and companies.

7 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	31/12/2016 VND	31/12/2015 VND
Third parties		
Tan Ky Construction Real Estate Trading Corporation	143,924,098,922	-
An Phu An Real Estate One Member Company Limited	111,343,000,000	188,100,000
Công ty Florida Yachts International	93,757,653,303	-
American General Construction Company Limited	91,561,366,686	69,707,013,747
Construction and Building material Joint Stock Company	75,996,448,616	-
Sai Gon General Service Joints Stock Company	43,713,003,026	43,610,714,560
Hoa Binh Real Estate and Investment Joint Stock Company	40,952,056,606	-
Công ty Cổ phần Tư Vấn Xây dựng Phát Lộc	30,200,000,000	-
Công ty CP Cơ khí và Đầu tư Xây dựng số 9	24,899,541,263	-
Công ty CP Xây Dựng Số 14	19,536,322,940	-
Công ty TNHH Thương mại Ha Lô	17,036,498,056	10,429,972,561
Công ty TNHH Schindler Việt Nam	16,539,669,467	-
Thanh Nien Viet Nam Tourism One Member Company Limited	-	26,550,000,000
Others	172,976,943,521	133,442,784,998
Related parties	-	-
	<u>882,436,602,406</u>	<u>283,928,585,866</u>

8 LENDING**(a) Short-term lending**

	31/12/2016 VND	31/12/2015 VND
Related parties (Note 40(b))	43,420,000,000	403,441,000,000
Third parties (*)	2,100,238,593,511	864,175,016,535
	<u>2,143,658,593,511</u>	<u>1,267,616,016,535</u>

(*) These are the short-term loans to third parties which are unsecured and earn interest at rate from 5.0% to 12.2% per annum. The maturity of these loans are from 3 to 6 months.

(b) Long-term lending

	31/12/2016 VND	31/12/2015 VND
Third party (*)	<u>1,170,000,000,000</u>	<u>-</u>

(*) The balance represents loans granted for a third party which will mature in five years, unsecured and earn interest at a rate of 12.2% per annum.

9 OTHER RECEIVABLES**(a) Other short-term receivables**

	31/12/2016		31/12/2015	
	Cost VND	Provision VND	Cost VND	Provision VND
Deposits for the acquisition of shares	852,750,000,000	-	2,908,580,000,000	-
Deposits for the contract of investment consultancy service	951,500,000,000	-	-	-
Project development and business co-operation	573,089,733,502	-	943,954,858,809	-
Interest receivables from term deposits and lending	182,157,995,996	-	63,387,301,766	-
Deposits	124,996,829,272	-	167,476,525,000	-
Advances for the project	366,734,361,189	-	300,000,000	-
Others	365,291,988,979	-	8,631,227,082	-
	<u>3,416,520,908,938</u>		<u>4,092,329,912,657</u>	

9 OTHER RECEIVABLES (continued)**(a) Other short-term receivables (continued)**

In which, the balances with related parties and third parties were as follows:

	31/12/2016		31/12/2015	
	Cost VND	Provisio n VND	Cost VND	Provision VND
Third parties	3,055,835,843,522	-	1,627,708,684,545	-
Related parties (Note 40(b))	<u>360,685,065,416</u>	<u>-</u>	<u>2,464,621,228,112</u>	<u>-</u>

(b) Other long-term receivables

	31/12/2016		31/12/2015	
	Cost VND	Provisio n VND	Cost VND	Provision VND
Deposits for the contract of investment consultancy service	1,855,921,302,246	-	2,337,600,000,000	-
Project development and business co- operation	782,536,582,050	-	814,915,200,000	-
Deposits for the acquisition of shares	13,615,200,000	-	152,536,582,050	-
Others	117,981,971,211	-	4,164,604,160	-
	<u>2,770,055,055,507</u>	<u>-</u>	<u>3,309,216,386,210</u>	<u>-</u>

Trong đó, số dư của bên thứ ba và bên liên quan như sau:

Third parties	2,363,656,279,507	-	2,904,216,386,210	-
Related parties (Note 40(b))	<u>406,398,776,000</u>	<u>-</u>	<u>405,000,000,000</u>	<u>-</u>

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10 INVENTORIES

(a) Inventories

	31/12/2016		31/12/2015	
	Cost VND	Provision VND	Cost VND	Provision VND
Properties in construction progress (i)	14,962,417,482,719	-	3,238,919,778,815	-
Properties in construction completion (ii)	490,997,378,331	(5,532,862,552)	3,714,486,289,961	(42,889,553,945)
Property merchandises	185,009,897,157	-	248,311,958,657	-
Other merchandises	3,389,659,763	-	-	-
	15,641,814,417,970	(5,532,862,552)	7,201,718,027,433	(42,889,553,945)

Movements in inventories provision during the period were as follows:

	For the year ended	
	31/12/2016 VND	31/12/2015 VND
Beginning of period/year		
Increase	(42,889,553,945)	(8,441,635,222)
Reversal	(1,865,650,313)	(41,744,288,054)
End of period/year	39,222,341,706	7,296,369,331
	(5,532,862,552)	(42,889,553,945)

(i) As at 31 December 2016, the properties in construction progress mainly include cost of land, expenditures of consulting and design, construction costs payable to constructors and other direct expenditures relating to the projects.

(ii) As at 31 December 2016, the balance presents the properties in construction completion for sale.

As at 31 December 2016, inventories of the Group were used to collateralize for borrowings being at VND3,141,132 million (as at 31 December 2015: VND1,948,497 million).

Total capitalised interest expenses during the period was VND111,971 million (as at 31 December 2015: VND21,452 million).

10 INVENTORIES (continued)**(b) Long-term work in progress**

This balance comprised the work in progress amount of projects located at Ho Chi Minh City. These projects are in the progress of completing the paper works to continue to develop due to changes in usage purpose.

11 PREPAID EXPENSES**(a) Short-term prepaid expenses**

	31/12/2016 VND	31/12/2015 VND
Tools and equipments	2,482,258,721	1,851,719,257
Short-term prepaid expenses	55,482,900,824	60,525,063,933
	<u>57,965,159,545</u>	<u>62,376,783,190</u>

(b) Long-term prepaid expenses

	31/12/2016 VND	31/12/2015 VND
Tools and equipments	21,268,916,161	23,908,525,990
Long-term prepaid expenses	168,254,593,666	136,742,548,580
	<u>189,523,509,827</u>	<u>160,651,074,570</u>

Movements in long-term prepaid expenses during the year were as follows:

	For the year ended	
	31/12/2016 VND	31/12/2015 VND
Beginning of period/year	160,651,074,570	97,148,602,621
Increase	130,967,169,395	211,551,302,099
Allocation	(102,094,734,138)	(148,048,830,150)
End of period/year	<u>189,523,509,827</u>	<u>160,651,074,570</u>

13 INTANGIBLE FIXED ASSETS

	Land use rights VND	Trade mark VND	Software VND	Total VND
Historical cost				
As at 1 January 2016	25,400,891,068	30,000,000	2,992,791,813	28,423,682,881
Reclassification	-	112,225,000	(112,225,000)	-
New purchases	-	-	1,666,646,237	1,666,646,237
Disposal of subsidiaries	-	-	(120,000,000)	(120,000,000)
As at 31 December 2016	25,400,891,068	142,225,000	4,427,213,050	29,970,329,118
Accumulated amortisation				
As at 1 January 2016	-	(14,999,982)	(702,542,655)	(717,542,637)
Reclassification	-	(18,704,168)	18,704,168	-
Charge for the period	-	(66,112,500)	(718,705,128)	(784,817,628)
Disposal of subsidiaries	-	-	120,000,000	120,000,000
As at 31 December 2016	-	(99,816,650)	(1,282,543,615)	(1,382,360,265)
Net book value				
As at 1 January 2016	25,400,891,068	15,000,018	2,290,249,158	27,706,140,244
As at 31 December 2016	25,400,891,068	42,408,350	3,144,669,435	28,587,968,853

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14 INVESTMENT PROPERTIES

	Land use rights VND	Buildings VND	Buildings and land use rights VND	Infrastructure VND	Total VND
Historical cost					
As at 1 January 2016	44,138,299,530	85,023,755,031	52,444,906,363	935,044,107,875	1,116,651,068,799
Transfers from inventories	63,841,776,091	5,764,231,542	37,322,054,568	844,813,884,688	951,741,946,889
Construction	-	10,819,815,083	-	-	10,819,815,083
New purchases	-	36,988,038,545	33,743,350,000	-	70,731,388,545
Transfers to inventories	-	(53,371,552,164)	-	(46,762,908,745)	(100,134,460,909)
Disposal	(33,707,700,000)	(1,217,259,635)	-	-	(34,924,959,635)
Other decreases	-	-	-	1,684,697,047	1,684,697,047
As at 31 December 2016	107,980,075,621	84,007,028,402	123,510,310,931	1,734,779,780,865	2,016,569,495,819
Accumulated amortisation					
As at 1 January 2016	-	(2,692,840,232)	(3,366,317,261)	(27,806,387,633)	(33,865,545,126)
Charge for the period	-	(3,350,765,322)	(4,651,699,386)	(36,894,683,012)	(44,897,147,720)
Transfers to inventories	-	1,360,012,761	-	399,456,015	1,759,468,776
Disposal	-	1,217,259,635	-	-	1,217,259,635
As at 31 December 2016	-	(3,466,333,158)	(8,018,016,647)	(64,301,614,630)	(75,785,964,435)
Net book value					
As at 1 January 2016	44,138,299,530	82,330,914,799	49,078,589,102	907,237,720,242	1,082,785,523,673
As at 31 December 2016	107,980,075,621	80,540,695,244	115,492,294,284	1,670,478,166,235	1,940,783,531,384

As at 31 December 2016, there was no investment properties were pledged as security for bank borrowings and bonds issued by the Group (as at 31 December 2015: VND335,159 million)

15 CONSTRUCTION IN PROGRESS

	31/12/2016	31/12/2015
	VND	VND
Purchase of fixed assets	6,133,252,000	4,424,673,000
Construction in progress (*)	30,967,899,754	1,059,296,972,604
Overhaul of fixed assets	3,292,862,231	5,429,721,039
	<u>40,394,013,985</u>	<u>1,069,151,366,643</u>

Movement of construction in progress is as below:

	For the year ended	
	31/12/2016	31/12/2015
	VND	VND
Beginning of period/year	1,069,151,366,643	85,775,562,901
Increase in the period/year	483,599,669,249	1,046,091,846,378
Transfer to fixed asset	(9,351,349,491)	(59,386,097,912)
Transfer to investment property	(10,819,815,083)	(3,329,944,724)
Transfer to inventory	(1,468,656,469,624)	-
Transfer to long term prepaid expense	(15,667,954,697)	-
Disposal of subsidiaries	(7,861,433,012)	-
End of period/year	<u>40,394,013,985</u>	<u>1,069,151,366,643</u>

16 GOODWILL

	For the year ended	
	31/12/2016	31/12/2015
	VND	VND
Beginning of period/year	1,119,884,733,917	105,964,266,109
Adjustment (*)	-	98,887,178,510
Increase in the period/year (**)	1,917,657,294,240	978,278,012,059
Decrease due to disposal subsidiary	(597,391,461,867)	-
Amortisation	(222,544,537,238)	(63,244,722,761)
End of period/year	<u>2,217,606,029,052</u>	<u>1,119,884,733,917</u>

(*) This is an adjustment for goodwill from business combination of the Group in 2014 that was adjusted prospectively in 2015.

16 GOODWILL (continued)

(**) Details of goodwill arising from business combinations during the period and estimated allocation time are as below:

	Goodwill VND	Allocated time Year
The 21st Century Joint Stock Company	1,343,458,274,347	10
Nha Rong Investment and Trade Joint Stock Company	205,448,339,075	10
Phu Viet Tin Company Limited	158,530,685,672	10
Nova RiverGate Company Limited	138,103,693,941	10
Phuong Dong Building Joint Stock Company	31,780,744,979	10
Tuong Minh Investment and Real Estate Company Limited	27,449,625,979	10
Mega Tie Company Limited	10,928,628,686	10
Others	1,957,301,561	10
	1,917,657,294,240	

17 SHORT-TERM TRADE ACCOUNTS PAYABLE

	31/12/2016 VND	31/12/2015 VND
Henry Enterprise Group Limited	679,680,395,588	-
Hoa Binh Real Estate and Investment Joint Stock Company	84,896,786,277	47,320,961,601
Cotec Building Joint Stock Company	81,672,729,738	132,393,794,691
Binh Dinh Construction Limited	42,444,326,009	-
Nova Home Trading Joint Stock Company	41,374,058,935	-
Delta Construction and Industrial Limited	30,676,894,152	-
Tai Viet Tin Construction Limited	30,575,354,224	-
Kien Phu Gia Limited	26,009,925,066	-
American General Construction Company Limited	21,883,830,416	-
P&M Commercial Refrigeration Service Co., Ltd	21,185,801,357	56,390,952,963
Hoang Phuc Investment Construction Housing Development Company Limited	20,000,000,000	104,311,242,881
No 1 Construction Joint Stock Company	-	25,275,609,131
Tan Son Nhat Airlines Service Joint Stock Company	7,338,988	55,380,000,000
South Rubber Industry Joint Stock Company	-	17,750,000,001
Others	425,121,766,203	383,868,029,090
	1,505,529,206,953	822,690,590,358

In which, the balances with related parties and third parties were as follows:

Third parties	1,505,529,206,953	821,529,631,163
Related parties (Note 40(b))	-	1,160,959,195

18 SHORT-TERM ADVANCES FROM CUSTOMERS

The short-term advances from customers mainly include advances from customers, prepaid amounts or deposits of customers according to the property transfer agreements of the Company's projects. The amount is recognised as revenue when the Company completes and hands over apartments to customers.

19 TAXES AND OTHER PAYABLES TO THE STATE BUDGET**(a) Taxes and other receivables from the State Budget**

The tax receivables from the State Budget of VND86,801,924,241 (2015: VND93,119,243,617) are mainly from payments in advance of the corporate income tax at 1% of the collections from the real estate projects for the nine-month period in 2016.

(b) Taxes and other payables to the State Budget

	31/12/2016 VND	31/12/2015 VND
Business income tax	36,630,304,418	126,344,426,169
Value added tax	82,859,123,162	61,868,885,936
Personal income tax	3,413,359,127	5,157,860,240
Others	67,461,744	19,602,307
	<u>122,970,248,451</u>	<u>193,390,774,652</u>

20 PAYABLES TO EMPLOYEES

	31/12/2016 VND	31/12/2015 VND
Salary	161,463,623	1,142,118,477
13th month salary, bonus	139,101,201,782	91,306,005,298
	<u>139,262,665,405</u>	<u>92,448,123,775</u>

21 SHORT-TERM ACCRUED EXPENSES

	31/12/2016 VND	31/12/2015 VND
Constructions costs	411,382,400,531	685,176,050,333
Interest expenses	99,276,480,672	109,408,173,864
Others	66,066,359,980	31,994,755,549
	<u>576,725,241,183</u>	<u>826,578,979,746</u>

22 OTHER PAYABLES**(a) Short-term**

	31/12/2016 VND	31/12/2015 VND
Deposits for purchase of apartment, commercial plots (i)	38,959,181,155	412,957,077,187
Sinking fund payables (ii)	250,646,935,707	231,404,553,527
Payable for transfer of project (iii)	-	60,000,000,000
Business co-operation contract (iv)	200,000,000,000	-
Others	424,892,022,621	34,479,658,093
	<u>914,498,139,483</u>	<u>738,841,288,807</u>

(i) These are deposits from customers for the purchase of apartments and commercial areas.

(ii) The sinking fund payables represent 2% of the total net value of the contracts which the Group collected from the residents for the maintenance of apartments. This amount will be transferred to the Residence Committee when established.

(iii) This is payable to third party for the transfer of project.

(iv) This is payable to third party according to business co-operation contract.

(b) Long-term

	31/12/2016 VND	31/12/2015 VND
Business Co-operation Contract	2,114,034,432,000	1,472,949,631,299
- <i>Third parties (*)</i>	1,834,824,432,000	139,990,311,299
- <i>Related parties (Note 40(b))</i>	279,210,000,000	1,332,959,320,000
Others	4,185,075,098	2,762,167,830
	<u>2,118,219,507,098</u>	<u>1,475,711,799,129</u>

(*) These are the funds received for business cooperation from partners related to real estate projects.

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23 BORROWINGS AND FINANCE LEASE LIABILITIES

	As at 01/01/2016 VND	Increase VND	Decrease VND	As at 31/12/2016 VND
(a) Short-term borrowings				
- Borrowings from third parties (*)	-	5,760,616,262,200	(2,666,845,896,513)	3,093,770,365,687
- Borrowings from related parties (Note 40(b))	9,940,000,000	891,412,031,882	(891,887,031,882)	9,465,000,000
- Bank loans (**)	1,545,800,098,505	2,677,019,053,170	(3,566,784,773,713)	656,034,377,962
	1,555,740,098,505	9,329,047,347,252	(7,125,517,702,108)	3,759,269,743,649
Long-term bonds – Current portion (Note 23(b))	580,989,000,000			596,000,000,004
Long-term borrowings – Current portion (Note 23(b))	376,413,423,140			50,000,000,000
Current portion of long-term debts	957,402,423,140			646,000,000,004
	2,513,142,521,645			4,405,269,743,653

(*) These are loans from a third party. These loans are unsecured, mature in 5 months, and bear interest at a rate from 4.5% to 5.4% per annum.

23 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)**(a) Short-term borrowings (continued)**

(**) Details of closing balance of short-term borrowings from bank are as follows:

	31/12/2016 VND	31/12/2015 VND
Southeast Asia Commercial Joint Stock Bank - Ho Chi Minh City Branch (i)	181,200,000,000	440,978,000,000
Sai Gon Thuong Tin Commercial Joint Stock Bank – Transaction Center (ii)	160,000,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Saigon South Branch (iii)	150,153,000,000	99,997,000,000
Viet Capital Commercial Joint Stock Bank – Gia Dinh Branch (iv)	98,828,896,087	75,000,000,000
Southeast Asia Commercial Joint Stock Bank (v)	65,852,481,875	241,836,098,505
National Citizen Bank - Transaction Center	-	449,989,000,000
Nam A Commercial Joint Stock Bank - Ham Nghi Branch - Phu My Hung transaction office	-	100,000,000,000
Nam A Commercial Joint Stock Bank - Dong Nai Branch	-	75,000,000,000
Vietnam Asia Commercial Joint Stock Bank- Transaction Center	-	63,000,000,000
	<u>656,034,377,962</u>	<u>1,545,800,098,505</u>

(i) These are loans in Vietnamese Dong bearing an interest rate of 6.5% per annum. The collateral assets of loans include deposit contracts amounting to VND354,275,876,194, VND23,227,868,362, VND68,638,028,922 and VND 6,057,951,380 owned by the Group's subsidiaries.

(ii) These are loans in Vietnam dong with a total credit limit of VND200 billion in period of 12 months, which has been used to supplement working capital. The interest rate is specified in each loan drawdown. At 30 September 2016, the Group had outstanding loan balance of VND160 billion with interest rate of 10% per annum. The borrowings have been guaranteed by shares of NovaGroup Joint Stock Company.

(iii) These are loans in Vietnamese Dong with maturing in August 2017 and bearing an interest rate adjusted in each loan drawdown. These loans are unsecured.

(iv) These are loans in Vietnamese Dong with a total credit limit of VND100 billion, maturing in June 2017. The interest rate is adjusted in each loan drawdown which is 8.7% per annum. These loans are unsecured.

(v) These are borrowings in Vietnamese Dong with maturing in December 2016 and bearing an interest rate from 6.9% to 8.8% per annum. The collateral assets include: the number of shares of Phu Dinh Port JSC owned by following companies: No Va Land Investment Group Corporation, Phuoc Long Investment and Development Co., Ltd.; Nova Con Au Real Estate Investing Co., Ltd., Bach Hop Real Estate Co., Ltd; the deposit agreements which were issued by SeABank to Nova Galaxy Real Estate Joint Stock Company and The Prince Residence Joint Stock Company with the total value of VND164,988,347,327.

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23 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

	As at 01.01.2016 VND	Increase VND	Decrease VND	Current portion VND	As at 30/09/2016 VND
(b) Long-term borrowings					
- Bank loans (*)	693,848,181,501	3,348,272,528,505	(1,342,186,823,140)	(257,454,758,361)	2,442,479,128,505
- Issued bonds (**)	5,016,791,093,017	4,146,709,717,517	(4,418,886,380,954)	(596,000,000,004)	4,148,614,429,576
- Borrowings from third parties (***)	676,200,000,000	2,583,200,000,000	(760,200,000,000)	-	2,499,200,000,000
- Borrowings from related parties	51,151,000,000	-	(51,151,000,000)	-	-
	<u>6,437,990,274,518</u>	<u>10,078,182,246,022</u>	<u>(6,572,424,204,094)</u>	<u>(853,454,758,365)</u>	<u>9,090,293,558,081</u>

Long-term bonds – Current portion (Note 23(a))	(580,989,000,000)
Long-term borrowings – Current portion (Note 23(a))	(376,413,423,140)
Current portion of long-term debits	(957,402,423,140)
	<u>5,480,587,851,378</u>

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23 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(b) Long-term borrowings (continued)

(*) Details of closing balance of long-term borrowings from bank are as follows:

	As at 31 December 2016			As at 31 December 2015		
	Principal VND	Current portion VND	Long-term borrowings VND	Principal VND	Current portion VND	Long-term borrowing VND
Vietnam Joint Stock Commercial Bank for Industry and Trade HCM Branch (i)	1,206,433,940,112	-	1,206,433,940,112	-	-	-
Sai Gon Thuong Tin Commercial Joint Stock Bank – Transaction Center (iii)	500,000,000,000	-	500,000,000,000	-	-	-
Tien Phong Commercial Joint Stock Bank – Sai Gon Branch (iv)	350,000,000,000	-	350,000,000,000	-	-	-
Vietnam Prosperity Joint Stock Commercial Bank – Ho Chi Minh City Branch (v)	200,000,000,000	-	200,000,000,000	-	-	-
Tien Phong Commercial Joint Stock Bank (vi)	140,500,000,000	-	140,500,000,000	281,000,000,000	(140,500,000,000)	140,500,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Soc Trang Branch (vii)	45,545,188,393	-	45,545,188,393	-	-	-
Sai Gon Thuong Tin Commercial Joint Stock Bank	-	-	-	412,848,181,501	(235,913,423,140)	176,934,758,361
	<u>2,442,479,128,505</u>	<u>-</u>	<u>2,442,479,128,505</u>	<u>693,848,181,501</u>	<u>(376,413,423,140)</u>	<u>317,434,758,361</u>

23 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)**(b) Long-term borrowings (continued)**

(i) These are loans in Vietnamese dong with a total credit limit of no more than 3,400 billion VND, financed for a project of the Group. Loan term is 48 months from the initial drawdown date. The interest rate of the loan is specified in each loan drawdown and adjusted every 3 months. The loan's collateral included the property rights arising from the Binh Khanh project which is 30.224 ha in Binh Khanh Ward, District 2, HCM City by the Company as an investor and shares of the Company's shareholders.

(ii) These are loans in Vietnamese dong with a total credit limit of VND500 billion, 24 months duration, funding for the projects of the Group. The interest rate of the loan is specified in each loan drawdown. At 30 September 30 2016, the Group had outstanding loans of VND500 billion with interest rate of 10% per annum. Loans are secured by a number of shares of NovaGroup Joint Stock Company amounting to VND835 billion.

(iii) This is Vietnamese dong loans, maturing in April 2019, bear interest rates ranging from 9.5% to 9.7% per annum. The collateral includes capital contributions to Nova Corporation Asia and the receivables related to a project of the Group.

(iv) This is a loan with term of 36 months, financed for a project of the Group. The interest rate at initial disbursement was 11% per annum, which will be adjusted every 3 months. This loan is secured by the shares of No Va Land Investment Group Corporation owned by NovaGroup Joint Stock Company. Besides, the loan is secured by the letter of guarantee by two shareholders of the Company.

(v) These are borrowings in Vietnamese Dong, which will mature in 2017. During the period, the loans bear an interest rate of 10.8% per annum. These loans are secured by: land use rights owned by I.V.C Company Limited, third party at land lot No. 100, Map No. 68, Truong Sa Street, Hoa Hai Ward, Ngu Hanh Son District, Da Nang City; shares of No Va Land Investment Group Corporation owned by the Company's shareholders; the receivables from deposit contracts, capital contribution, sales of apartments, commercial area belong to project of Complexity of Trade and Service at Lot No. 4, Map No. 45, Ward 2, Tan Binh District, Ho Chi Minh City.

(vi) This is Vietnamese dong loan to finance a project of the Group, total credit limit of VND250 billion. Loan term is 60 months from the initial drawdown date. The interest rate of the loan is specified in each loan drawdown, which was 9.4% per annum during the period. The collateral is land and land forming future in Con Au Tourist project.

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23 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)

(b) Long-term borrowings (continued)

(**) Details of the closing balance of issuing bonds are presented as below:

	As at 31 December 2016			As at 31 December 2015		
	Principal VND	Current portion VND	Long-term borrowings VND	Principal VND	Current portion VND	Long-term borrowing VND
Vietnam Joint Stock Commercial Bank for Industry and Trade (i)	1,732,000,000,000	-	1,732,000,000,000	3,280,000,000,000	-	3,280,000,000,000
Commercial Bank for Industry and Trade	-	-	-	580,989,000,000	(580,989,000,000)	-
Ban Viet Commercial Joint Stock Bank (i)	300,000,000,000	-	300,000,000,000	-	-	-
Vietnam Technological and Commercial Joint Stock Bank (ii)	1,650,000,000,000	-	1,650,000,000,000	250,000,000,000	-	250,000,000,000
Military Commercial Joint Stock Bank (iii)	500,000,000,000	-	500,000,000,000	350,000,000,000	-	350,000,000,000
Vietnam Prosperity Joint Stock Commercial Bank	-	-	-	300,000,000,000	-	300,000,000,000
Tien Phong Commercial Joint Stock Bank	-	-	-	300,000,000,000	-	300,000,000,000
Bond issued costs	(33,385,570,424)	-	(33,385,570,424)	(44,197,906,983)	-	(44,197,906,983)
	<u>4,148,614,429,576</u>	<u>-</u>	<u>4,148,614,429,576</u>	<u>1,736,791,093,017</u>	<u>(580,989,000,000)</u>	<u>4,435,802,093,017</u>

(i) These are borrowings from the issuing bonds at par value denominated in Vietnamese Dong, include the following bonds:

- Bonds issued to Vietnam Bank for Industry and Trade – Ho Chi Minh City Branch includes: Bonds at par value of 2,000 billion maturing in May 2019, Bonds at par value of 736 billion matures in August 2020, bore interest at 10% per annum. Loans with collateral consists of shares of the Company Shareholders issued by the Company, the receivables related to a project of the Group, the Group's share in the Duc Khai Real Estate Company Limited.

- VND300 billion bonds issued to Viet Capital Bank- Operation Center which mature on 28 January 2018 and bear an interest rate of 10.25% per annum for 2 first interest periods beginning from January 2016 and the interest rate applied for the remaining period will be defined at the calculating date of the interest by average of interest rate of 12 month deposit in Vietnamese Dong which are stipulated by four banks in Ho Chi Minh City including: Bank for Investment and Development of Viet Nam Joint Stock Company, Vietcombank, Vietinbank, Vietnam Bank for Agriculture and Rural Development at that date plus margin of 3% per annum. The borrowings are secured by shares of Company's shareholders. At 8 August 2016, the bonds was transferred from Viet Capital Commercial Joint Stock Bank to Bao Viet Commercial Joint Stock Bank.

23 BORROWINGS AND FINANCE LEASE LIABILITIES (continued)**(b) Long-term borrowings (continued)**

(ii) It is borrowing from the issuing bonds in Vietnamese dong at commercial bank which include:

- VND700 billion bonds at an interest rate of 0%, maturing in September 2017, the total par value of VND700 billion, total payment amount is VND634,173,582,430. The bonds are secured by shares issued by the Company by the Company's shareholders.

- VND450 billion bonds at an interest rate of 0%, maturing in April 2018, the total par value of VND450 billion, total payment amount is VND389,419,211,877. The bonds are secured by shares issued by the Company by the Company's shareholders.

- VND500 billion bonds will mature in December 2018. The interest rate is 10.9% per annum for the first year, then it will be defined by reference interest rate plus 4,5%. The reference interest rate is calculated by average interest rate of 12 month deposit in Vietnamese Dong which are stipulated in the website of four banks including: Bank for Investment and Development of Viet Nam Joint Stock Company, Vietcombank, Vietinbank, Vietnam Bank for Agriculture and Rural Development. The borrowings are secured by the shares of Company's shareholders

(iii) VND300 billion bonds issued to Military Commercial Bank which mature in 2019 and bear an interest rate of 10% per annum for the first year. For the second and the third year, interest rate will be defined by 3,5% plus reference interest rate. The reference interest rate is calculated by average interest rate of 12 month deposit in Vietnamese Dong which are stipulated in the website of four banks including: Bank for Investment and Development of Viet Nam Joint Stock Company, Vietcombank, Military Bank and Vietinbank. The borrowings are secured by the property rights arising from Golden Mansion project and the shares of Company's shareholders

(***) The closing balance of long-term borrowings from third-parties includes:

(i) In July 2016, the Company, facility agent and security agent signed a convertible loan agreement with a credit facility of US\$100,000,000 and interest at a rate of LIBOR plus 5% per annum. The convertible loan duration is 30 months since the first date of drawdown and interest is payable every 3 months. If the listing of the Company does not occur by the maturity date, the Company must pay all amounts due and owing in cash. If the Company listing date occurs at any time prior to or on the termination date, the Company and the lender may elect to convert the loan into shares pursuant to the provisions of the Share Repayment Agreement, in which the Company will issue a required number of common shares. At the date of conversion, the company will issue shares followed the instruction of the facility agent.

As at of the date of the statements, an amount of US\$60,000,000 has been drawn down, equivalent to the total of 33,457,190 shares.

(ii) Loans under the credit agreement of USD50,000,000 with GW Supernova PTE Ltd., loan tenor is 36 months since the first drawdown (December 2016). These loans include the loan package of USD20,000,000 and the convertible loan package of USD30,000,000. The interest rate is 6% per annum and repayment term is every 6 months. Principle is payable at the end of the term. The creditor can convert the convertible loan into shares at any time after 10 months of the disbursement date or 6 months after the conversion date of the Credit Suisse loan, whichever is earlier.

As at of the date of the statements, an amount of US\$50,000,000 has been drawn down, the number of shares can convert a maximum of convertible loan package is 15,723,325 shares.

24 OWNERS' CAPITAL**(a) Number of shares**

	31/12/2016		31/12/2015	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	<u>589,369,234</u>	<u>6,830,000</u>	<u>350,465,761</u>	<u>17,830,000</u>
Number of shares issued	<u>589,369,234</u>	<u>6,830,000</u>	<u>350,465,761</u>	<u>17,830,000</u>
Number of existing shares in circulation	<u>589,369,234</u>	<u>6,830,000</u>	<u>350,465,761</u>	<u>17,830,000</u>

(b) Movement of share capital

	Number of share capital	Ordinary shares (10,000 VND)	Preference shares (10,000 VND)	Total (10,000 VND)
As at 1 Jan 2015	230,000,000	230,000,000	-	230,000,000
New shares issued	<u>138,295,761</u>	<u>120,465,761</u>	<u>17,830,000</u>	<u>138,295,761</u>
As at 31 Dec 2015	368,295,761	350,465,761	17,830,000	368,295,761
Preference shares conversion	11,000,000	22,000,000	(11,000,000)	11,000,000
New shares issued	<u>216,903,473</u>	<u>216,903,473</u>	<u>-</u>	<u>216,903,473</u>
As at 31 Dec 2016	<u>596,199,234</u>	<u>589,369,234</u>	<u>6,830,000</u>	<u>596,199,234</u>

Par value per share: VND10,000.

25 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Retained earning VND	Total VND
As at 1 January 2015	2,300,000,000,000	35,718,605,400	331,007,731,063	2,666,726,336,463
Issuance of ordinary shares	974,657,610,000	-	-	974,657,610,000
Issuance of preference shares	178,300,000,000	881,380,000,000	-	1,059,680,000,000
Bonus shares	34,500,000,000	(34,500,000,000)	-	-
Dividends paid by shares	195,500,000,000	-	(195,500,000,000)	-
Profit for the year	-	-	415,422,664,012	415,422,664,012
Other decreases	-	-	(559,617,378)	(559,617,378)
As at 31 December 2015	3,682,957,610,000	882,598,605,400	550,370,777,697	5,115,926,993,097
Increase share capital (i)	1,537,034,730,000	(519,995,160,000)	-	1,017,039,570,000
Private offerings (ii)	522,000,000,000	2,031,423,000,000	-	2,553,423,000,000
Increase share capital from preference conversion (iii)	220,000,000,000	(220,000,000,000)	-	-
Profit for the period	-	-	1,661,806,939,423	1,661,806,939,423
Dividends paid	-	-	(53,490,000,000)	(53,490,000,000)
Change in ownership of subsidiaries (iv)	-	-	(1,205,800,347,798)	(1,205,800,347,798)
Other decreases	-	-	-	-
As at 31 December 2016	5,961,992,340,000	2,174,026,445,400	952,887,369,322	9,088,906,154,722

(i) According to the Resolution of the Company's Annual General Meeting dated 3 February 2016, the Company issued 101,703,957 ordinary shares during the period. As a result, the Company's capital increased from VND3,682,957,610,000 to VND4,699,997,180,000 to supplement the business and investment capital and enhance the investment capability. Then, according to the Resolutions of the Company's Annual General Meeting dated 21 July 2016, the General Assembly of Shareholders approved the issuance plan to increase charter capital from capital surplus of the Company, specified by the issuance of additional 51,999,516 ordinary shares. Accordingly, the charter capital of the Company increased from VND4,699,997,180,000 to VND5,219,992,340,000.

(ii) According to the Resolution of the General Meeting dated 3 November 2016, the Company issued 52.2 million common shares under the private placement method to less than 100 investors, excluding securities investment specialist, to develop projects implemented by the Company and supplement the working capital. In addition, according to this Resolution, the General Assembly of Shareholders has approved a plan to mobilize capital to increase its charter capital by offering shares to the public with the maximum number of shares is 57,420,000 and issuance shares under the optional program for employees with the maximum number of shares is 28,380,765.

25 MOVEMENTS IN OWNERS' EQUITY (continued)

(iii) According to the Resolution of the General Meeting dated 21 July 2016, the Company issued ordinary shares to convert the preference shares into ordinary shares at the suggest of preference shares' holders in proportion 1 preference shares receiving 3 ordinary shares. At 31 December 2016, total 11,000,000 preference shares have been converted into ordinary shares.

(iv) Undistributed earnings change due to change in ownership of subsidiaries mainly included:

Subsidiaries	Undistributed earnings increase/(decrease)
	VND
The 21st Century International Development Joint Stock Company	(1,067,808,947,798)
Nova Lexington Real Estate Joint Stock Company	(70,000,000,000)
The Prince Residence Joint Stock Company	(36,000,000,000)
Nova Galaxy Real Estate Joint Stock Company	(32,000,000,000)
Nova Sasco Limited	8,600,000

26 NON - CONTROLLING INTERESTS

The non-controlling intererests represent the holdings of the other shareholders for the value of the net assets and results of operations of the subsidiaries at period end.

	31/12/2016	31/12/2015
	VND	VND
Non-controlling interests	953,881,974,186	979,282,422,321
Details:		
Charter capital	871,671,325,519	906,263,386,453
Other funds	406,052	406,052
Undistributed earnings	82,210,242,615	73,018,629,816

Movements in non-controlling interests are as below:

	For the year ended	
	31/12/2016	31/12/2015
	VND	VND
Beginning of period/year	979,282,422,321	695,618,952,488
Net (loss)/profit for the period/year	(6,559,634,608)	26,337,286,515
Acquistion of new subsidiaries	940,280,003,133	122,002,167,784
Additional contribution	(657,070,955,688)	128,370,663,429
Decrease due to disposal of subsidiaries	(301,792,904,795)	-
Decrease due to dividend receipt	(1,149,219,932)	-
Others	892,263,755	6,953,352,105
End of period/year	953,881,974,186	979,282,422,321

27 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting bonus and welfare funds by the weighted average number of ordinary shares outstanding during the period.

	For the year ended	
	31/12/2016 VND	30/09/2015 VND
Net profit attributable to shareholders (VND)	1,661,806,939,423	415,422,664,012
Dividend on preference shares	(53,490,000,000)	-
Profit calculation of basic earnings per share	1,608,316,939,423	415,422,664,012
Weighted average number of ordinary shares in issue (shares)	474,606,674	302,268,407
Basic earnings per share (VND)	3,389	1,374

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders which already subtracted the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the period and the ordinary shares expected to be issued.

	For the year ended	
	31/12/2016 VND	30/09/2015 VND
Net profit attributable to shareholders (VND)	1,661,806,939,423	415,422,664,012
Profit calculation of basic earnings per share	1,661,806,939,423	415,422,664,012
Weighted average number of ordinary shares	474,606,674	302,268,407
Potential shares (shares) (*)	69,670,515	53,490,000
Weighted average number of ordinary shares including potential shares (shares)	544,277,189	355,758,407
Diluted earnings per share (VND)	3,053	1,168

(*) There are potential shares with assumption they will be converted from the preference shares that were issued by the Group in 2015 (Note 24).

28 OFF BALANCE SHEET ITEMS

	31/12/2016	31/12/2015
Tael of gold	44	24
USD	US\$13,854,560	US\$2,361

29 REVENUE

	For the year ended	
	31/12/2016	30/09/2015
	VND	VND
Net revenue		
Net revenue from sale of real estate	6,631,343,270,678	6,010,212,193,135
Net revenue from rendering services	720,175,832,091	150,523,558,438
Others	7,661,818,046	512,699,274,417
	<u>7,359,180,920,815</u>	<u>6,673,435,025,990</u>

30 COST OF SALES

	For the year ended	
	31/12/2016	30/09/2015
	VND	VND
Cost of real estate sold	5,097,209,200,358	4,571,608,087,441
Cost of rendering services	652,268,422,807	247,972,043,216
Others	5,699,422,870	513,992,022,525
	<u>5,755,177,046,035</u>	<u>5,333,572,153,182</u>

31 FINANCIAL INCOME

	For the year ended	
	31/12/2016	30/09/2015
	VND	VND
Interest on term deposits	136,685,945,010	163,607,462,979
Interest income current accounts	47,523,719,915	2,704,922,658
Interest income from loans	146,581,034,453	166,424,941,603
Realised foreign exchange gains	25,757,947,102	1,274,535,046
Dividend, profits shared	1,469,040,000	106,608,200
Revaluation investments at each business combination stage (*)	1,597,491,943,722	-
Gain from capital transfer	457,456,249,634	-
Gain on bargain	3,593,546,233	-
Others	109,365,701,694	492,039,616
	<u>2,525,925,127,763</u>	<u>334,610,510,102</u>

(*) This is the revaluation of the initial investment of the Group in The 21st Century, Nha Rong and Mega Housing at the time the Group controlled these companies (Note 3).

32 FINANCIAL EXPENSES

	For the year ended	
	31/12/2016 VND	30/09/2015 VND
Interest expenses on bank loans	778,653,074,815	351,425,428,041
Interest expenses on loans from individuals and organisations	84,420,188,703	-
Interest expenses on business co-operation contracts	55,285,496,805	20,954,977,441
Payment discount	17,124,316,699	29,731,722,799
Unrealised foreign exchange losses	866,018,806	21,879,821,943
Realised foreign exchange losses	42,081,285,776	5,920,632,148
Bond Issue cost	47,314,457,775	-
Loss on disposal of subsidiaries	38,772,079,697	-
Others	78,719,345,128	10,561,966,779
	<u>1,143,236,264,204</u>	<u>440,474,549,151</u>

33 SELLING EXPENSES

	For the year ended	
	31/12/2016 VND	30/09/2015 VND
Staff costs	13,719,450,202	60,386,828,013
Material, package costs	370,452,973	1,014,398,957
Tool and supplies	1,971,773,920	5,378,422,000
Depreciation expense	2,272,371,828	2,012,031,499
Outside services expenses	125,103,282,825	140,135,898,409
Other cash expenses	19,883,567,286	29,986,771,465
	<u>163,320,899,034</u>	<u>238,914,350,343</u>

34 GENERAL AND ADMINISTRATION EXPENSES

	For the year ended	
	31/12/2016 VND	30/09/2015 VND
Staff costs	75,315,489,490	141,503,990,849
Tools and supplies	710,598,349	2,187,934,766
Stationary	3,807,245,822	11,226,489,499
Depreciation expense	6,105,750,777	6,729,874,325
Tax and other fees	4,622,911,716	2,488,407,311
Provision	(962,925,331)	17,524,734,473
Outside services expenses	212,815,087,811	59,186,633,189
Other cash expenses	122,860,134,529	67,684,024,786
Allocation of goodwill	222,544,537,238	51,292,373,856
	<u>647,818,830,401</u>	<u>359,824,463,054</u>

35 OTHER INCOME

	For the year ended	
	31/12/2016 VND	30/09/2015 VND
Collection of penalties on contract violation	23,476,937,215	19,215,879,748
Gains on disposal of fixed assets	7,414,917,304	913,331,955
Gains on disposal of tools and equipment	10,913,701,191	-
Others	16,209,244,151	12,627,793,295
	<u>58,014,799,861</u>	<u>32,757,004,998</u>

36 OTHER EXPENSES

	For the year ended	
	31/12/2016 VND	30/09/2015 VND
Penalty expenses on contract violation	17,059,304,466	36,847,509,988
Net book value of disposed fixed assets	9,437,062,145	913,711,815
Others	26,119,420,215	23,135,585,911
	<u>52,615,786,826</u>	<u>60,896,807,714</u>

37 BUSINESS INCOME TAX**(a) Deferred income tax**

Movement in deferred income tax is as follows:

	For the year ended	
	31/12/2016 VND	31/12/2015 VND
Deferred tax assets	25,612,519,257	5,193,698,958
Deferred tax liabilities	(91,879,543,160)	-
Beginning of period	(66,267,023,903)	5,193,698,958
Income statement charge	(210,273,742,250)	37,959,337,948
Business combination during the period/year (*)	(1,151,094,415,656)	(10,372,053,367)
Disposal of subsidiaries	9,445,191,457	-
Adjustment for business combination of previous period (**)	-	(98,887,178,510)
Others	-	(160,828,932)
End of period	<u>(1,418,189,990,352)</u>	<u>(66,267,023,903)</u>
In which:		
Deferred tax assets	59,660,336,325	25,612,519,257
Deferred tax liabilities	<u>(1,477,850,326,677)</u>	<u>(91,879,543,160)</u>

37 BUSINESS INCOME TAX (continued)**(a) Deferred income tax (continued)**

Deferred tax assets mainly arise from unrealised profits incurring from business combination.

(*) This is deferred tax liabilities incurred from business combination during the period/year (Note 3).

(**) This is adjustment to recognise deferred income tax arising from difference between carrying value and fair value of identifiable net assets of subsidiaries acquired by the Group in 2014 and it was adjusted prospectively in 2015.

(b) Business income tax - current

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% (2015: 22%) as follows:

	For the year ended	
	31/12/2016	30/09/2015
	VND	VND
Net accounting profit before tax	2,193,189,530,997	608,112,963,781
Tax calculated at a rate of 20% (2015: 22%)	438,637,906,199	133,784,852,032
Effect of:		
Income not subject to tax	(293,808,000)	-
Allocation of goodwill	33,513,574,009	10,258,474,771
Expenses not deductible for tax purposes	15,177,715,582	4,440,249,774
Use of tax loss	(8,632,161,914)	(3,752,294,375)
Temporary difference for which deferred tax asset is not recognised in previous years	201,821,498	2,768,343,205
Underprovision in previous years	-	1,895,942,297
Tax loss for which deferred tax asset is not recognised	81,274,210,952	16,229,693,211
Effect of change in tax rate	(6,621,042,363)	727,752,339
Difference from share transfer of subsidiaries in consolidated financial statement compared to separate financial statement	(12,787,554,553)	-
Gain/loss in associate	(2,447,501,812)	-
Gain on acquisition subsidiaries in period	(718,709,247)	-
Adjustment of tax expense in previous years	637,775,831	-
Business income tax charge (*)	537,942,226,182	166,353,013,254
Charged/(credited) to income statement:		
Business income tax - current	327,668,483,932	204,312,351,202
Business income tax - deferred (Note 37(a))	210,273,742,250	(37,959,337,948)
	537,942,226,182	166,353,013,254

(*) The business income tax charge for the period is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

38 COST OF OPERATION BY FACTOR

	For the year ended	
	31/12/2016 VND	31/12/2015 VND
Construction and land costs	13,773,908,976,706	4,571,608,087,441
Labour costs	89,034,939,692	261,184,110,040
Outside services expenses	337,918,370,636	199,960,756,638
Depreciation expense and allocation of goodwill	287,199,079,719	8,741,905,824
Other cash expenses	154,223,054,595	89,695,679,329
	<u>14,642,284,421,348</u>	<u>5,131,190,539,272</u>

39 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CASH FLOW STATEMENT**(a) Cash pledged and managed by bank**

As at 31 December 2016, cash and cash equivalents of VND1,137,281 million were pledged as collateral assets (as at 31 December 2015: VND730,339 million) and VND943,271 million were managed by bank under purpose of borrowings for each project respectively (as at 31 December 2015: VND863,455 million)

(b) Amount of borrowings actually withdrawn during the period

	For the year ended	
	31/12/2016 VND	31/12/2015 VND
Proceeds from borrowings following normal borrowing contracts	9,510,269,130,252	2,760,552,454,579
Issuing bonds	4,086,000,000,000	4,259,791,093,017

(c) Amount of borrowings actually repaid during the period

	For the year ended	
	31/12/2016 VND	31/12/2015 VND
Repayments for borrowings following normal borrowing contracts	(9,544,373,283,609)	(2,133,694,880,779)
Repayments for bonds	(3,784,000,000,000)	(580,989,000,000)

40 RELATED PARTY TRANSACTIONS

During the period, the following transactions were carried out with related parties:

Relationship	Name
Associate	Sai Gon Electronics and Industrial Service Joint Stock Company
Associate	Phu Dinh Port Joint Stock Company
Associate	Nova Dong Hai Joint Stock Company
Associate	Ben Thanh House One Member Company Limited
Associate	Sai Gon Golf Joint Stock Company
Shareholder	Nova Investment Joint Stock Company
Shareholder	Mr. Bui Thanh Nhon
Shareholder	Mr. Bui Cao Nhat Quan
Related party of the shareholder	Mrs. Cao Thi Ngoc Suong
Related party of the shareholder	Mr. Bui Phan Phu Loc
Company owned by the shareholder	BNP Global Real Estate Joint Stock Company
Major shareholder of a subsidiary	Him Lam Joint Stock Company

(a) (a) Related party transactions

During the period, the following transactions were carried out with related parties:

	For the year ended	
	31/12/2016	31/12/2015
	VND	VND
i) Sales of goods and services		
Nova Dong Hai Joint Stock Company	357,045,455	137,500,000
Nova Bac Nam 79 Joint Stock Company	(**)	2,200,000,000
Mega Housing Joint Stock Company	(*)	15,400,000
BNP Global Real Estate Joint Stock Company	-	158,400,000
Nova Investment Joint Stock Company	29,700,000	29,568,000
	<u>386,745,455</u>	<u>2,540,868,000</u>
ii) Purchase of services		
Ben Thanh House One Member Company Limited	25,873,944,785	9,584,604,740
Sai Gon Electronics and Industrial Service Joint Stock Company	2,249,984,346	5,788,102,947
Phu Dinh Port Joint Stock Company	9,880,143,090	-
Nova Investment Joint Stock Company	-	3,964,300,000
	<u>38,004,072,221</u>	<u>19,337,007,687</u>

40 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

		For the year ended	
		31/12/2016	31/12/2015
		VND	VND
iii) Lending			
BNP Global Real Estate Joint Stock Company	-	538,150,000,000	
Nova Investment Joint Stock Company	-	250,445,000,000	
Nova Bac Nam 79 Joint Stock Company	(**)	172,800,000,000	
Mega Housing Joint Stock Company	(*)	4,600,000,000	
Sai Gon Electronics and Industrial Service Joint Stock Company	43,420,000,000	1,560,000,000	
Mr. Bui Cao Nhat Quan	-	66,550,555,278	
Mr. Bui Thanh Nhon	-	-	
Ms. Huynh Phuong Thao	-	43,000,000,000	
Mr. Nguyen Hieu Liem	-	30,000,000,000	
Ms. Huynh Thi Phuong Thao	-	5,940,000,000	
	43,420,000,000	1,113,045,555,278	
iv) Paid for business co-operation contract			
21st Century Joint Stock Company	(*)	160,000,000,000	
Ben Thanh House One Member Company Limited	-	40,660,000,000	
Sai Gon Electronics and Industrial Service Joint Stock Company	-	5,950,239,160	
	-	206,610,239,160	
v) Deposits			
Sai Gon Electronics and Industrial Service Joint Stock Company	5,000,000,000	-	
Mr. Bui Cao Nhat Quan	57,436,400,000	-	
	62,436,400,000	-	
vi) Advance			
Mr. Bui Cao Nhat Quan	-	267,492,788,594	
Mr. Bui Thanh Nhon	10,144,530	627,067,955	
	10,144,530	268,119,856,549	
vii) Compensation of key management			
Gross salaries and other benefits	25,579,078,297	8,622,219,185	

40 RELATED PARTY TRANSACTIONS (continued)

(b) Period/year end balances with related parties

	31/12/2016 VND	31/12/2015 VND
i) Trade accounts receivable (Note 6)		
Nova Dong Hai Joint Stock Company	-	-
Nova Bac Nam 79 Joint Stock Company	(**)	2,200,000,000
	-	2,200,000,000
ii) Short-term lending (Note 8)		
Sai Gon Electronics and Industrial Service Joint Stock Company	43,420,000,000	-
Hanh Phuc Real Estates Joint Stock Company	(**)	315,821,000,000
Nova Bac Nam 79 Joint Stock Company	(**)	87,620,000,000
	43,420,000,000	403,441,000,000
iii) Other short-term receivables (Note 9(a))		
21st Century Joint Stock Company	(*)	2,405,380,000,000
Sai Gon Golf Joint Stock Company	300,000,000,000	(***)
Ben Thanh House One Member Company Limited	41,330,603,446	42,457,801,723
Sai Gon Electronics and Industrial Service Joint Stock Company	19,354,461,970	15,150,239,160
Mr. Bui Cao Nhat Quan	-	733,855,130
Mr. Bui Thanh Nhon	-	899,332,099
	360,685,065,416	2,464,621,228,112

40 RELATED PARTY TRANSACTIONS (continued)

(b) Period/year end balances with related parties (continued)

	31/12/2016 VND	31/12/2015 VND
iv) Other long-term receivables (Note 9(b)) (Thuyết minh 9(b))		
Him Lam Joint Stock Company	405,000,000,000	405,000,000,000
Ben Thanh House One Member Company Limited	1,398,776,000	-
	<u>406,398,776,000</u>	<u>405,000,000,000</u>
v) Trade accounts payable (Note 17)		
Nova Investment Joint Stock Company	-	622,600,000
Sai Gon Electronics and Industrial Service Joint Stock Company	-	407,198,000
Ben Thanh House One Member Company Limited	-	131,161,195
	<u>-</u>	<u>1,160,959,195</u>
vi) Other payable (Note 22(a))		
Nova Dong Hai Joint Stock Company	-	9,940,000,000
	<u>-</u>	<u>9,940,000,000</u>
vii) Other long-term payables (Note 22(b))		
21st Century Joint Stock Company	(*)	1,332,959,320,000
Sai Gon Golf Joint Stock Company	279,210,000,000	-
	<u>279,210,000,000</u>	<u>1,332,959,320,000</u>
viii) Short-term borrowings (Note 23(a))		
Nova Dong Hai Joint Stock Company	9,465,000,000	9,940,000,000
	<u>9,465,000,000</u>	<u>9,940,000,000</u>
ix) Long-term borrowings (Note 23(b))		
Mr. Bui Thanh Nhon	-	14,581,000,000
Mr. Bui Cao Nhat Quan	-	16,550,000,000
Mrs. Cao Thi Ngoc Suong	-	9,000,000,000
Mr. Bui Phan Phu Loc	-	11,020,000,000
	<u>-</u>	<u>51,151,000,000</u>

40 RELATED PARTY TRANSACTIONS (continued)

- (*) In the period and as at 31 December 2016, these companies became the Group's subsidiaries and consolidated in the Group's consolidated financial statement.
- (**) In the period and as at 31 December 2016, these companies had no longer been the Group's subsidiaries.
- (***) In the period and as at 31 December 2016, these companies had no longer been the Group's subsidiaries but became associates.

41 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

	31/12/2016 VND	31/12/2015 VND
Within one year	14,000,248,525	13,282,363,525
Between two and five years	70,053,886,979	65,197,399,667
Over five years	380,290,442,841	394,469,591,877
	<u>464,344,578,345</u>	<u>472,949,355,069</u>

42 CAPITAL COMMITMENTS

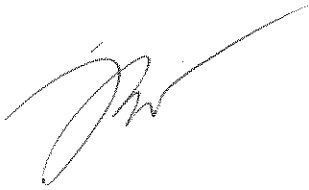
Capital expenditure contracted for at the balance sheet date but not recognised in the interim consolidated financial statements is as follows:

	31/12/2016 VND	31/12/2015 VND
Cost of project construction	<u>9,552,696,563,626</u>	<u>1,018,544,721,194</u>

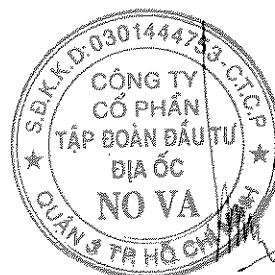
43 EVENTS AFTER THE BALANCE SHEET DATE


There has been no significant events occurring after the year ended 31 December 2016 to the date of the financial statements.

The interim consolidated financial statements were approved by the Board of General Directors on 25 January 2017.


Nguyễn Ngọc Bằng
Preparer


Trần Thị Thanh Vân
Chief Accountant




Bùi Thành Nhơn
Chairman
25 January 2017