

Q1 2017 FINANCIAL STATEMENT EXPLANATION

NOVALAND GROUP ANNOUNCES Q1 2017 BUSINESS PERFORMANCE

Leveraging on its achievement in 2016, Novaland Group has just finished the first Quarter of 2017 with strong performance. Net profit after tax increased exceedingly 164% compared to the same period last year from VND 155 billion to VND 409 billion. Net profit margin tripled to 21% in Q1 2017 accordingly.

The revenue slightly decreased 12% year on year due to fewer number of units handed over in Q1 2017 of 561 units versus 938 units. There were 02 key projects contributing to the revenue with the majority of 1,044 billion VND from Lakeview City - the Company's pioneer township project in District 2, to be delivered in 2017. The second largest contribution of VND 441 billion was Orchard Garden - the complex building in Phu Nhuan District to be delivered in 2017 as well.

Gross profit margin increased to 24% from 21% in Q1 2016 despite slight reduction of revenue. 60% of the revenue came from Lakeview City project with the low-rise units with higher profit margin of 34.8% versus the condominium's margin. Cost of Goods Sold decreased by 17% from VND 1,741 billion to VND 1,451 billion, also helped to contribute to better margin.

Selling, General and Administration Expenses improved better than 2016 while the Company met its target number of units sold. The Company's selling capacity has been stable for the first Quarter.

Financial income increased to VND 465 billion from VND 79 billion, mainly from the revaluation of Harbor City investment of VND 347 billion. Net operating profit surged 171% year on year to VND 563 billion.

Total assets of Q1 2017 increased by 3% to VND 37,662 billion. Short-term trade account receivables grew significantly by 135% to VND 783 billion from VND 333 billion because of the successful sales performance and delivery of units sold at Lakeview City. Besides that, Short and Long-term borrowings slightly declined by 0.6% to VND 13,428 billion. The Owners' equity increased by 6.6% to VND 10,713 billion respectively. The Company has sufficient cash to repay or refinance short-term loans since Cash and cash equivalents were VND 3,209 billion while Short-term borrowings being dropped 7% year on year to VND 5,212 billion. Long-term borrowings were VND 8,216 billion in Q1 2017, however, the Company is in the process to convert the loan at Credit Suisse AG Bank, Singapore Branch into shares. The loan amount will be accounted to increase owner's capital and its Charter capital will increase in correspondence to the number of issued shares for the loan conversion. The Company will not be obliged to repay the loan in cash to the lender anymore.

SNAPSHOT OF CONSOLIDATED INCOME STATEMENT

Indicators	Q1 2017 (Billion VND)	Q1 2016 (Billion VND)	Increase/(Decrease) (%)
Revenues	1,931	2,195	(12)
Net revenues	1,910	2,194	(13)
Cost of goods sold	(1,451)	(1,741)	(17)
Gross profit	459	454	1
Net operating profit	562	208	170
Net profit before tax	552	208	165
Net profit after tax	409	155	164

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SNAPSHOT OF CONSOLIDATED BALANCE SHEET

Indicators	As at Mar 31 st , 2017 (Billion VND)	As at Dec 31 st , 2016 (Billion VND)	Increase/(Decrease) (%)
Current assets	31,344	30,289	3
Cash and cash equivalents	3,209	3,337	(4)
Short-term investments	1,001	964	4
Short-term receivables	9,885	9,636	3
Inventories	16,764	15,790	6
Other current assets	485	562	(14)
Non-current assets	6,318	6,238	1
Long-term receivables	815	912	(11)
Fixed assets	270	149	81
Investment properties	1,943	1,945	-
Long-term assets in progress	300	285	5
Long-term investments	242	375	(35)
Other long-term assets	2,748	2,572	7
TOTAL ASSETS	37,662	36,527	3
Liabilities	26,949	26,480	2
Current liabilities	14,624	15,011	(3)
Non-current liabilities	12,325	11,469	8
Owners' equity	10,713	10,047	7
TOTAL RESOURCES	37,662	36,527	3

Source: Novaland Group Consolidated Financial Statements Q1 2017

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