

# **Phat Dat Real Estate Development Corp**

Consolidated financial statements

For the year ended 31 December 2018



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# Phat Dat Real Estate Development Corp

## GENERAL INFORMATION

### THE COMPANY

Phat Dat Real Estate Development Corp ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002655 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 13 September 2004, as amended.

On 5 June 2018, the Company received the 25<sup>th</sup> amended Enterprise Registration Certificate ("ERC") issued by the DPI of Ho Chi Minh City, approving the increase in charter capital from VND 2,219,909,230,000 to VND 2,663,890,070,000.

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

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

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

### BOARD OF DIRECTORS

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

Mr Nguyen Van Dat	Chairman
Mr Nguyen Tan Danh	Deputy Chairman
Ms Tran Thi Huong	Deputy Chairwoman
Mr Doan Viet Dai Tu	Member
Mr Le Quang Phuc	Member
Mr Khuong Van Muoi	Member
Mr Tran Trong Gia Vinh	Member

### BOARD OF SUPERVISION

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

Ms Nguyen Thi Thu Nguyet	Head
Ms Nguyen Ai Linh	Member
Ms Vo Thi Minh Hang	Member

### MANAGEMENT

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

Mr Nguyen Van Dat	General Director
Mr Pham Trong Hoa	Deputy General Director
Mr Bui Quang Anh Vu	Deputy General Director

### LEGAL REPRESENTATIVE

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

### AUDITORS

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

# Phat Dat Real Estate Development Corp

## REPORT OF MANAGEMENT

Management of Phat Dat Real Estate Development Corp ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2018.

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

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

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

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

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

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:



Nguyen Van Dat  
General Director

Ho Chi Minh City, Vietnam

14 March 2019



Reference: 60822566/20264303-HN

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Phat Dat Real Estate Development Corp ("the Company") and its subsidiaries ("the Group") as prepared on 14 March 2019 and set out on pages 5 to 41, which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

### *Auditors' responsibility*

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

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

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


### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

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



Hàng Nhật Quang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1772-2018-004-1



Luong Kim Dien An  
Auditor  
Audit Practicing Registration Certificate  
No. 2736-2019-004-1

Ho Chi Minh City, Vietnam

14 March 2019

CONSOLIDATED BALANCE SHEET  
as at 31 December 2018

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>8,050,298,505,590</b>	<b>7,860,010,625,298</b>
<b>110</b>	<b>I. Cash</b>	<b>5</b>	<b>189,341,108,610</b>	<b>144,054,693,984</b>
111	1. Cash		189,341,108,610	144,054,693,984
<b>130</b>	<b>II. Current accounts receivable</b>		<b>1,987,986,155,701</b>	<b>1,578,903,070,849</b>
131	1. Short-term trade receivables	6	877,410,270,588	236,287,708,511
132	2. Short-term advances to suppliers	7	759,480,588,629	690,230,052,651
136	3. Other short-term receivables	8	354,908,379,358	656,526,367,981
137	4. Provision for doubtful short-term receivables	6	(3,813,082,874)	(4,141,058,294)
<b>140</b>	<b>III. Inventories</b>	<b>9</b>	<b>5,865,813,659,699</b>	<b>6,089,786,830,966</b>
141	1. Inventories		5,865,813,659,699	6,089,786,830,966
<b>150</b>	<b>IV. Other current assets</b>		<b>7,157,581,580</b>	<b>47,266,029,499</b>
151	1. Short-term prepaid expenses	10	3,227,850,322	2,355,117,576
152	2. Value-added tax deductible	18	249,242,268	35,849,517,006
153	3. Tax and other receivables from the State	18	3,680,488,990	9,061,394,917
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>3,007,127,704,904</b>	<b>2,088,844,517,292</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>1,218,785,810,900</b>	<b>1,459,408,639,650</b>
211	1. Long-term trade receivables	6	136,493,450,000	159,372,177,750
216	2. Other long-term receivables	8	1,082,292,360,900	1,300,036,461,900
<b>220</b>	<b>II. Fixed assets</b>		<b>10,533,573,446</b>	<b>8,058,761,804</b>
221	1. Tangible fixed assets	11	8,670,954,220	2,760,319,809
222	Cost		16,207,907,380	8,527,551,925
223	Accumulated depreciation		(7,536,953,160)	(5,767,232,116)
227	2. Intangible fixed assets	12	1,862,619,226	5,298,441,995
228	Cost		3,171,378,036	7,028,037,476
229	Accumulated amortisation		(1,308,758,810)	(1,729,595,481)
<b>230</b>	<b>III. Investment properties</b>	<b>13</b>	<b>81,803,718,760</b>	<b>187,656,326,218</b>
231	1. Cost		85,069,855,272	189,664,270,272
232	2. Accumulated depreciation		(3,266,136,512)	(2,007,944,054)
<b>240</b>	<b>IV. Long-term asset in progress</b>		<b>772,508,407,217</b>	<b>66,911,660,005</b>
242	1. Construction in progress	14	772,508,407,217	66,911,660,005
<b>250</b>	<b>V. Long-term investments</b>	<b>15</b>	<b>-</b>	<b>345,228,665,217</b>
252	1. Investments in associates	15.1	-	293,748,665,217
253	2. Investment in other entity	15.2	-	51,480,000,000
<b>260</b>	<b>VI. Other long-term assets</b>		<b>923,496,194,581</b>	<b>21,580,464,398</b>
261	1. Long-term prepaid expenses	10	923,019,095,140	21,067,019,225
262	2. Deferred tax assets	29.3	477,099,441	513,445,173
<b>270</b>	<b>TOTAL ASSETS</b>		<b>11,057,426,210,494</b>	<b>9,948,855,142,590</b>



CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2018

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>7,545,800,025,971</b>	<b>7,121,973,655,093</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>791,983,019,355</b>	<b>1,080,841,341,631</b>
311	1. Short-term trade payables	16	312,970,270,795	100,187,824,622
312	2. Short-term advances from customers	17	10,173,673,983	701,189,815,134
313	3. Statutory obligations	18	106,085,585,958	44,356,017,704
314	4. Payables to employees		4,723,195,905	3,703,172,029
315	5. Short-term accrued expenses	19	78,224,554,568	100,108,893,586
319	6. Other short-term payables	20	266,522,206,379	71,095,134,376
320	7. Short-term loans	21	-	47,196,419,134
322	8. Bonus and welfare fund	22	13,283,531,767	13,004,065,046
<b>330</b>	<b>II. Non-current liability</b>		<b>6,753,817,006,616</b>	<b>6,041,132,313,462</b>
337	1. Other long-term liabilities	20	6,753,817,006,616	6,041,132,313,462
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>3,511,626,184,523</b>	<b>2,826,881,487,497</b>
<b>410</b>	<b>I. Capital</b>		<b>3,511,626,184,523</b>	<b>2,826,881,487,497</b>
411	1. Share capital	23.1	2,663,890,070,000	2,219,909,230,000
411a	- Shares with voting rights		2,663,890,070,000	2,219,909,230,000
412	2. Share premium	23.1	11,680,300,000	11,680,300,000
418	3. Investment and development fund	23.1	124,713,584,076	102,713,584,076
421	4. Undistributed earnings	23.1	645,866,230,447	492,578,373,421
421a	- Undistributed earnings by the end of prior years		4,597,533,421	54,146,503,375
421b	- Undistributed earnings of current year		641,268,697,026	438,431,870,046
429	5. Non-controlling interests	24	65,476,000,000	-
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>11,057,426,210,494</b>	<b>9,948,855,142,590</b>

Vo Van Giap  
Preparer

Vu Quynh Hoa  
Chief Accountant

Nguyen Van Dat  
General Director

14 March 2019




CONSOLIDATED INCOME STATEMENT  
for the year ended year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	25	2,268,746,544,025	1,542,032,394,877
02	2. Deductions	25	(121,037,201,884)	(215,406,237,704)
10	3. Net revenue from sale of goods and rendering of services	25	2,147,709,342,141	1,326,626,157,173
11	4. Costs of goods sold and services rendered	26	(1,466,558,349,018)	(807,580,163,076)
20	5. Gross profit from sale of goods and rendering of services		681,150,993,123	519,045,994,097
21	6. Finance income		4,553,157,729	3,695,423,725
22	7. Finance expenses		-	(878,810,109)
23	- In which: Interest expense		-	(638,810,109)
24	8. Share of loss of associates		-	(321,622,551)
25	9. Selling expenses	27	(41,308,040,594)	(101,154,109,064)
26	10. General and administrative expenses	27	(80,054,505,689)	(57,970,821,539)
30	11. Operating profit		564,341,604,569	362,416,054,559
31	12. Other income	28	198,454,186,942	194,137,535,123
32	13. Other expenses		(4,718,208,025)	(5,686,153,216)
40	14. Other profit		193,735,978,917	188,451,381,907
50	15. Accounting profit before tax		758,077,583,486	550,867,436,466
51	16. Current corporate income tax expense	29.1	(114,724,540,728)	(110,270,491,673)
52	17. Deferred tax expense	29.3	(36,345,732)	(717,074,747)
60	18. Net profit after tax		643,316,697,026	439,879,870,046
61	19. Net profit after tax attributable to shareholders of the parent		643,316,697,026	439,879,870,046
70	20. Basic earnings per share (VND/share)	23.3	2,287	1,561
71	21. Diluted earnings per share (VND/share)	23.3	2,287	1,561

  
Vo Van Giap  
Preparer

  
Vu Quynh Hoa  
Chief Accountant

  
Nguyen Van Dat  
General Director



14 March 2019

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>758,077,583,486</b>	<b>550,867,436,466</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation of fixed assets and investment properties	11, 12, 13	3,912,036,535	2,392,731,239
03	(Reversal of provision) provisions		(327,975,420)	255,263,000
05	Profits from investing activities		(4,553,157,729)	(3,679,904,844)
06	Interest expense		-	638,810,109
08	<b>Operating profit before changes in working capital</b>		<b>757,108,486,872</b>	<b>550,474,335,970</b>
09	Decrease (increase) in receivables		933,434,560,707	(1,335,377,357,404)
10	Increase in inventories		(708,091,347,875)	(222,203,288,906)
11	Increase in payables		418,210,999,785	5,957,052,238,083
12	Increase in prepaid expenses		(902,791,656,039)	(5,118,094,786)
14	Interest paid		(70,549,175,311)	(1,561,581,403,647)
15	Corporate income tax paid		(83,035,315,972)	(118,810,894,203)
17	Other cash outflows for operating activities	22	(21,720,533,279)	(10,077,716,432)
20	<b>Net cash flows from (used in) operating activities</b>		<b>322,566,018,888</b>	<b>3,254,357,818,675</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase of fixed assets		(9,743,614,002)	(4,945,421,449)
22	Proceeds from disposals of fixed assets		119,059,556,440	-
25	Payments for investments in other entities		(689,180,950,512)	-
26	Proceeds from sale of investments in other entities		347,480,000,000	-
27	Interest received		2,301,822,946	3,679,904,844
30	<b>Net cash flows used in investing activities</b>		<b>(230,083,185,128)</b>	<b>(1,265,516,605)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings	21	1,056,991,706,980	-
34	Repayment of borrowings	21	(1,104,188,126,114)	(3,258,349,398,407)
36	Dividend paid		-	(116,625,000)
40	<b>Net cash flows used in financing activities</b>		<b>(47,196,419,134)</b>	<b>(3,258,466,023,407)</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 201

VND

Code	ITEMS	Notes	Current year	Previous year
50	Net increase (decrease) in cash		45,286,414,626	(5,373,721,337)
60	Cash at beginning of year		144,054,693,984	149,428,415,321
70	Cash at end of year	5	189,341,108,610	144,054,693,984



Vo Van Giap  
Preparer



Vu Quynh Hoa  
Chief Accountant



Nguyen Van Dat  
General Director

14 March 2019



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2018 and for the year then ended

**1. CORPORATE INFORMATION**

Phat Dat Real Estate Development Corp ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103002655 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 13 September 2004, as amended.

On 5 June 2018, the Company received the 25<sup>th</sup> amended Enterprise Registration Certificate ("ERC") issued by the DPI of Ho Chi Minh City, approving the increase in charter capital from VND 2,219,909,230,000 to VND 2,663,890,070,000.

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

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

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

The number of the Group's employees as at 31 December 2018 was 185 (31 December 2017: 168).

***Corporate structure***

As at 31 December 2018, the Company has 4 following subsidiaries which were consolidated into the consolidated financial statements of the Group:

***Phat Dat Investment Limited Company ("Phat Dat Investment")***

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

As at 31 December 2018, the Company holds a 100% equity share and voting rights in this subsidiary.

***Phu Hung Real Estate Investment Company Limited ("Phu Hung")***

Phu Hung is a one-member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313558191 issued by the DPI of Ho Chi Minh City on 1 December 2015 and as amended. Phu Hung's registered head office is located at No. 30 Nguyen Thi Dieu Street, District 3, Ho Chi Minh City, Vietnam. The principal activities of Phu Hung are to trade in real estate properties. On 26 April 2018, Phu Hung received the 2<sup>nd</sup> amended ERC issued by the DPI of Ho Chi Minh City, approving the change of business type from a limited liability company with two or more members to a one-member limited liability company.

As at 31 December 2018, the Company holds a 100% equity share and voting rights in this subsidiary.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**1. CORPORATE INFORMATION (continued)**

***Corporate structure (continued)***

***DK Phu Quoc Corporation ("DK Phu Quoc")***

DK Phu Quoc is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 1701522101 issued by the DPI of Kien Giang Province on 22 April 2011 and as amended. DK Phu Quoc's registered head office is located at Group 17, C Lot, Quarter 5, Duong Dong Town, Phu Quoc District, Kien Giang Province, Vietnam. The principal activities of DK Phu Quoc are to trade in real estate properties.

As at 31 December 2018, the Company holds a 99% equity share and voting rights in this subsidiary.

***Coinin Construction Investment Infrastructure Company Limited ("Coinin")***

Coinin is a limited liability company with two or more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0313662185 issued by the DPI of Ho Chi Minh City on 25 February 2016 and as amended. Coinin's registered head office is located at No. 271/16 An Duong Vuong Street, Ward 3, District 5, Ho Chi Minh City, Vietnam. The principal activities of Coinin are to trade in real estate properties.

As at 31 December 2018, the Company holds a 80% equity share and voting rights in this subsidiary.

**2. BASIS OF PREPARATION**

**2.1 *Accounting standards and system***

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

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

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

**2.2 *Applied accounting documentation system***

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

**2.3 *Fiscal year***

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**2.4 Accounting currency**

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

**2.5 Basis of consolidation**

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

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

The consolidated financial statements of the Company and its subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

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

Impact of change in the ownership interest of subsidiaries, without a loss of control, is recorded to the account of undistributed earnings.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash**

Cash comprises cash on hand and cash in banks.

**3.2 Inventories**

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Merchandise - cost of purchase on a weighted average basis.

*Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of inventories owned by the Group, based on appropriate evidence of impairment available at the consolidated balance sheet date.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**3.2 Inventories (continued)**

*Inventory property*

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

Cost includes:

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

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

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

**3.3 Receivables**

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administration expense in the consolidated income statement.

**3.4 Fixed assets**

Tangible fixed assets and intangible fixed assets are stated at cost less accumulated depreciation and amortisation.

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

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

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

**3.5 Depreciation and amortisation**

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

Machinery and equipment	3 – 7 years
Means of transportation	3 – 6 years
Land use rights	49 years
Computer software	3 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.6 *Investment properties*

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

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortisation.

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

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

Buildings and structures	25 – 45 years
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Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the consolidated income statement in the period of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

#### 3.7 *Construction in progress*

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

#### 3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds, and are recorded as expense during the period in which they are incurred, except to the extent that they are capitalised as explained in the following paragraph.

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

#### 3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### **3.10 Investments**

##### *Investments in associates*

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit (loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend receivable from associates reduces the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

##### *Investment in other entity*

Investment in other entity is accounted under cost method.

##### *Provision for investments in entities*

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

#### **3.11 Payables and accruals**

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

#### **3.12 Earnings per share**

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

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

#### 3.13 Appropriation of net profits

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

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

##### *Investment and development fund*

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

##### *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits and presented as a liability on the consolidated balance sheet.

##### *Dividends*

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

#### 3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Sale of apartments*

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

##### *Sale of residential plots and related infrastructure*

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

##### *Rental income*

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

##### *Rendering of services*

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

##### *Interest income*

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**3.15 Taxation**

*Current income tax*

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

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

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

*Deferred tax*

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

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

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

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

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

**3.16 Related parties**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**3.17 Segment information**

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

The Group's principal activities are to construct and trade real estate properties; to undertake the civil and industrial projects, bridges and roads; and to provide real estate brokerage and valuation services, and real estate trading centre and management. In addition, these activities are mainly taking place within Vietnam. Therefore, the Group's risks and returns are not impacted by the Group's products that the Group is constructing or the locations where the Group is operating. As a result, the Group's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

**4. BUSINESS COMBINATIONS**

**4.1 Acquisition of additional ownership interest in Phu Hung**

On 1 February 2018, the Group acquired an additional 50.1% ownership interest in Phu Hung at the consideration of VND 50,000,000,000, increasing its ownership interest in Phu Hung to 100%. Accordingly, Phu Hung from an associate became the Group's subsidiary.

The fair values of the identifiable assets and liabilities of Phu Hung were as follows:

	<i>Fair value recognized on acquisition</i>
	<i>VND</i>
<b>Assets</b>	
Cash	432,828,416
Short-term trade receivables	2,550,000,000
Short-term advances to suppliers	17,100,001
Other short-term receivables	44,681,759,697
Value-added tax deductible	15,527,689,611
Tax and other receivables from the State	4,453,660,760
	<b>67,663,038,485</b>
<b>Liabilities</b>	
Other short-term payables	3,357,142,693
Other long-term payables	14,305,895,792
	<b>17,663,038,485</b>
<b>Total identifiable net assets at fair value</b>	<b>50,000,000,000</b>
Non-controlling interests	50,000,000,000
Goodwill arising from acquisition	-
<b>Purchase consideration transferred</b>	<b>50,000,000,000</b>

On 6 November 2018, the Group's Board of Directors decided to dissolve Phu Hung in accordance with Decision No. 21/2018/QĐ-HĐQT. As at the balance sheet date, legal procedures for the dissolution of Phu Hung are in progress.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**4. BUSINESS COMBINATIONS (continued)**

**4.2 Acquisitions of DK Phu Quoc and Coinin**

On 9 March 2018, the Group acquired 99% ownership interest in DK Phu Quoc at a consideration of VND 393,624,000,000. Accordingly, DK Phu Quoc became the Group's subsidiary as at this date.

On 19 March 2018, the Group acquired 80% ownership interest in Coinin at a consideration of VND 246,000,000,000. Accordingly, Coinin became the Group's subsidiary as at this date.

Management assessed that the said costs of acquisitions represent the fair value of the projects owned by these newly-acquired subsidiaries. As a result, management accounted for these acquisitions as asset acquisitions rather than business combinations because these subsidiaries only own real estate projects or future developing real estate projects and are not in commercial operation yet.

**5. CASH**

	VND	
	Ending balance	Beginning balance
Cash on hand	113,633,563	87,679,956
Cash in banks	189,227,475,047	143,967,014,028
<b>TOTAL</b>	<b>189,341,108,610</b>	<b>144,054,693,984</b>

**Additional information regarding the consolidated cash flow statement:**

	VND	
	Current year	Previous year
<b>Significant non-cash transaction that is excluded from the cash flow statement:</b>		
Conversion of receivables to investments in other entities	103,000,000,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

6. TRADE RECEIVABLES

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>877,410,270,588</b>	<b>236,287,708,511</b>
Receivable from others	766,661,526,919	175,235,626,934
- Thien Minh Real Estate Investment Joint Stock Company ("Thien Minh") (*)	419,425,589,072	-
- Mr Pham Thanh Dien	71,000,000,000	-
- Minh Hoang Real Estate Business Joint Stock Company ("Minh Hoang")	25,135,776,394	-
- Vinh Hoi Investment and Development Joint Stock Company (currently merged into Phu My Hung Investment Corporation) ("Vinh Hoi")	24,200,000,000	26,400,000,000
- Big Gain Investment Company Limited ("Big Gain")	13,951,350,000	-
- Toan Tam Management Service Corporation ("Toan Tam")	4,785,609,500	48,744,884,500
- Xuan Thanh Real Estate Company Limited	-	37,899,663,000
- Others	208,163,201,953	62,191,079,434
Receivable from related parties (Note 30)	110,748,743,669	61,052,081,577
<b>Long-term</b>	<b>136,493,450,000</b>	<b>159,372,177,750</b>
Receivable from a related party (Note 30)	117,000,000,000	117,000,000,000
Receivable from other party - Toan Tam	19,493,450,000	42,372,177,750
<b>TOTAL</b>	<b>1,013,903,720,588</b>	<b>395,659,886,261</b>
Provision for doubtful short-term receivables	(3,813,082,874)	(4,141,058,294)
<b>NET</b>	<b>1,010,090,637,714</b>	<b>391,518,827,967</b>

(\*) This represents receivables regarding the sale of 194 office-apartments of Millennium project located at No. 132, Ben Van Don Street, Ward 6, District 4, Ho Chi Minh City ("Millennium project").

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

	VND	
	Current year	Previous year
Beginning balance	4,141,058,294	3,885,795,294
Add: Provision made during the year	-	255,493,000
Less: Reversal of provision during the year	(327,975,420)	(230,000)
Ending balance	3,813,082,874	4,141,058,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**7. SHORT-TERM ADVANCES TO SUPPLIERS**

	VND	
	Ending balance	Beginning balance
Tan Hoang Real Estate Corporation (*)	223,000,000,000	223,000,000,000
Tam Binh Real Estate Corporation (*)	200,000,000,000	200,000,000,000
Land Clearance and Compensation Corporation	174,188,023,851	174,340,420,229
Duc Khai Corporation	67,051,706,000	-
Toan Thuan Phat Construction Trading and Service Company Limited	62,576,147,735	68,237,428,763
Other	32,664,711,043	24,652,203,659
<b>TOTAL</b>	<b>759,480,588,629</b>	<b>690,230,052,651</b>

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

**8. OTHER RECEIVABLES**

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>354,908,379,358</b>	<b>656,526,367,981</b>
Receivables from other parties	274,903,770,358	48,617,982,678
- Deposit to auction Nhon Hoi – Binh Dinh project	132,400,000,000	-
- Minh Hoang	50,000,000,000	-
- Others deposits	6,600,000,000	6,000,000,000
- Others	85,903,770,358	42,617,982,678
Receivables from related parties (Note 30)	80,004,609,000	607,908,385,303
<b>Long-term</b>	<b>1,082,292,360,900</b>	<b>1,300,036,461,900</b>
Receivables from other parties	854,952,609,000	1,072,696,710,000
- Phu Quoc Doan Anh Duong Corporation ("Doan Anh Duong") (i)	446,000,000,000	476,000,000,000
- Minh Hoang (ii)	361,400,000,000	500,000,000,000
- Phat Dat Quang Ngai Hotel and Resort Corporation	9,000,000,000	18,000,000,000
- Others	38,552,609,000	78,696,710,000
Receivables from related parties (Note 30)	227,339,751,900	227,339,751,900
- Truong Phat Loc Shipping Joint Stock Company ("Truong Phat Loc") (iii)	126,400,000,000	126,400,000,000
- T.A.M Service Trading Investment Joint Stock Company ("T.A.M") (iv)	100,939,751,900	100,939,751,900
<b>TOTAL</b>	<b>1,437,200,740,258</b>	<b>1,956,562,829,881</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**8. OTHER RECEIVABLES (continued)**

- (i) On 18 December 2017, the Group entered into the Investment Cooperation Contract ("ICC") No. 01/2017/HDHTDT/DAD-PD with Doan Anh Duong regarding to the construction, exploitation and development of Vung Bau Ecotourism Project located at Cua Can Commune, Phu Quoc District, Kien Giang Province with total amount of VND 1,727,000,000,000. Accordingly, the actual profit after tax arising from the project will be divided according to the proportion of financial contributions of the parties but not less than the interest of 20% p.a. on the Group's contributed capital to the project. As at 31 December 2017, the Group has contributed of VND 476,000,000,000. During the year 2018, the Group has collected of VND 30,000,000,000.
- (ii) On 8 December 2017, the Group entered into the Business Cooperation Contract ("BCC") No. 01/2017/HDHTKD/MH-PD with Minh Hoang regarding to the development of commercial floors and office-apartments of Millennium project with total amount of VND 628,822,606,040 and will earn the actual profit after tax arising according to the proportion of financial contributions. As at 31 December 2017, the Group has contributed of VND 500,000,000,000. In the year 2018, the Group additionally contributed of VND 14,000,000,000. However, on 12 June 2018, the Group liquidated this contract, collected of VND 152,600,000,000 and earned the profit after tax sharing of VND 65,000,000,000. As at the balance sheet date, the Group has received profit sharing of VND 15,000,000,000, while the original capital contributed of VND 361,400,000,000 and the remaining profit sharing of VND 50,000,000,000 are still outstanding.
- (iii) On 10 November 2015, the Group entered into a 3-year ICC with Truong Phat Loc regarding to the development of Millennium project with total amount of VND 883,000,000,000. Accordingly, the Group will earn the actual profit after tax arising from the project but not less than the initial investment. As at 31 December 2017, the Group has contributed of VND 126,400,000,000. On 30 August 2018, the Group liquidated this contract and earned the profit after tax sharing of VND 125,000,000,000. As at the balance sheet date, the Group has received profit sharing of VND 45,000,000,000, while the original capital contributed of VND 126,400,000,000 and the remaining profit sharing of VND 80,000,000,000 are still outstanding.
- (iv) On 12 April 2016, the Group entered into a 3-year ICC No. 01/HD-2016/PD-T.A.M with T.A.M regarding to the development of a project located at No. 239, Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City. According to the ICC, the Group contributed of VND 100,939,751,900 and will earn the actual profit after tax arising from the project. On 25 December 2017, the two parties decided to liquidate the contract before the maturity date. Accordingly, the Group transferred all rights in developing this project to T.A.M and received the initial contributed capital plus the agreed gain of VND 180,000,000,000. As at the balance sheet date, the Group has received the agreed gain amount, while the contributed capital will be collected over the agreed payment schedule.

**9. INVENTORIES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Real estate properties (*)	5,865,341,180,580	6,089,306,979,559
Merchandise	472,479,119	479,851,407
<b>TOTAL</b>	<b>5,865,813,659,699</b>	<b>6,089,786,830,966</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

9. INVENTORIES (continued)

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

		VND
	Ending balance	Beginning balance
The EverRich 2 project (i)	3,593,255,243,078	4,290,528,718,898
The EverRich 3 project (ii)	2,051,827,016,256	1,545,661,117,204
Bau Ca project (iii)	98,559,426,839	19,845,061,918
Phan Dinh Phung project (iv)	72,633,584,240	40,568,907,458
The EverRich Infinity project (v)	-	143,905,122,710
Other projects	49,065,910,167	48,798,051,371
<b>TOTAL</b>	<b><u>5,865,341,180,580</u></b>	<b><u>6,089,306,979,559</u></b>

On 3 January 2019, the Group entered into the pledge contracts with Vietnam Prosperity Joint Stock Commercial Bank ("VPBank") to place The EverRich 2 and The EverRich 3 projects and all of their associated asset rights to secure for the loans taken by its business partners from VPBank.

The loan interest incurred during the year of VND 70,549,175,311 to invest, develop projects was capitalised (for the year ended 31 December 2017: VND 253,791,707,190).

(i) *The EverRich 2 project (formerly known as River City project)*

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

On 8 February 2018, the Company signed the Liquidation Minutes of BCCs with CRE & AGI Consulting Joint Stock Company ("CRE & AGI") and Phu Hung Real Estate Investment Company Limited ("Phu Hung") regarding the co-operation investment for construction and business management of The EverRich 2 project. Accordingly, the Company had obligation to compensate to CRE & AGI and Phu Hung the amounts of VND 350,000,000,000 and VND 565,331,115,914, respectively. As at the balance sheet date, the Company had completed these obligations and is in progress to fulfil the Government's requirements for transferring the project in accordance with ICC No. 01/HDHTDT-E2/2017 dated 26 December 2017 and appendixes (Note 20).

On 24 December 2018, the Company entered into a contract to sell 297 apartments of block C to Big Gain at the sale price of VND 947,833,813,745.

(ii) *The EverRich 3 project*

This project is located at Tan Phu Ward, District 7, Ho Chi Minh City. The ending balance includes costs of land compensation, design, and infrastructure construction. As at the balance date, the Group is in progress to fulfil the Government's requirements for transferring the project in accordance with ICC No. 01/HDHTDT-E3/2017 dated 26 December 2017 and appendixes (Note 20).

On 21 February 2019, the BOD approved the Decision No. 02/2019/QD-HDQT regarding the sale of part of this project (Lot B1 and Lot B4) having the area of 29,060.8 m<sup>2</sup> following Decision No. 498/QD-UBND issued by the People's Committee of Ho Chi Minh City on 2 February 2019 to Dynamic Innovation Company Limited ("Dynamic") at the price of VND 1,162,432,000,000.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**9. INVENTORIES (continued)**

(iii) *Bau Ca project*

This project is located at Le Hong Phong Ward and Tran Hung Dao Ward, Quang Ngai City, Quang Ngai Province. The ending balance mainly includes land compensation costs and construction costs.

(iv) *Phan Dinh Phung project*

This project is located at No. 8 Vo Van Tan Street, District 3, Ho Chi Minh City under Build - Transfer Contract. On 2 January 2018, the Company was approved on joint venture investor according to the Decision No. 01/QD-UBND issued by the People's Committee of Ho Chi Minh City. The ending balance mainly includes consulting, surveying and guarantee fee.

(v) *The EverRich Infinity project*

This project is located at No. 290, An Duong Vuong Street, Ward 4, District 5, Ho Chi Minh City. As at the balance sheet date, this project had been completed and the Company handed over all apartments to customers under the signed contracts.

**10. PREPAID EXPENSES**

	VND	
	Ending balance	Beginning balance
<b>Short-term</b>	<b>3,227,850,322</b>	<b>2,355,117,576</b>
External services fees	1,782,577,621	1,590,681,406
Insurance fees	522,160,041	467,583,892
Rental fees	368,836,791	39,771,375
Others	554,275,869	257,080,903
<b>Long-term</b>	<b>923,019,095,140</b>	<b>21,067,019,225</b>
The EverRich 2 project compensation expenses ( <i>Note 9</i> )	915,331,115,914	-
Apartments management fees	3,382,434,585	11,711,809,547
Rental fees	2,684,144,642	4,871,306,448
Commission fees	-	3,801,263,949
Others	1,621,399,999	682,639,281
<b>TOTAL</b>	<b>926,246,945,462</b>	<b>23,422,136,801</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

11. TANGIBLE FIXED ASSETS

			VND
	<i>Machinery and equipment</i>	<i>Means of transportation</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	3,301,132,387	5,226,419,538	8,527,551,925
New purchase	38,455,455	7,641,900,000	7,680,355,455
Ending balance	3,339,587,842	12,868,319,538	16,207,907,380
<i>In which:</i>			
<i>Fully depreciated</i>	2,244,925,203	3,066,637,720	5,311,562,923
<b>Accumulated depreciation:</b>			
Beginning balance	(2,288,082,466)	(3,479,149,650)	(5,767,232,116)
Depreciation for the year	(363,082,738)	(1,406,638,306)	(1,769,721,044)
Ending balance	(2,651,165,204)	(4,885,787,956)	(7,536,953,160)
<b>Net carrying amount:</b>			
Beginning balance	1,013,049,921	1,747,269,888	2,760,319,809
Ending balance	688,422,638	7,982,531,582	8,670,954,220

12. INTANGIBLE FIXED ASSETS

			VND
	<i>Land use right (*)</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
Beginning balance	5,059,556,440	1,968,481,036	7,028,037,476
New purchase	-	1,202,897,000	1,202,897,000
Disposal	(5,059,556,440)	-	(5,059,556,440)
Ending balance	-	3,171,378,036	3,171,378,036
<i>In which:</i>			
<i>Fully amortised</i>	-	718,481,036	718,481,036
<b>Accumulated amortisation:</b>			
Beginning balance	(837,503,335)	(892,092,146)	(1,729,595,481)
Amortisation for the year	(94,974,605)	(416,666,664)	(511,641,269)
Disposal	932,477,940	-	932,477,940
Ending balance	-	(1,308,758,810)	(1,308,758,810)
<b>Net carrying amount:</b>			
Beginning balance	4,222,053,105	1,076,388,890	5,298,441,995
Ending balance	-	1,862,619,226	1,862,619,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**12. INTANGIBLE FIXED ASSETS (continued)**

- (\*) Land use right ("LUR") of VND 5,059,556,440 located at Tran Phu Ward, Quang Ngai City, Quang Ngai Province, Vietnam. This LUR period will end in 2058. On 26 December 2018, the Group transferred this LUR to Ms Doan Thi Trang according to the Contract No. 2621/HDCNQSD/DP at the amount of VND 42,774,404,040 (Note 30).

**13. INVESTMENT PROPERTIES**

			VND
	Land use rights	Building and structures	Total
<b>Cost:</b>			
Beginning balance	120,446,972,991	69,217,297,281	189,664,270,272
Project completion	-	9,405,585,000	9,405,585,000
Disposal	(113,140,000,000)	(860,000,000)	(114,000,000,000)
Ending balance	7,306,972,991	77,762,882,281	85,069,855,272
<b>Accumulated depreciation:</b>			
Beginning balance	-	(2,007,944,054)	(2,007,944,054)
Depreciation for the year	-	(1,630,674,222)	(1,630,674,222)
Disposal	-	372,481,764	372,481,764
Ending balance	-	(3,266,136,512)	(3,266,136,512)
<b>Net carrying amount:</b>			
Beginning balance	120,446,972,991	67,209,353,227	187,656,326,218
Ending balance	7,306,972,991	74,496,745,769	81,803,718,760

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

- (i) indefinite life LUR of VND 113,140,000,000 located at No. 131, Nguyen Trai Street, Ward 2, District 5, Ho Chi Minh City, Vietnam. On 1 November 2018, the Group transferred this LUR to Mr Pham Thanh Dien according to the Contract No. 023970 at the amount of VND 192,101,818,182.
- (ii) indefinite life LUR of VND 7,306,972,991 representing the basement B1 and B2 of The EverRich 1 project is located at No. 968, 3 February Street, District 11, Ho Chi Minh City, Vietnam.

The fair values of the investment properties were not formally assessed and determined as at 31 December 2018. However, given the current occupancy rate of these properties and market price of surrounding land, it is management's assessment that these properties' market values are higher than their carrying value as at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**14. CONSTRUCTION IN PROGRESS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
The Internal Technical Infrastructure		
Construction Ancient project in District 9, Ho Chi Minh City (i)	307,445,996,284	-
Ham Ninh Industrial Complex and Residential Village and Center projects in Ham Ninh Ward, Phu Quoc Province (ii)	398,094,823,275	-
Phu Quoc five-star Hotel & Resort	53,732,479,734	53,732,479,734
Hospital for Traumatology and Orthopaedics	7,171,734,009	6,214,296,380
Others	6,063,373,915	6,964,883,891
<b>TOTAL</b>	<b><u>772,508,407,217</u></b>	<b><u>66,911,660,005</u></b>

The loan interest incurred during the year of VND 818,071,265 to invest, develop projects was capitalised (for the year ended 31 December 2017: VND 3,103,804,813).

- (i) This is the project which is performed according to the BT Contract No. 2648/UB-HDBT dated 31 May 2016 between the People's Committee of Ho Chi Minh City and the Group. Accordingly, the Group will be transferred the Cu Lao Ba Sang land area located at Long Binh Ward, District 9, Ho Chi Minh City to invest and develop a project after completion of this BT project. As at the balance sheet date, the project's legal procedures are in progress.
- (ii) This is the project located at Ham Ninh Ward, Phu Quoc District, Kien Giang Province with the land area of 79,691 ha. As at the balance sheet date, the project's legal procedures are in progress.

**15. LONG-TERM INVESTMENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investments in associates (Note 15.1)	-	293,748,665,217
Investment in other entity (Note 15.2)	-	51,480,000,000
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>345,228,665,217</u></b>



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 15. LONG-TERM INVESTMENTS (continued)

### 15.1 Investments in associates

Details of investments in associates as at balance sheet dates are presented as follows:

	PDP Project Construction Investment Co., Ltd ("PDP Project") (*)	Dien Gia Khang Real Estate Co., Ltd. ("Dien Gia Khang") (**)	Dien Gia Khanh Real Estate Co., Ltd. ("Dien Gia Khanh") (**)	Phat Dat Anh Duong Real Estate Development Corporation ("Phat Dat Anh Duong") (**)	Phu Hung (Note 4.1)	Total
						VND

#### Cost of investment:

Beginning balance	-	176,000,000,000	75,000,000,000	45,000,000,000	-	296,000,000,000
Disposal	-	(176,000,000,000)	(75,000,000,000)	(45,000,000,000)	-	(296,000,000,000)
Ending balance	-	-	-	-	-	-

#### Accumulated share in post-acquisition loss of the associates:

Beginning balance	-	-	-	-	(2,251,334,783)	(2,251,334,783)
Business combination	-	-	-	-	2,251,334,783	2,251,334,783
Ending balance	-	-	-	-	-	-

#### Carrying amount:

Beginning balance	-	176,000,000,000	75,000,000,000	45,000,000,000	(2,251,334,783)	293,748,665,217
Ending balance	-	-	-	-	-	-

(\*) On 3 July 2018, PDP Project received the first Enterprise Registration Certificate with charter capital amounting to VND 300,000,000,000, in which, the Group has interest ownership of 49%, equivalent to VND 147,000,000,000. As at the balance sheet date, the Group has not yet completed the capital contribution.

(\*\*) As at the balance sheet date, the Group liquidated and collected fully its investments in these entities at carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**15.2 Investment in other entity**

	<i>Ending balance</i>		<i>Beginning balance</i>	
	<i>% of ownership and voting rights</i>	<i>Amount VND</i>	<i>% of ownership and voting rights</i>	<i>Amount VND</i>
My Loi Bridge Investment Corporation	-	-	19.8	51,480,000,000

As at the balance sheet date, the Group liquidated and collected fully this investment at cost.

**16. SHORT-TERM TRADE PAYABLES**

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Vinh Hoi (*)	264,925,416,441	-
Dong Khanh Construction Company Limited	28,544,533,703	-
Cotec Construction Joint Stock Company	10,837,593,182	86,545,894,373
Dat Moi Trading Service Joint Stock Company	5,699,012,385	4,565,155,125
Others	2,963,715,084	9,076,775,124
<b>TOTAL</b>	<b>312,970,270,795</b>	<b>100,187,824,622</b>

(\*) This represents payables for the purchase of 194 office-apartments of Millennium project.

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

	<i>VND</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>
Big Gain (*)	-	595,141,256,792
Others	10,173,673,983	106,048,558,342
<b>TOTAL</b>	<b>10,173,673,983</b>	<b>701,189,815,134</b>

(\*) As at the balance sheet date, the Group sold 297 apartments of Block C of The EverRich 2 project to Big Gain (Note 9).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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## 18. STATUTORY OBLIGATIONS

				VND
	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending balance</i>
<b>Payables</b>				
Corporate income tax	42,296,256,485	114,724,540,728	(91,889,892,728)	65,130,904,485
Personal income tax	2,042,522,396	8,479,236,360	(9,960,823,921)	560,934,835
Value-added tax	17,238,823	127,516,338,710	(87,139,830,895)	40,393,746,638
Other taxes	-	1,137,640,740	(1,137,640,740)	-
<b>TOTAL</b>	<b>44,356,017,704</b>	<b>251,857,756,538</b>	<b>(190,128,188,284)</b>	<b>106,085,585,958</b>
<b>Receivables</b>				
Corporate income tax	9,061,394,917	4,155,907,436	(9,577,534,721)	3,639,767,632
Value-added tax	35,849,517,006	51,725,077,928	(87,325,352,666)	249,242,268
Personal income tax	-	51,154,098	(10,432,740)	40,721,358
<b>TOTAL</b>	<b>44,910,911,923</b>	<b>55,932,139,462</b>	<b>(96,913,320,127)</b>	<b>3,929,731,258</b>

## 19. SHORT-TERM ACCRUED EXPENSES

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction costs	65,969,868,741	70,297,902,207
Commission fees	-	20,297,566,999
Interest expense	7,032,367,645	6,214,296,380
Others	5,222,318,182	3,299,128,000
<b>TOTAL</b>	<b>78,224,554,568</b>	<b>100,108,893,586</b>

## 20. OTHER PAYABLES

		VND
	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Short-term</b>	<b>266,522,206,379</b>	<b>71,095,134,376</b>
Advance received from CRE & AGI	80,000,000,000	-
Deposits received	129,993,679,000	4,725,753,000
Maintenance fund	48,866,690,401	48,234,742,310
Payables to related parties (Note 30)	-	14,490,455,153
Others	7,661,836,978	3,644,183,913
<b>Long-term</b>	<b>6,753,817,006,616</b>	<b>6,041,132,313,462</b>
Payable under ICCs (*)	6,723,817,006,616	6,027,000,000,000
Deposits received	30,000,000,000	14,132,313,462
<b>TOTAL</b>	<b>7,020,339,212,995</b>	<b>6,112,227,447,838</b>



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

(\*) On 26 December 2017, the Group has entered into a 5-year ICC No. 01/HDHTDT-E2/2017 with Big Gain regarding to the development of a part of The EverRich 2 project and a 5 years ICC 01/HDHTDT-E3/2017 with Dynamic regarding to the development of apartment block of The EverRich 3 project. According to these ICCs:

- a. Big Gain/Dynamic has obligation to settle the costs incurred by the Group for the cooperated project.
- b. The parties may receive the profits from the project in accordance with the proportion of financial contributions of the parties.
- c. After the land use right certificate of the project is granted for the Group, Big Gain/Dynamic has the option to purchase and the Group has the option to sell 99% of the Group's interest in the ICC at the price equivalent to 99% of the agreed contributed value of the Group in this ICC, plus a surplus that will be agreed upon by the parties.
- d. When the legal conditions of the project are met, the Group has the right to assign this project to another partner provided that it fully reimburses Big Gain/Dynamic the contributed amount plus interest. The amount of interest shall be agreed upon by the parties.

As at the balance sheet date, the Group received the amount of VND 4,571,317,006,616 and VND 2,152,500,000,000 from Big Gain and Dynamic, respectively.

On 21 February 2019, the BOD approved the Decision regarding the sale of part of The EverRich 3 project (Lot B1 and Lot B4) to Dynamic at the price of VND 1,162,432,000,000 (Note 9).

(\*\*) On 6 November 2018, the Group signed a Capital Contribution Agreement with Ms. Le Thi Vinh Phuc in order to invest and develop Nhon Hoi – Binh Dinh project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

21. SHORT-TERM LOAN

	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>VND Ending balance</i>
Loan from bank	-	1,056,991,706,980	(1,056,991,706,980)	-
Loan from others	<u>47,196,419,134</u>	<u>-</u>	<u>(47,196,419,134)</u>	<u>-</u>
<b>TOTAL</b>	<b><u>47,196,419,134</u></b>	<b><u>1,056,991,706,980</u></b>	<b><u>(1,104,188,126,114)</u></b>	<b><u>-</u></b>

22. BONUS AND WELFARE FUND

	<i>Current year</i>	<i>VND Previous year</i>
Beginning balance	13,004,065,046	8,681,781,478
Increase	22,000,000,000	14,400,000,000
Decrease	<u>(21,720,533,279)</u>	<u>(10,077,716,432)</u>
Ending balance	<u>13,283,531,767</u>	<u>13,004,065,046</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 23. OWNERS' EQUITY

### 23.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Undistributed earnings	Total
					VND
<b>Previous year</b>					
Beginning balance	2,018,099,710,000	11,680,300,000	85,413,584,076	288,603,423,375	2,403,797,017,451
Net profit for the year	-	-	-	439,879,870,046	439,879,870,046
Appropriation of net profit	-	-	17,300,000,000	(17,300,000,000)	-
Transfer to bonus and welfare fund	-	-	-	(14,400,000,000)	(14,400,000,000)
Dividends share	201,809,520,000	-	-	(201,809,520,000)	-
Dividends declared	-	-	-	(287,400,000)	(287,400,000)
BOD's allowance	-	-	-	(2,108,000,000)	(2,108,000,000)
Ending balance	2,219,909,230,000	11,680,300,000	102,713,584,076	492,578,373,421	2,826,881,487,497
<b>Current year</b>					
Beginning balance	2,219,909,230,000	11,680,300,000	102,713,584,076	492,578,373,421	2,826,881,487,497
Net profit for the year	-	-	-	643,316,697,026	643,316,697,026
Appropriation of net profit	-	-	22,000,000,000	(22,000,000,000)	-
Transfer to bonus and welfare fund	-	-	-	(22,000,000,000)	(22,000,000,000)
Dividends share (*)	443,980,840,000	-	-	(443,980,840,000)	-
BOD's allowance	-	-	-	(2,048,000,000)	(2,048,000,000)
Ending balance	2,663,890,070,000	11,680,300,000	124,713,584,076	645,866,230,447	3,446,150,184,523

(\*) On 2 May 2018, the Group issued 44,398,084 ordinary shares to pay dividend at the price of VND 10,000 per share amounting to VND 443,980,840,000 according to the Resolution of Shareholders No. 01/DHDCD-NQ.2018 dated 30 March 2018 and Decision No. 08/2018/QD-HDQT dated 4 April 2018. On 5 June 2018, the Company received the 25<sup>th</sup> amended ERC issued by the DPI of Ho Chi Minh City, approving the increase in the Group's charter capital from VND 2,219,909,230,000 to VND 2,663,890,070,000.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

**23.2 Ordinary shares**

	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Share</i>	<i>Share</i>
Shares authorised to be issued	266,389,007	221,990,923
Shares issued and fully paid	266,389,007	221,990,923
<i>Ordinary shares</i>	266,389,007	221,990,923

Par value of outstanding share: 10.000 VND (2017: VND 10,000).

**23.3 Earnings per share**

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

	<i>Current year</i>	<i>Previous year</i>
Net profit attributable to ordinary equity holders of the parent	643,316,697,026	439,879,870,046
Less: BOD's allowance	(2,048,000,000)	(2,108,000,000)
Bonus and welfare fund (*)	(32,165,834,851)	(21,993,993,502)
Net profit after tax attributable to ordinary equity holders for basic earnings (VND)	609,102,862,175	415,777,876,544
Weighted average number of ordinary shares for the year (shares) (**)	266,389,007	266,389,007
<b>Basic earnings per share (VND/share)</b> (par value: VND 10,000 per share)	<b>2,287</b>	<b>1,561</b>
<b>Diluted earnings per share (VND/share)</b>	<b>2,287</b>	<b>1,561</b>

(\*) Profit used to compute current year's earnings per share was adjusted for the provisional allocation to bonus and welfare fund from 2018 is undistributed earnings following the plan as approved in the Resolution No. 01/DHĐCĐ-NQ.2018 of Shareholders at Annual General Meeting dated 30 March 2018.

(\*\*) The weighted average number of ordinary shares for the year ended 31 December 2017 has been retrospectively adjusted for dividend shares issued and increase in capital from undistributed earnings in 2018.

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

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

23.4 Dividends

	VND	
	Current year	Previous year
<b>Dividends declared and paid during the year</b>		
Dividends declared during the year	-	287,400,000
Shares issued to pay dividends	443,980,840,000	201,809,520,000

24. NON-CONTROLLING INTEREST

	VND	
	Current year	Previous year
Increase due to acquisition of subsidiaries and at end of year	65,476,000,000	-

25. REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>2,268,746,544,025</b>	<b>1,542,032,394,877</b>
<i>Of which:</i>		
Sale of apartments	1,785,221,757,252	1,458,081,614,417
Sale of other real estate properties	407,213,263,593	57,046,019,669
Revenue from rendering of services	68,683,883,180	20,522,095,795
Revenue from investment properties	7,627,640,000	6,382,664,998
<b>Deductions:</b>	<b>(121,037,201,884)</b>	<b>(215,406,237,704)</b>
Sale returns	(120,895,496,884)	(205,717,795,286)
Sale deduction	(141,705,000)	(9,688,442,418)
<b>NET REVENUE</b>	<b>2,147,709,342,141</b>	<b>1,326,626,157,173</b>
<i>In which:</i>		
Sale of apartments	1,664,184,555,368	1,302,369,759,342
Revenue from rendering of services	407,213,263,593	(1,528,362,960)
Sale of other real estate properties	68,683,883,180	19,402,095,793
Revenue from investment properties	7,627,640,000	6,382,664,998
<i>In which:</i>		
Sale to other customers	2,084,122,006,833	1,339,991,381,288
Sale to related parties (Note 30)	63,587,335,308	(13,365,224,115)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

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

	VND	
	<i>Current year</i>	<i>Previous year</i>
Costs of apartments sold	1,253,596,040,062	799,660,414,749
Costs of other real estate properties sold	201,937,626,291	4,795,613,069
Costs of services rendered	9,498,288,563	2,371,913,733
Cost of investment properties	1,526,394,102	752,221,525
<b>TOTAL</b>	<b><u>1,466,558,349,018</u></b>	<b><u>807,580,163,076</u></b>

**27. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Selling expenses</b>	<b>41,308,040,594</b>	<b>101,154,109,064</b>
Advertising expenses	18,265,951,374	3,406,575,637
Commission expenses	17,557,807,277	79,671,870,745
Salary expenses	3,866,585,129	2,752,214,966
Customers meeting expenses	195,058,480	5,045,812,260
Interest support expenses	-	8,601,168,387
Others	1,422,638,334	1,676,467,069
<b>General and administrative expenses</b>	<b>80,054,505,689</b>	<b>57,970,821,539</b>
Salary expenses	55,070,243,192	37,931,276,693
External services expenses	15,386,009,825	10,511,801,857
Depreciation and amortisation expenses	1,534,758,866	2,392,731,239
Others	8,063,493,806	7,135,011,750
<b>TOTAL</b>	<b><u>121,362,546,283</u></b>	<b><u>159,124,930,603</u></b>

**28. OTHER INCOME AND OTHER EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>198,454,186,942</b>	<b>194,137,535,123</b>
Profit sharing from ICCs (Note 8)	190,000,000,000	180,000,000,000
Others	8,454,186,942	14,137,535,123
<b>Other expenses</b>	<b>4,718,208,025</b>	<b>5,686,153,216</b>
Interest support fee	1,925,578,534	2,784,276,853
Others	2,792,629,491	2,901,876,363
<b>OTHER PROFIT</b>	<b><u>193,735,978,917</u></b>	<b><u>188,451,381,907</u></b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 29. CORPORATE INCOME TAX

The corporate income tax ("CIT") rate applicable to the Company and its subsidiaries is 20% of taxable profits.

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

### 29.1 CIT expenses

		VND
	Current year	Previous year
Current CIT expense	114,724,540,728	109,756,961,359
Adjustment for under accrual of CIT from prior years	-	513,530,314
Deferred CIT expense	36,345,732	717,074,747
<b>TOTAL</b>	<b>114,760,886,460</b>	<b>110,987,566,420</b>

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

		VND
	Current year	Previous year
<b>Accounting profit before tax</b>	<b>758,077,583,486</b>	<b>550,867,436,466</b>
At CIT rate of 20% applicable to companies in the Group	151,615,516,697	110,162,138,780
<i>Adjustments:</i>		
Non-deductible expenses	1,145,369,763	247,572,816
Adjustment for under accrual of CIT from prior years	-	513,530,314
Loss from associate	-	64,324,510
Distributed profits after tax under ICCs	(38,000,000,000)	-
<b>CIT expense</b>	<b>114,760,886,460</b>	<b>110,987,566,420</b>

### 29.2 Current tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

29. CORPORATE INCOME TAX (continued)

29.3 *Deferred tax*

The following is deferred tax assets recognised by the Group, and the movements thereon for the current and previous years:

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Accrued expenses	477,099,441	513,445,173	(36,345,732)	(717,074,747)
<b>Deferred tax asset</b>	<b>477,099,441</b>	<b>513,445,173</b>		
<b>Deferred tax expense</b>			<b>(36,345,732)</b>	<b>(717,074,747)</b>

30. TRANSACTIONS WITH RELATED PARTIES

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

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

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

Significant transactions with related parties during the current and previous years were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Mr Nguyen Van Dat	General Director	Borrowings	429,834,936,510	460,077,012,570
		Payment of borrowings	444,325,391,663	445,586,557,417
		Advances and collections	140,463,500,929	305,586,711,215
BDSC Management Consulting Corporation	Related party of BOD's member	Consulting services	1,581,250,000	1,222,250,000
Truong Phat Loc	Related party of BOD's member	ICC distributed profit	125,000,000,000	-
		ICC distributed profit collection	45,000,000,000	-
		Rendering of services	267,781,817	286,172,728
		Office rental	108,000,000	1,156,000,000
		Office rental fee deduction	-	1,120,000,000
		Sale return	-	13,687,396,843

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

Significant transactions with related parties during the current and previous years were as follows: (continued)

Related party	Relationship	Transaction	VND	
			Current year	Previous year
T.A.M	Related party of BOD's member	ICC income collection	90,000,000,000	90,000,000,000
		Income under ICC	-	180,000,000,000
		Payment of borrowings	31,520,000,000	-
		Sale of office-apartments	20,437,149,451	-
		Collection of capital transfer	5,000,000,000	-
Dien Gia Khang	Associate	Collection of capital contribution	176,000,000,000	-
Dien Gia Khanh	Associate	Collection of capital contribution	75,000,000,000	-
Ms Doan Thi Trang	Related party of BOD's member	Transfer of real estate property	42,774,404,040	-
Phat Dat Anh Duong	Associate	Collection of capital contribution	45,000,000,000	-
My Loi Bridge Investment Corporation	Investee	Collection of capital contribution	51,480,000,000	-

Remuneration to members of the BOD and Management for the current and previous years was as follows:

	VND	
	Current year	Previous year
<i>BOD</i>		
Allowance and bonus	2,048,000,000	1,448,000,000
<i>Management</i>		
Salaries and bonus	10,539,570,769	8,472,000,000
<b>TOTAL</b>	<b>12,587,570,769</b>	<b>9,920,000,000</b>



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

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Ending balance</i>	<i>VND Beginning balance</i>
<b>Short-term trade receivables</b>				
T.A.M	Related party of BOD's member	Capital transfer	55,000,000,000	60,000,000,000
		Sale of office-apartments	22,089,172,092	-
Ms Doan Thi Trang	Related party of BOD's member	Real estate property transfer	32,648,000,000	-
Truong Phat Loc	Related party of BOD's member	Office rental	1,011,571,577	1,052,081,577
			<b>110,748,743,669</b>	<b>61,052,081,577</b>
<b>Long-term trade receivable</b>				
T.A.M	Related party of BOD's member	Capital transfer	117,000,000,000	117,000,000,000
<b>Other short-term receivables</b>				
Phu Hung (*)	Subsidiary	Advances	-	517,908,385,303
T.A.M	Related party of BOD's member	ICC interest income	-	90,000,000,000
PDP Project	Associate	Advances	4,609,000	-
Truong Phat Loc	Related party of BOD's member	ICC interest income	80,000,000,000	-
			<b>80,004,609,000</b>	<b>607,908,385,303</b>
<b>Other long-term receivables</b>				
Truong Phat Loc	Related party of BOD's member	Capital contribution under ICC	126,400,000,000	126,400,000,000
T.A.M	Related party of BOD's member	Capital contribution under ICC	100,939,751,900	100,939,751,900
			<b>227,339,751,900</b>	<b>227,339,751,900</b>
<b>Other short-term payables</b>				
Mr Nguyen Van Dat	General Director	Borrowings	-	14,490,455,153

(\*) On 1 February 2018, the Group acquired additional 50.1% ownership in Phu Hung and Phu Hung from associate became subsidiary of the Company.

**31. COMMITMENTS**

	VND	
	Ending balance	Beginning balance
Project construction commitments	97,067,244,677	103,551,925,451
Capital contribution commitments	171,000,000,000	202,658,084,832
<i>PDP Project</i>	147,000,000,000	-
<i>Doan Anh Duong</i>	24,000,000,000	24,000,000,000
<i>Phat Dat Anh Duong</i>	-	113,400,000,000
<i>Phu Hung</i>	-	49,900,000,000
<i>Dien Gia Khanh</i>	-	8,300,000,000
<i>Minh Hoang</i>	-	3,058,084,832
<i>Dien Gia Khang</i>	-	4,000,000,000
<b>TOTAL</b>	<b>268,067,244,677</b>	<b>306,210,010,283</b>

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

Except for the events presented in Note 9, there has been no other significant event occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements of the Group.

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

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

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

14 March 2019

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