

KinhBac City Development Holding Corporation

Interim consolidated financial statements

30 June 2017



KinhBac City Development Holding Corporation

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KinhBac City Development Holding Corporation

GENERAL INFORMATION

THE COMPANY

KinhBac City Development Holding Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh province on 27 March 2002, and the subsequent amendments, with the latest being the 15th amendment No. 2300233993 issued by the Department of Planning and Investment of Bac Ninh Province on 30 January 2015.

The Company has the following subsidiaries:

- ▶ Saigon - Bacgiang Industrial Park Corporation;
- ▶ Sai Gon - Hai Phong Industrial Park Corporation;
- ▶ Northwest Saigon City Development Corporation; and
- ▶ Trang Cat One Member Urban Development Limited Company.

The current principal activities of the Company during the period are to invest, construct and trade infrastructure inside and outside the industrial parks; leasing out and selling the factories constructed by the Company in the industrial parks, residential – urban areas, financial investment; and other activities in accordance with the Business Registration Certificate.

The Company’s head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam and its Ho Chi Minh branch is located at No. 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City, Vietnam.

The Company’s shares are listed in Ho Chi Minh city’s Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by Ho Chi Minh city’s Stock Exchange on 7 December 2009.

BOARD OF DIRECTORS

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

Mr Dang Thanh Tam	Chairman	
Ms Nguyen Thi Thu Huong	Member	
Mr Huynh Phat	Member	
Mr Pham Phuc Hieu	Member	
Mr Nguyen Vinh Tho	Member	appointed on 21 April 2017
Mr Ngo Manh Hung	Member	resigned on 21 April 2017

BOARD OF SUPERVISION

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

Ms Nguyen Bich Ngoc	Head of Board	appointed on 21 April 2017
Ms The Thi Minh Hong	Member	appointed on 21 April 2017
Mr Tran Tien Thanh	Member	appointed on 21 April 2017
Ms Nguyen Chung Thuy	Head of Board	resigned on 21 April 2017
Ms Le Thi Thu Hang	Member	resigned on 21 April 2017

KinhBac City Development Holding Corporation

GENERAL INFORMATION (continued)

MANAGERMENT

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

Ms Nguyen Thi Thu Huong	General Director
Mr Phan Anh Dung	Deputy General Director
Mr Pham Phuc Hieu	Deputy General Director and Chief Accountant
Ms Nguyen My Ngoc	Deputy General Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Dang Thanh Tam. In accordance with the Authorization Letter No. 2311/2012/KBC/UQ dated 23 November 2012, Ms. Nguyen Thi Thu Huong has been authorized by Mr. Dang Thanh Tam to sign the accompanying interim consolidated financial statements for the six-month period ended 30 June 2017.

AUDITORS

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

KinhBac City Development Holding Corporation

REPORT OF MANAGEMENT

Management of KinhBac City Development Holding Corporation (“the Company”) is pleased to present its report and the interim consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the six-month period ended 30 June 2017.

MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the interim consolidated financial statements of each financial period which give a true and fair view of the interim consolidated financial position of the Group and of the interim consolidated results of its operations and its interim consolidated cash flows for the period. In preparing those interim 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 interim consolidated financial statements; and
- ▶ prepare the interim consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim 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 interim consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim consolidated financial statements give a true and fair view of the interim consolidated financial position of the Group as at 30 June 2017 and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnam Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of interim consolidated financial statements.

For and on behalf of management:



Nguyen Thi Thu Huong
General Director

Bac Ninh, Vietnam

19 August 2017

Reference: 60774739/19317198-HN

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: The Shareholders of KinhBac City Development Holding Corporation

We have reviewed the accompanying interim consolidated financial statements of KinhBac City Development Holding Corporation ("the Company") and its subsidiaries (collectively referred to as "the Group"), as prepared on 19 August 2017 and set out on pages 6 to 58 which comprise the interim consolidated balance sheet as at 30 June 2017, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not give a true and fair view, in all material respects, of the interim consolidated financial position of the Group as at 30 June 2017, and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim consolidated financial statements.



Ernst & Young Vietnam Limited

Le Thi Tuyet Mai
Deputy General Director
Audit Practising Registration:
Certificate No. 1575-2013-004-1

Hanoi, Vietnam

19 August 2017

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INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2017

Currency: VND

Code	ASSETS	Notes	30 June 2017	31 December 2016
100	A. CURRENT ASSETS		12,809,906,487,618	13,010,530,818,197
110	I. Cash and cash equivalents	5	255,574,669,289	295,085,197,835
111	1. Cash		204,500,198,432	120,595,628,388
112	2. Cash equivalents		51,074,470,857	174,489,569,447
120	II. Short-term investments	6	1,207,490,300	1,235,586,230
121	1. Held-for-trading securities		7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(6,282,971,069)	(6,254,875,139)
130	III. Current accounts receivable		4,221,718,553,875	4,381,551,938,686
131	1. Short-term trade receivables	7.1	1,016,299,478,329	1,095,584,987,883
132	2. Short-term advances to suppliers	7.2	1,610,467,488,868	1,637,232,744,800
135	3. Short-term loan receivables	8	27,737,628,333	27,737,628,333
136	4. Other short-term receivables	9	1,574,547,938,995	1,628,331,615,320
137	5. Provision for doubtful short-term receivables	7.3	(7,333,980,650)	(7,335,037,650)
140	IV. Inventories	10	8,217,085,809,031	8,243,696,478,710
141	1. Inventories		8,217,085,809,031	8,243,696,478,710
150	V. Other current assets		114,319,965,123	88,961,616,736
151	1. Short-term prepaid expenses		913,754,543	1,728,309,091
152	2. Value-added tax deductible		56,705,330,525	53,828,432,163
153	3. Tax and other receivables from the State	17	56,700,880,055	33,404,875,482

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2017

Currency: VND

Code	ASSETS	Notes	30 June 2017	31 December 2016
200	B. NON-CURRENT ASSETS		1,555,455,813,872	1,647,016,977,702
210	I. Long-term receivables		293,048,744,519	303,757,985,548
211	1. Long-term trade receivables	7.1	157,767,044,071	211,863,915,704
215	2. Long-term loan receivables	8	87,482,533,778	50,700,000,000
216	3. Other long-term receivables	9	47,799,166,670	41,194,069,844
220	II. Fixed assets		114,690,524,359	124,169,252,984
221	1. Tangible fixed assets	11	114,690,524,359	124,169,252,984
222	Cost		274,858,920,678	276,423,569,953
223	Accumulated depreciation		(160,168,396,319)	(152,254,316,969)
227	2. Intangible fixed assets		-	-
228	Cost		72,075,500	72,075,500
229	Accumulated amortisation		(72,075,500)	(72,075,500)
230	III. Investment properties	12	124,987,824,056	86,624,808,469
231	1. Cost		142,277,937,886	95,837,051,999
232	2. Accumulated depreciation		(17,290,113,830)	(9,212,243,530)
240	IV. Long-term assets in progress		116,539,079,722	234,360,537,258
242	1. Construction in progress	13	116,539,079,722	234,360,537,258
250	V. Long-term investments	15	902,747,451,929	893,138,424,665
252	1. Investments in associates, jointly controlled entities	15.1	493,960,395,605	484,351,368,341
253	2. Investment in other entities	15.2	448,500,200,000	448,500,200,000
254	3. Provision for diminution in value of long-term investments		(39,713,143,676)	(39,713,143,676)
260	VI. Other long-term assets		3,442,189,287	4,965,968,778
261	1. Long-term prepaid expenses		3,442,189,287	4,965,968,778
270	TOTAL ASSETS		14,365,362,301,490	14,657,547,795,899

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2017


Currency: VND


Code	RESOURCES	Notes	30 June 2017	31 December 2016
300	C. LIABILITIES		5,460,823,037,002	6,036,457,811,415
310	I. Current liabilities		2,137,982,999,923	3,372,803,878,061
311	1. Short-term trade payables	16.1	89,651,364,019	113,779,217,940
312	2. Short-term advances from customers	16.2	399,149,452,888	875,175,686,830
313	3. Statutory obligations	17	214,028,556,732	160,238,286,732
314	4. Payables to employees		45,994,470	46,198,469
315	5. Short-term accrued expenses	18	962,040,505,366	1,226,170,516,119
319	6. Other short-term payables	19	96,890,320,896	127,375,852,542
320	7. Short-term loans	20	369,093,546,243	862,934,860,120
322	8. Bonus and welfare fund		7,083,259,309	7,083,259,309
330	II. Non-current liabilities		3,322,840,037,079	2,663,653,933,354
333	1. Long-term accrued expenses	18	1,019,844,136,628	785,455,165,816
336	2. Long-term unearned revenue		5,110,798,845	5,174,610,956
337	3. Other long-term liabilities	19	157,794,088,613	163,466,547,253
338	4. Long-term loans	20	1,533,058,975,743	1,104,599,449,787
341	5. Deferred tax liabilities	28.3	606,080,069,288	604,006,191,580
342	6. Long-term provisions		951,967,962	951,967,962

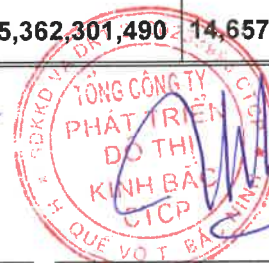
INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2017

Currency: VND

Code	RESOURCES	Notes	30 June 2017	31 December 2016
400	D. OWNERS' EQUITY		8,904,539,264,488	8,621,089,984,484
410	I. Capital		8,904,539,264,488	8,621,089,984,484
411	1. Share capital	21.1	4,757,111,670,000	4,757,111,670,000
411a	- Shares with voting rights		4,757,111,670,000	4,757,111,670,000
412	2. Share premium	21.1	989,064,430,000	989,064,430,000
415	3. Treasury shares	21.1	(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund	21.1	2,223,693,823	2,223,693,823
421	5. Undistributed earnings	21.1	2,787,232,713,398	2,318,834,981,859
421a	- Undistributed earnings up to end of prior year		2,373,576,603,822	1,761,464,742,050
421b	- Undistributed earnings of current period		413,656,109,576	557,370,239,809
429	6. Non-controlling interests	22	733,373,407,267	918,321,858,802
440	TOTAL LIABILITIES AND OWNERS' EQUITY		14,365,362,301,490	14,657,547,795,899


 Luu Phuong Mai
Preparer


 Pham Phuc Hieu
Deputy General Director and
Chief Accountant



 Nguyen Thi Thu Huong
General Director



19 August 2017

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2017

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
01	1. Revenue from sale of goods and rendering of services	23.1	484,343,207,181	1,113,392,007,736
02	2. Deductions	23.1	-	-
10	3. Net revenue from sale of goods and rendering of services	23.1	484,343,207,181	1,113,392,007,736
11	4. Cost of goods sold and services rendered	24	(210,738,558,682)	(501,853,973,690)
20	5. Gross profit from sale of goods and rendering of services		273,604,648,499	611,538,034,046
21	6. Finance income	23.2	394,645,502,391	18,297,972,322
22	7. Finance expenses	25	(40,234,506,018)	(44,281,317,267)
23	<i>In which: Interest expenses</i>		(38,456,534,870)	(43,732,824,671)
24	8. Shares of profit of associates, joint-ventures	15.1	9,609,027,264	8,026,977,335
25	9. Selling expenses	26	(7,374,920,961)	(23,245,029,419)
26	10. General and administrative expenses	26	(72,532,067,039)	(60,575,053,187)
30	11. Operating profit		557,717,684,136	509,761,583,830
31	12. Other income		1,644,706,396	5,389,091,657
32	13. Other expenses		(130,734,632)	(93,030,859)
40	14. Other profit		1,513,971,764	5,296,060,798
50	15. Accounting profit before tax		559,231,655,900	515,057,644,628
51	16. Current corporate income tax expense	28.1	(143,978,700,171)	(51,949,245,115)
52	17. Deferred tax expense	28.3	(2,073,877,708)	(43,160,243,685)
60	18. Net profit after tax		413,179,078,021	419,948,155,828
61	19. Net profit after tax attributable to shareholders of the parent		413,656,109,576	392,178,799,975
62	20. Net (loss)/profit after tax attributable to non-controlling interests		(477,031,555)	27,769,355,853
70	21. Basic earnings per share	30	881	835
71	22. Diluted earnings per share	30	881	835


Luu Phuong Mai
Preparer


Pham Phuc Hieu
Deputy General Director and
Chief Accountant


Nguyen Thi Thu Huong
General Director

19 August 2017

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2017

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		559,231,655,900	515,057,644,628
	Adjustments for:			
02	Depreciation of fixed assets and investment properties	11, 12	20,427,119,530	14,588,819,488
03	Provisions/(reversal of provision)		27,038,930	(1,459,902,550)
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		1,610,155	3,393,155
05	Profits from investing activities		(404,670,606,555)	(16,411,847,880)
06	Interest expenses	25	38,456,534,870	43,732,824,671
08	Operating profit before changes in working capital		213,473,352,830	555,510,931,512
09	Decrease/(increase) in receivables		142,985,191,589	(1,018,866,197,153)
10	Decrease in inventories		26,610,669,679	108,642,421,152
11	(Decrease)/increase in payables (other than interest, corporate income tax)		(169,136,558,631)	967,152,210,141
12	Decrease/(increase) in prepaid expenses		2,338,334,040	(55,532,856)
14	Interest paid		(37,255,629,647)	(54,656,659,537)
15	Corporate income tax paid		(118,261,933,210)	(55,931,124,813)
20	Net cash flows from operating activities		60,753,426,650	501,796,048,446
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long- term assets		(5,234,847,436)	(2,835,002,766)
22	Proceeds from disposals of fixed assets and other long- term assets		780,000,000	2,500,000,000
23	Loans to other entities and payments for purchase of debt instruments of other entities		(36,782,533,778)	-
25	Payments for investments in other entities (net of cash hold by entity being acquired)		(51,700,000,000)	(101,690,284,000)
26	Proceeds from sale of investments in other entities		50,000,000,000	135,167,000,000
27	Interest and dividends received		113,128,727	3,923,527,443
30	Net cash flows (used in)/from investing activities		(42,824,252,487)	37,065,240,677

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2017

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		619,458,895,517	45,873,241,650
34	Repayment of borrowings		(676,898,598,226)	(295,909,732,364)
40	Net cash flows used in financing activities		(57,439,702,709)	(250,036,490,714)
50	Net (decrease)/increase in cash and cash equivalents for the period		(39,510,528,546)	288,824,798,409
60	Cash and cash equivalents at beginning of the period		295,085,197,835	228,164,359,677
70	Cash and cash equivalents at end of the period	5	255,574,669,289	516,989,158,086



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director and
Chief Accountant




Nguyen Thi Thu Huong
General Director

19 August 2017

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2017 and for the six-month period then ended

1. CORPORATE INFORMATION

Kinh Bac City Development Holding Corporation (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate No. 2103000012 issued by the Department of Planning and Investment of Bac Ninh province on 27 March 2002 and the subsequent amendments, with the latest being the 15th amendment No. 2300233993 issued by the Department of Planning and Investment of Bac Ninh Province on 30 January 2015.

The current principal activities of the Company during the period are to invest, construct and trade infrastructure inside and outside the industrial parks; leasing out and selling the factories constructed by the Company in the industrial parks, residential – urban areas, financial investment; and other activities in accordance with the Business Registration Certificate.

Business cycle of the company starts from the acquisition of investment license, land clearance, infrastructure construction of Industrial Parks and urban areas until the time of completion and is handed over to customers, thus the business cycle of the Company may extend over 12 months. Ordinary business cycle for other business activities is 12 months.

The Company’s head office is located at Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province, Vietnam and its Ho Chi Minh branch is located at 20 Phung Khac Khoan, Da Kao Ward, No. 1 District, Ho Chi Minh City, Vietnam.

The Company’s shares were listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 153/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 7 December 2009.

The total number of employees as at 30 June 2017 is 440 (31 December 2016: 438)

Corporate structure

At 30 June 2017, the Company has the following subsidiaries:

<i>No.</i>	<i>Company’s name</i>	<i>Voting right (%)</i>	<i>Effective interest (%)</i>	<i>Head office</i>	<i>Main activities</i>
1	Saigon - Bacgiang Industrial Park Corporation	79.50	76.81	Quang Chau Industrial Park, Quang Chau commune, Viet Yen district, Bac Giang province	Investment, building and trading real estates
2	Saigon - Hai Phong Industrial Park Corporation	86.54	86.54	Trang Due Industrial Park, Le Loi commune, An Duong district, Hai Phong city	Investment, building and trading real estates
3	Northwest Saigon City Development Corporation	74.5	72.44	Tram Bom, National Road No. 22, Tan Phu Trung, Cu Chi, Ho Chi Minh city	Investment, building and trading real estates
4	Trang Cat One Member Urban Development Company Limited	100	100	Bai Trieu Area, Trang Cat Commune, Hai An District, in Dinh Vu - Cat Hai Economical Zone, Hai Phong city	Investment, building and trading real estates

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The interim consolidated financial statements of the Company and its subsidiaries ("the Group") expressed in Vietnam dong ("VND") are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other 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 interim 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 interim consolidated financial position and interim consolidated results of operations and interim consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

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

2.4 *Accounting currency*

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

2.5 *Basis of consolidation*

The interim consolidated financial statements comprise the interim financial statements of the parent company and its subsidiaries for the six-month period ended 30 June 2017.

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Inventories

Industrial and urban real estate properties which have been developed for sale in the normal course of operations of the Group, not held for lease or capital appreciation, are recorded as inventory at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

The cost of real estate properties for sale comprises expenses on land compensation, site restoration, construction of road and drainage system, factories and other infrastructure costs, construction costs, capitalized borrowing cost, consultancy cost, design cost, etc. and other related costs.

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.

Provision for obsolete inventories

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

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

3.3 Receivables

Receivables are presented in the interim 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 interim balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the interim consolidated income statement.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation.

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

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

When intangible 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 interim consolidated income statement.

3.6 *Depreciation and amortisation*

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

Buildings and structures (including land and infrastructure development cost)	8 - 25 years
Machinery and equipment	4 - 10 years
Means of transportation	6 - 10 years
Office equipment	3 - 5 years

3.7 *Investment properties*

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

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

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

Factories	10 years
Land and infrastructure development cost	40 - 45 years

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Investment properties* (continued)

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 interim 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.

3.8 *Borrowing costs*

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

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

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

3.9 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim 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.

The following types of expenses are recorded as long-term prepaid expense and amortised to the interim consolidated income statement:

- ▶ Prepaid rental expenses are amortized over lease period; and
- ▶ Other long-term prepaid expenses are amortized over 1 to 3 years.

3.10 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Business combinations and goodwill* (continued)

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the interim consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10-year period on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the interim consolidated income statement.

3.11 *Investments*

Investments in associates

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

Under the equity method, the investment is carried in the interim 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 and subject to annual review for impairment. The interim consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

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

Held-for-trading securities and investments in other entities

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

Provision for diminution in value of held-for-trading securities and other investments

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

Held-to-maturity investments

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as expense in the interim consolidated financial statements and deducted against the value of such investments.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Payables and accruals*

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

3.13 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting period for all employees who have been in service for more than 12 months up to balance sheet date at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Increase or decrease to the accrued amount other than actual payment to employee will be taken to the interim consolidated income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

3.14 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency (VND) are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- ▶ Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the interim consolidated balance sheet dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the period and arisen from the translation of monetary accounts denominated in foreign currency at interim consolidated balance sheet date are taken to the interim consolidated income statement.

3.15 *Treasury shares*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Appropriation of net profits*

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

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

Investment and development fund

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

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 interim consolidated balance sheet.

3.17 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Long-term lease of land and infrastructure

Revenue is recognised when the Group has passed the significant risks and rewards associated with the land to the buyer and revenue can be reliably measured.

Sale of factories

Revenue is recognised when the Group has passed significant risks and rewards associated with the factories to the buyer and revenue can be reliably measured.

Lease of factories

Revenue under operating lease contract is recognised to the interim consolidated income statement on a straight-line basis over the lease term.

Rendering of services

Revenue is recognised when service has been provided to the customer, and is determined by the net value after deducting discounts, value-added tax, and other deductions.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue recognition

Income from transfer of investment in securities and capital assignment

Income is determined by the difference between the selling price and cost of the securities. Income is recorded on the contract date, which is when the contract becomes effective.

Revenue from project transfer

Revenue is recognised when the significant risks and rewards of ownership of the project have passed to the buyer, usually upon the delivery of the project, and recovery over project transfer can be reasonably ensured.

Sales from real estate transfer

Revenue is recognised when the significant risks and rewards of ownership of the real estate have passed to the buyer.

Interest

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

Dividends

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

3.18 Cost of leased land and infrastructure

Cost of leased land and infrastructure includes all direct costs that are attributable to the development of land and infrastructure or costs allocated on a reasonable basis to such activities including:

- ▶ All costs incurred for land and land development activities;
- ▶ All costs incurred for construction and construction related activities; and
- ▶ Mandatory and non-saleable costs associated to development activities that would be incurred on existing and future land and infrastructure of the project such as common infrastructure, mandatory land reserve for public facilities, etc.

3.19 Taxation

Current income tax

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

Current income tax is charged or credited to the interim 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 off-set current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 *Taxation* (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the interim consolidated 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, except:

- ▶ where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- ▶ where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each interim consolidated 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 tax asset to be utilised. Previously unrecognised deferred tax assets are re assessed at each interim consolidated 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 realised or the liability is settled based on tax rates and tax laws that have been enacted at the interim consolidated balance sheet date.

Deferred tax is charged or credited to the interim 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation (continued)

Deferred tax (continued)

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

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

3.20 Segment information

A segment is a component which can be separately identified in which the Group takes part in providing the sale of relevant goods or services (segment divided by business operation activities), or providing the sale of goods or services within a particular economic environment (segment divided by geographic regions), each of which is subject to risks and benefits and is different from other parts.

Real estate trading activities in Vietnam territory is the major activity to generate the revenue and profit for the Group. Thus, the Group's management assesses that the Group operates in only one business segment which is real estate business segment and in one critical geographic region which is Vietnam.

4. BUSINESS COMBINATION

Transfer of contributed capital in Lotus Hotel Development One Member Limited Company- subsidiary of the Company

On 20 June 2017, the Company transferred its contributed capital in Lotus Hotel Development One Member Limited Company to Growing Sun JSC with total transfer amount of VND 1,854,868,000,000, therefore, from this date, Lotus Hotel Development One Member Limited Company is no longer a subsidiary of the Company.

5. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Cash on hand	2,140,365,135	4,995,926,908
Cash at banks	202,359,833,297	115,599,701,480
Cash equivalents (*)	51,074,470,857	174,489,569,447
TOTAL	<u>255,574,669,289</u>	<u>295,085,197,835</u>

(*) Cash equivalents at 30 June 2017 mainly comprise short-term deposits in VND at commercial banks which earn interest ranging from 4.3% to 5.4% per annum and have maturity term from 1 month to 3 months.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

5. CASH AND CASH EQUIVALENTS (continued)

Additional information regarding the cash flow statement:

	Currency: VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Significant non-cash transactions that are excluded from the cash flow statement in the future:		
Conversion of debt to equity		
Actual cash received from loans		
- Cash receipt from normal loan agreements	119,458,895,517	45,873,241,650
- Cash receipt from issuance of bonds	500,000,000,000	-
Actual cash payment of loans		
- Cash payment for normal loan agreements	211,855,204,529	100,909,732,364
- Cash payment for principal of bonds	465,043,393,697	195,000,000,000

6. SHORT-TERM INVESTMENTS

	30 June 2017			31 December 2016		
	Cost	Fair value	Provision	Cost	Fair value	Provision
Held for trading securities						
Shares (*)	7,490,461,369	1,207,490,300	(6,282,971,069)	7,490,461,369	1,235,586,230	(6,254,875,139)
TOTAL	7,490,461,369	1,207,490,300	(6,282,971,069)	7,490,461,369	1,235,586,230	(6,254,875,139)

(*) At 30 June 2017, the Company holds 312,177 shares of Tan Tao Investment and Industrial Joint Stock Company.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

7. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

7.1 Trade receivables

Currency: VND

30 June 2017 31 December 2016

Short-term

Trade receivables from customers

- JA Solar Vina Hong Kong (i)	108,194,663,967	219,036,843,480
- KCT Engineering Ltd (ii)	218,749,608,000	218,749,608,000
- ZYF International Ltd (i)	214,179,000,000	214,179,000,000
- Sai Gon Investment JSC (iii)	104,130,000,000	104,130,000,000
- Kinh Bac Service JSC (iv)	92,387,265,050	78,648,481,465
- Hoang Hai Viet Nam Packaging JSC (v)	34,570,564,151	46,809,000,000
- LG Innotek Vietnam Hai Phong Co., Ltd. (v)	35,760,891,000	35,226,100,000
- Receivable from customers purchasing house in Phuc Ninh Urban Area	22,181,232,000	-
- LG Display Vietnam Hai Phong Co. Ltd (v)	-	81,883,545,343
- Other customers (v)	186,146,254,161	96,922,409,595
	1,016,299,478,329	1,095,584,987,883

TOTAL

Long-term

Trade receivables from customers

- Kinh Bac Service JSC (iv)	157,767,044,071	211,863,915,704
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TOTAL

157,767,044,071 **211,863,915,704**

Provision for doubtful debts

In which:

Short-term	6,833,980,650	6,833,980,650
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- (i) These are the receivables from JA Solar Viet Nam Ltd and ZYF International Ltd for long-term lease of infrastructure at Quang Chau industrial park;
- (ii) This is the receivable related to infrastructure investment project for staffs and workers in Que Vo Industrial Park according to Contract No. HDCN - KBC/2016 dated 8 April 2016;
- (iii) This is the receivable from Saigon Investment JSC related to the transfer of land at Phuc Ninh Urban Area Project;
- (iv) These are the short-term and long-term receivables from Kinh Bac Service JSC related to revenue from long-term lease of land and infrastructure and sale of factories in Que Vo II Industrial Zone, Trang Due Industrial Park and Quang Chau Industrial Park. Receivables related to revenue from long-term lease of land and infrastructure and sale of factories in Que Vo II Industrial Park earn interest at 8-9% per annum; and
- (v) These are receivables from other customers for long-term lease of land and infrastructure at the industrial parks of the Group.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

7. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

7.2 Advances to suppliers

	<i>Currency: VND</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	1.217.299.987.098	1.214.499.376.098
- Kinh Bac Service JSC (ii)	227.302.270.000	227.302.270.000
- Land Development Center and Industrial Group of Viet Yen District (iii)	128.085.611.872	122.783.408.889
- Land Clearance and Compensation Committee of Cu Chi District (iv)	20.973.977.276	20.723.977.276
- Foster and Partners Limited Company	-	25.961.600.000
- People's Council and People's Committee of An Duong district	-	11.302.688.835
- Other advance to suppliers	16.805.642.622	14.659.423.702
	<u>1.610.467.488.868</u>	<u>1.637.232.744.800</u>

- (i) These are the advances to Kinh Bac Investment and Consulting JSC for the site clearance and compensation and for construction works of certain on-going projects of the Group.
- (ii) These are the advances to Kinh Bac Service JSC for site clearance and road construction - Phase I of Quang Chau Project - Viet Yen - Bac Giang.
- (iii) This is advance to Land Development Center and Industrial Group of Viet Yen District for land clearance of Saigon - Bacgiang Industrial Park Corporation's on-going project.
- (iv) This is the advance to Land Clearance and Compensation Committee of Cu Chi District for land clearance at Tan Phu Trung Project.

7.3 Provision for trade receivables

Detail of movements of provision for trade receivables is as follows:

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Beginning balance	7,335,037,650	9,083,443,300
Reversal in the period	(1,057,000)	(1,865,732,650)
Ending balance	<u>7,333,980,650</u>	<u>7,217,710,650</u>
<i>In which:</i>		
<i>Provision for short-term receivables</i>	6,833,980,650	6,717,710,650
<i>Provision for loan receivables</i>	500,000,000	500,000,000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

8. OTHER LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	6,992,700,000	6,992,700,000
- Saigon Tourism JSC	500,000,000	500,000,000
- Saigon-Tay Ninh Industrial Park JSC	300,000,000	300,000,000
- Vien Dong Real Estate and Property JSC	-	4,000,000,000
- Other loan receivables	5,644,928,333	1,644,928,333
Other loan receivables from related parties (Note 28)	<u>14,300,000,000</u>	<u>14,300,000,000</u>
TOTAL	<u>27,737,628,333</u>	<u>27,737,628,333</u>
Long-term		
- Vien Dong Real Estate and Property JSC(ii)	50,000,000,000	50,000,000,000
- Kinh Bac Investment and Consulting JSC (iii)	10,000,000,000	-
- Kinh Bac Service JSC (iv)	26,782,533,778	-
- Construction Project Management Unit of Bac Ninh City (Bac Ninh City People's Committee)	<u>700,000,000</u>	<u>700,000,000</u>
TOTAL	<u>87,482,533,778</u>	<u>50,700,000,000</u>

- (i) This is unsecured, interest free loan, will be due in June 2018.
- (ii) This is loan receivable with interest of 10.5% per annum and will be due on 30 December 2018.
- (iii) This is unsecured, interest free loan, will be due in June 2019.
- (iv) This is unsecured, interest free loan, will be due on 23 January 2019.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

9. OTHER RECEIVABLES

Currency: VND

	30 June 2017		31 December 2016	
	Cost	Provision	Cost	Provision
Short-term				
Saigon Investment JSC (i) Share transfer receivables	583,000,000,000	-	583,000,000,000	-
(ii) Advance to PVcomBank for investment acquisition	534,380,780,000	-	534,380,780,000	-
Ms. Quach Thi Nga (iii)	211,840,284,000	-	191,690,284,000	-
Other receivables from related parties (Note 28)	35,770,202,000	-	113,800,000,000	-
KumBa JSC (iv)	30,483,932,346	-	55,216,191,040	-
Advances to employee Receivables from Kinh Bac Investment and Consulting JSC (v)	43,577,296,000	-	43,875,296,000	-
Receivables from Bac Ninh's People Committee (vi)	38,508,349,923	-	27,483,646,530	-
Deposit receivables (vii)	21,766,558,152	-	21,766,558,152	-
Receivable from Van Duong's People Committee	19,440,000,000	-	19,440,000,000	-
Other short-term receivables	12,851,128,404	-	12,851,128,404	-
TOTAL	3,327,780,000	-	3,327,780,000	-
Long-term				
Kinh Bac Services JSC (viii)	47,530,166,670	-	40,925,135,594	-
Other long-term receivables	269,000,000	-	268,934,250	-
TOTAL	47,799,166,670	-	41,194,069,844	-

- (i) This is the amount transferred to Saigon Investment JSC related to the purchase of shares at Le Minh Xuan 2 Industrial Park Investment JSC. At 30 June 2017, the share transfer procedures have not been completed.
- (ii) This is the receivable related to the transfer of 48.3 million shares in Saigon-Binh Dinh Energy JSC to Kinh Bac Service JSC according to the Contracts dated 22 June 2015 and 15 December 2015;
- (iii) This is the receivable related to the transfer of shares of Northwest Saigon City Development Corporation .
- (iv) This is the receivable from KumBa JSC related to the transfer of shares of Lang Ha Investment JSC.
- (v) According to the minutes of General Shareholders Meeting dated 1 July 2015, SGI - Lao Hydropower JSC decided to dissolve and refund the contributed capital to the Company with amount of VND 185,586,558,152. These receivables, however, were transferred to Kinh Bac Investment and Consulting JSC under Three-party Offsetting Minutes on 3 July 2015.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

9. OTHER RECEIVABLES (continued)

- (vi) According to the minutes of interdisciplinary meeting between the Finance Department of Bac Ninh Province, the Department of Planning and Investment of Bac Ninh Province, the Department of Natural Resources and Environment of Bac Ninh Province, the Management Board of Industrial Parks and KinhBac City Development Corporation dated 14 August 2007 and the Decision on support of investment capital for enterprises No. 1951/QD-UBND dated 31 December 2007, the People's Committee of Bac Ninh Province is committed to supporting on land rental rates for Que Vo Industrial Park project. Accordingly, the capital support available to the Company is VND 19.44 billion which will be used for the construction of waste water treatment plant at Que Vo Industrial Park.
- (vii) This is the deposit to Hanoi Agriculture Investment and Development One Member Co., Ltd. in accordance with Contract No.128/2010/HD-HTKD dated 29 June 2010 to co-operate to develop a complex of trade center, offices, luxury houses, ecotourism, villas, garden houses, apartment units at Minh Khai Commune, Tu Liem District, Ha Noi.
- (viii) This represents the interest on deferred payment for long-term lease of land and sale of factories to Kinh Bac Service JSC.

10. INVENTORIES

Currency: VND

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Trang Cat Industrial and Residential Park (i)	3,453,147,529,957	-	3,422,612,447,229	-
Tan Phu Trung Industrial Park (ii)	2,530,186,943,655	-	2,560,161,200,730	-
Phuc Ninh Urban Area	769,590,450,727	-	824,899,200,580	-
Quang Chau Industrial Park and Urban area	567,356,702,081	-	491,303,116,686	-
Que Vo II Industrial Park	276,988,824,872	-	288,590,532,478	-
Nam Son - Hap Linh Industrial Park	249,109,781,691	-	234,647,430,022	-
Trang Due Industrial Park - stage 2	276,668,891,561	-	290,804,953,756	-
Trang Due Industrial Park - stage 1 (iii)	32,074,118,177	-	66,896,049,066	-
Que Vo I Industrial Park	48,457,981,292	-	50,222,049,281	-
Other projects	13,504,585,018	-	13,559,498,882	-
TOTAL	8,217,085,809,031	-	8,243,696,478,710	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

10. INVENTORIES (continued)

Work in progress of the Group as at 30 June 2017 comprises compensation costs and infrastructure development costs, capitalized borrowing costs and allocated overheads which incurred for the development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh Urban Area, Nam Son - Hap Linh Industrial Park, Tan Phu Trung Industrial Park, Quang Chau Industrial Park, Trang Due Industrial Park, Trang Cat Urban and Service Zone, and other projects of the Group which are developed for sale. The majority of the Group's inventories are used as collaterals for long-term loans as disclosed in Note 20.

- (i) In accordance with Decision No. 1548/QĐ-UBND dated 17 September 2010, the People's Committee of Hai Phong City approved the detailed planning 1/2000 of the Trang Cat Urban and Service Zone Project ("Trang Cat Project") with the approved development area of 584.91 hectares, and the Company as the investor of the Project. Consequently, the Company established Trang Cat Urban Development One-Member Limited Company ("Trang Cat Company") to directly manage, develop and complete this project. On 8 October 2012, the Hai Phong People's Committee issued Decision No. 1679/QĐ-UBND to assign the land to Trang Cat Company for the development of Trang Cat Urban and Services Zone project in Trang Cat, Hai An District, with the total assigned land area of 581.93 ha.

Also relating to Trang Cat Project, in accordance with the Asset Pledge Agreement to guarantee for obligations of third party No. 0202/2013/HDTC-DN dated 22 February 2013 between Trang Cat Company and Western Commercial Joint Stock Bank ("Western Bank"), now merged with Vietnam Public Joint Stock Commercial Bank ("PVcomBank"), Trang Cat Company has agreed to mortgage the following assets:

- ▶ Trang Cat Project;
- ▶ Property rights and economic benefits arising from the Decision on Land Assignment and the relevant documents, investments associated with the land use right in Trang Cat Project;
- ▶ All the asset rights, benefit rights arising from Trang Cat Project; and
- ▶ All the assets which will be formed in the future under Trang Cat Project.

to PVcomBank to secure the obligations of the Group and other affiliates. In particular, the guaranteed obligations comprise:

- ▶ obligations of Saigon - Binh Thuan Power Investment and Development JSC ("Saigon - Binh Thuan Company") arising from the acquisition of an investment portfolio from PVcomBank according to the transfer agreement dated 1 August 2012 between the Bank and Saigon - Binh Thuan Company;
 - ▶ loans, trust investment and bonds due by the Company and its subsidiaries, associates (including the Saigon Telecommunication & Technologies Corporation - SGT) to PVcomBank with a total value of VND 2,429 billion; and
 - ▶ loans, trust investment and bonds due by other companies (including Saigon Construction JSC, Saigon Investment JSC, Saigon - Cantho Industrial Park Corporation, SGI Fund Management JSC, Saigon Construction JSC, NAVI Securities JSC and Asian Securities JSC) to PVcomBank with a total value of VND 1,095 billion.
- (ii) Work in progress in Tan Phu Trung Industrial Park includes the fair value of the land area which have been cleared and granted with land assignment decision of Tan Phu Trung Industrial and Residential Park as developed by Northwest Saigon City Development Corporation, which have been revalued at the date the Group acquired and assumed control in this subsidiary.
- (iii) Work in progress in Trang Due Industrial Park - phase 1 includes the fair value of the land area which have been cleared and granted with land assignment decision of Trang Due Industrial Park as developed by Saigon - Hai Phong Industrial Park Corporation, which have been revalued at the date the Group acquired and assumed control in this subsidiary.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

10. TANGIBLE FIXED ASSETS

Currency: VND

	Buildings and structures (including cost of land development and infrastructure)	Machinery and equipment	Means of transportation	Office equipment	Others	Total
Cost:						
Beginning balance	181,260,073,690	32,981,738,811	51,357,686,936	9,682,461,426	1,141,609,090	276,423,569,953
- Newly purchased	173,825,396	-	1,354,550,909	-	-	1,528,376,305
- Transfer from construction in progress	1,904,979,813	-	-	-	-	1,904,979,813
- Disposal	-	-	(4,998,005,393)	-	-	(4,998,005,393)
Ending balance	183,338,878,899	32,981,738,811	47,714,232,452	9,682,461,426	1,141,609,090	274,858,920,678
<i>In which:</i>						
Fully depreciated	10,617,400,365	2,783,970,396	13,334,753,793	2,386,571,432	894,109,090	30,016,805,076
Accumulated depreciation:						
Beginning balance	99,479,742,890	20,178,234,377	26,635,569,998	5,032,285,612	928,484,092	152,254,316,969
- Depreciation for the period	7,936,888,929	1,579,253,214	2,335,251,087	456,606,000	41,250,000	12,349,249,230
- Disposal	-	-	(4,435,169,880)	-	-	(4,435,169,880)
Ending balance	107,416,631,819	21,757,487,591	24,535,651,205	5,488,891,612	969,734,092	160,168,396,319
Net carrying amount:						
Beginning balance	81,780,330,800	12,803,504,434	24,722,116,938	4,650,175,814	213,124,998	124,169,252,984
Ending balance	75,922,247,080	11,224,251,220	23,178,581,247	4,193,569,814	171,874,998	114,690,524,359

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

12. INVESTMENT PROPERTIES

	<i>Currency: VND</i>
	<i>Factories (including cost of land development and infrastructure)</i>
Cost:	
Beginning balance	95,837,051,999
- Increase in the period (*)	<u>46,440,885,887</u>
Ending balance	<u>142,277,937,886</u>
Depreciation:	
Beginning balance	9,212,243,530
- Depreciation for the period	<u>8,077,870,300</u>
Ending balance	<u>17,290,113,830</u>
Net carrying amount	
Beginning balance	<u>86,624,808,469</u>
Ending balance	<u>124,987,824,056</u>

(*) During the period, the Group put into operation the factories in Trang Due 2 Industrial Park of Group under operating lease.

At 30 June 2017, the Group has not determined the fair value of these investment properties because there is no available market for these properties.

13. CONSTRUCTION IN PROGRESS

	<i>Currency: VND</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>
Lotus Hotel Project (i)	-	119.161.983.743
Hanoi Diplomat Area (ii)	106.555.116.818	106.555.116.818
Que Vo I Industrial Park	4.516.537.647	4.516.537.647
Bac Giang Thermal Power Plant	3.116.503.893	3.116.503.893
Factories at Quang Chau Industrial Park	786.976.364	850.395.157
Other construction in progress	<u>1.563.945.000</u>	<u>160.000.000</u>
TOTAL	<u>116.539.079.722</u>	<u>234.360.537.258</u>

- (i) During the period, the Company transferred total contributed capital in Lotus Hotel Development One Member Company Limited to Growing Sun JSC as stated in Note 4.
- (ii) Under the contract for transfer of infrastructure works No. 2592/2009/HANCORP-KBC dated 5 October 2009, Hanoi Construction Corporation transferred the existing infrastructure works to the Company for further development of a complex of offices, representative offices for international agencies at Hanoi Diplomatic Area.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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14. CAPITALIZED BORROWING COSTS

During the period, the Group has capitalized borrowing costs amounting to VND 52.34 billion. These costs relate to borrowings taken to finance the construction of Que Vo II Industrial Park, Phuc Ninh Urban area, Quang Chau Industrial Park, Tan Phu Trung Industrial Park, Trang Due Industrial Park, Trang Cat Industrial and Residential and other development projects of the Group.

15. LONG-TERM INVESTMENTS

		<i>Currency: VND</i>	
	<i>Note</i>	<i>30 June 2017</i>	<i>31 December 2016</i>
Investment in associates	15.1	493,960,395,605	484,351,368,341
Other long-term investments	15.2	448,500,200,000	448,500,200,000
Provision for long-term investments		<u>(39,713,143,676)</u>	<u>(39,713,143,676)</u>
TOTAL		<u>902,747,451,929</u>	<u>893,138,424,665</u>

15.1 *Investment in associates*

		<i>Currency: VND</i>				
		<i>30 June 2017</i>		<i>31 December 2016</i>		
	<i>Note</i>	<i>% of voting right</i>	<i>Number of shares</i>	<i>Amount VND</i>	<i>Number of shares</i>	<i>Amount VND</i>
Saigon - Hue Investment JSC	(i)	28,14%	9,849,000	207,333,727,307	9,849,000	207,881,143,522
Saigon Telecommunication & Technologies JSC	(ii)	21,48%	15,896,923	197,738,538,487	15,896,923	187,337,126,262
Saigon High-tech Park Infrastructure Development	(iii)	27,44%	8,233,083	82,452,406,393	8,233,083	82,457,838,255
Scanviwood JSC	(iv)	34%	1,077,528	<u>6,435,723,418</u>	<u>1,077,528</u>	<u>6,675,260,302</u>
TOTAL				<u>493,960,395,605</u>		<u>484,351,368,341</u>

(i) *Saigon - Hue Investment JSC*

Saigon - Hue Investment JSC was established pursuant to the Business Registration Certificate No. 3103000255 issued by the Department of Planning and Investment of Thua Thien-Hue province on 9 October 2007 and the first amended Business Registration Certificate on 16 February 2012 with a registered charter capital of VND 350 billion. Its principal activities include investment, construction and trading on infrastructure inside and outside industrial zone, residential areas, resettlement area, housing for worker; industrial and civil construction works, transport and power projects up to 35kV.

Its registered office is located at No.15, Nguyen Hue Street, Hue City, Vietnam.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

14. LONG-TERM INVESTMENT (continued)

14.1 Investment in associates (continued)

(ii) *Saigon Telecommunication & Technologies JSC*

Saigon Telecommunication & Technologies JSC was established pursuant to the Business Registration Certificate No. 4103000992 issued by the Department of Planning and Investment of Ho Chi Minh City on 14 May 2002 and the amended subsequent licenses, with the latest being the 13th amended Business Registration Certificate dated 11 August 2014, with a registered charter capital of VND 740 billion. Its principal activities include trading computers, electronic equipment, materials, telecommunication and post equipment; trading and installation of transmission equipment, connection, security equipment for communication; information technology consulting; designing and installation of computer system; constructing industrial park, residential area, traffic, bridge and road, irrigation.

Its registered office is located at 46 Quang Trung Software Park, Tan Chanh Hiep Ward, District 12, Ho Chi Minh City, Vietnam.

(iii) *Saigon High-tech Park Infrastructure Development Investment Joint Stock Company*

Saigon High-tech Park Infrastructure Development Investment Joint Stock Company was established pursuant to the Business Registration Certificate No. 4103006017 issued by the Department of Planning and Investment of Ho Chi Minh City on 31 January 2007 and the first amended Business Registration Certificate dated 2 July 2009 with a registered charter capital of VND 300 billion. Its principal activities include infrastructure investment and development; leasing and selling offices, trading centres and apartment buildings; consignment and trading agent; civil and industrial construction; development of road and drainage system; investment, management and construction consulting; brokerage; providing custom declaration services; restaurant, hotel, resort, travel businesses.

Its registered office is located at 6-1, Ree Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, Ho Chi Minh city, Vietnam.

(iv) *Scanviwood Joint Stock Company*

Scanviwood Joint Stock Company was established pursuant to the Business Registration Certificate No. 411031000006 by the Department of Planning and Investment of Ho Chi Minh City on 10 June 2015 with a registered capital of VND 31.69 billion. Its principal activities include manufacturing of household products for export.

Its registered office is located at 565 An Duong Vuong, An Lac Ward, Binh Thanh District, Ho Chi Minh City, Vietnam.

KinhBac City Development Holding Corporation

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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1.5 LONG-TERM INVESTMENTS (continued)

15.1 Investment in associates (continued)

Investments in associates as at 30 June 2017 are as below:

	Saigon Telecommunication & Technologies JSC	Saigon - Hue Investment JSC	Saigon High-tech Park Infrastructure Development Investment JSC	Scanviwood JSC	Total
Cost of investment:					
As at 31 December 2016	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
As at 30 June 2017	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
Accumulated share in post-acquisition profit/(loss) of the associates					
As at 31 December 2016	(75,927,808,426)	(2,745,856,478)	127,008,255	(529,339,698)	(79,075,996,347)
- Share in post-acquisition profit/(loss) of the associates for the period	10,401,412,225	(547,416,215)	(5,431,862)	(239,536,884)	9,609,027,264
As at 30 June 2017	(65,526,396,201)	(3,293,272,693)	121,576,393	(768,876,582)	(69,466,969,083)
Amortization of goodwill:					
As at 31 December 2016	160,227,726,386	-	-	-	160,227,726,386
As at 30 June 2017	160,227,726,386	-	-	-	160,227,726,386
Net carrying amount:					
As at 31 December 2016	187,337,126,262	207,881,143,522	82,457,838,255	6,675,260,302	484,351,368,341
As at 30 June 2017	197,738,538,487	207,333,727,307	82,452,406,393	6,435,723,418	493,960,395,605

Currency: VND

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

15. LONG-TERM INVESTMENTS (continued)

15.2 Other long-term investments

Currency: VND

	30 June 2017			31 December 2016		
	% of voting right	Number of shares	Historical cost (book value)	% of voting right	Number of shares	Historical cost (book value)
Saigon - Quy Nhon Mineral JSC	5.75	6,900,000	339,000,000,000	5.75	6,900,000	339,000,000,000
Saigon - Da Nang Investment JSC	19.5	3,900,000	39,000,000,000	19.5	3,900,000	39,000,000,000
VTC - Saigontel Media JSC	19.19	3,070,020	30,700,200,000	19.19	3,070,020	30,700,200,000
Saigon - Binh Phuoc Industrial Park JSC	10.56	190,000	19,000,000,000	10.56	190,000	19,000,000,000
Saigon - NhonHoi Industrial Park JSC	10	100,000	10,000,000,000	10	100,000	10,000,000,000
Saigon - Hamtan Tourism JSC	1.63	70,000	7,000,000,000	1.63	70,000	7,000,000,000
Saigon - Binh Thuan Power Plant Investment and Development JdSC	0.35	350,000	3,500,000,000	0.35	350,000	3,500,000,000
Saigon - Long An Industrial Park JSC	0.15	30,000	300,000,000	0.15	30,000	300,000,000
TOTAL			<u>448,500,200,000</u>			<u>448,500,200,000</u>
Provision for other long-term investments			<u>(39,713,143,676)</u>			<u>(39,713,143,676)</u>
NET			<u>408,787,056,324</u>			<u>408,787,056,324</u>

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16. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

16.1 Short-term trade payables

	Currency: VND			
	30 June 2017		31 December 2016	
	Amount	Amount payable	Amount	Amount payable
Trade payables to suppliers				
- Truong Phat Investment JSC	9,795,107,599	9,795,107,599	11,760,407,600	11,760,407,600
- Trong Cuong Co., Ltd	7,435,002,641	7,435,002,641	2,479,560,679	2,479,560,679
- BlueScope Buildings Vietnam Co., Ltd	6,468,893,835	6,468,893,835	4,870,800,000	4,870,800,000
- An Phu Dong Construction Tranport Investment JSC	4,395,708,100	4,395,708,100	7,648,481,000	7,648,481,000
- Vinh Tuong Construction and Trading JSC	2,965,538,900	2,965,538,900	6,857,177,800	6,857,177,800
- Trung Tien Transportation and Construction JSC	1,994,344,800	1,994,344,800	9,363,043,000	9,363,043,000
- HPN E&C Co. Ltd	-	-	5,064,630,000	5,064,630,000
- Others	56,587,528,144	56,587,528,144	65,625,777,861	65,625,777,861
Payable to related parties (Note 29)	9,240,000	9,240,000	109,340,000	109,340,000
TOTAL	89,651,364,019	89,651,364,019	113,779,217,940	113,779,217,940

16.2 Short-term advances from customers

	Currency: VND	
	30 June 2017	31 December 2016
Deposit for purchase of houses and land use rights at Phuc Ninh Urban Project	213,023,654,200	261,836,098,200
Prepayment for land rental at Tan Phu Trung Industrial Park	57,090,007,000	88,918,770,100
Deposit for purchase of houses and land use rights at Quang Chau Urban Project	57,394,622,400	57,394,622,400
Prepayment for land rental at Trang Due Industrial Park	15,079,092,890	2,359,632,000
Deposits for contract obligation	-	450,000,000,000
Other advances from customers	56,562,076,398	14,666,564,130
TOTAL	399,149,452,888	875,175,686,830

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17. STATUTORY OBLIGATIONS

Currency: VND

	<i>31 December 2016</i>	<i>Payable for the period</i>	<i>Payment/off-set in the period</i>	<i>30 June 2017</i>
Payables				
Value added tax	19,965,094,774	13,718,884,192	(7,834,224,598)	25,849,754,368
Corporate income tax	110,164,139,815	142,272,636,018	(93,371,668,958)	159,065,106,875
Personal income tax	317,653,603	2,858,939,479	(2,715,197,272)	461,395,810
Other taxes (*)	29,791,398,540	219,272,993	(1,358,371,854)	28,652,299,679
TOTAL	160,238,286,732	159,069,732,682	(105,279,462,682)	214,028,556,732
	<i>31 December 2016</i>	<i>Increase for the period</i>	<i>Net-off in the period</i>	<i>30 June 2017</i>
Receivables				
Corporate income tax	33,404,875,482	24,890,264,252	(1,706,064,153)	56,589,075,581
Personal income tax	-	111,804,474	-	111,804,474
TOTAL	33,404,875,482	25,002,068,726	(1,706,064,153)	56,700,880,055

(*) Other statutory obligations comprise the accrual for land lease of Northwest Saigon City Development Corporation ("SCD") for Tan Phu Trung Industrial Zone Project with an amount of VND 28.4 billion. SCD is currently in the process of working with the relevant government agencies to determine the land rental obligations to the State (Note 30).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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18. ACCRUED EXPENSES

Currency: VND

30 June 2017 31 December 2016

Short-term		
Accrued future development cost for recognised sales	886,908,790,977	968,020,756,089
- Que Vo I Industrial Park	50,148,411,870	50,506,690,967
- Que Vo II Industrial Park	82,721,792,544	137,339,779,736
- Trang Due Industrial Park	211,394,389,679	247,289,691,608
- Quang Chau Industrial Park	258,392,853,786	258,392,853,786
- Tan Phu Trung Industrial Park	284,251,343,098	274,491,739,992
Accrued interest expenses (*)	66,857,851,099	249,470,628,101
Accrued interest expenses to related parties (Note 28)	539,187,984	505,488,735
Other accrued expenses	7,734,675,306	8,173,643,194
TOTAL	962,040,505,366	1,226,170,516,119
Long-term		
Accrued interest expenses (*)	1,019,844,136,628	785,455,165,816
TOTAL	1,019,844,136,628	785,455,165,816

(*) This amount mainly includes the bond interest expense payable to PVcomBank. PVcomBank issued an amendment to revise the payment terms for the bond principal and interest. Accordingly, these bond interests will be due in 2019 (Note 20.2).

19. OTHER PAYABLES

Currency: VND

30 June 2017 31 December 2016

Short-term		
Payable to related parties (Note 29)	38,889,529,811	-
Mr Nguyen Son (i)	-	78,613,649,508
Kinh Bac Consulting and Investment JSC	5,000,000,000	5,000,000,000
Other payables	53,000,791,085	43,762,203,034
TOTAL	96,890,320,896	127,375,852,542
Long-term		
Cholimex Mechatronics Informatics JSC (ii)	55,500,000,000	55,500,000,000
Other deposits (iii)	102,294,088,613	107,966,547,253
TOTAL	157,794,088,613	163,466,547,253

- (i) This is the payable related to the transfer of land use right to other customer.
- (ii) In 2014, the Company received VND 55.5 billion from Cholimex Mechatronics Informatics JSC for the development of Phuc Ninh Urban Project in accordance with the Business Cooperation Contract No. 1004/HĐHTKD-KBC/2014 dated 10 April 2014.
- (iii) These mainly pertain to deposits from land rental contracts at industrial park projects of the Group.

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20. LOANS

Currency: VND

	31 December 2016		Movement during the period		30 June 2017	
	Balance	Payable amount	Increase	Decrease	Balance	Payable amount
Short-term						
Loan from banks	50,797,226,908	50,797,226,908	-	(50,797,226,908)	-	-
Loans from others	25,935,378,567	25,935,378,567	-	-	25,935,378,567	25,935,378,567
(*)						
Current portion of long term loans (Note 20.1 and 20.2)	672,371,424,645	672,371,424,645	17,324,777,676	(458,868,864,645)	230,827,337,676	230,827,337,676
Loans from related parties (Note 29)	113,830,830,000	113,830,830,000	-	(1,500,000,000)	112,330,830,000	112,330,830,000
	862,934,860,120	862,934,860,120	17,324,777,676	(511,166,091,553)	369,093,546,243	369,093,546,243
Long-term						
Loans from banks (Note 20.1)	725,093,278,414	725,093,278,414	119,458,895,517	(160,328,167,885)	684,224,006,046	684,224,006,046
Bonds (Note 20.2)	379,506,171,373	379,506,171,373	500,000,000,000	(30,671,201,676)	848,834,969,697	848,834,969,697
	1,104,599,449,787	1,104,599,449,787	619,458,895,517	(190,999,369,561)	1,533,058,975,743	1,533,058,975,743
TOTAL						

(*) These include unsecured, interest free loans from Saigon Investment JSC and Kinh Bac Service JSC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS (continued)

20.1 Long-term loans

As at 30 June 2017, details of long-term loans from banks are as follows:

Currency: VND

	Ending balance	Interest rate	Principal and interest payment term	Description of collateral
Banks				
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park branch	228,197,188,000	10.5%/year	Principal repayment on 6 February 2020. Interest payment on last 25 th per quarter	Infrastructure and other assets which will be formed in the future at Trang Due II Industrial Park with a land area of 214.02 ha. All proceeds, dividends, advantage, asset right arising from sale of land, infrastructure, land use rights and asset attached with the land.
	69,913,022,832	10.5%/year	Maturity date is 16 November 2022	All assets formed from the investment costs that the Company has invested and will invest in the future in 83.8 hecta of Que Vo II Industrial Park and asset rights arising from business contract for trading of infrastructures and assets attached to 83.8 hecta of Que Vo II Industrial Park.
	36,980,678,000	10.5%/year	Principal repayment in every 6 months, interest payment on the last 25 th each quarter	Factory in lot L at Que Vo Industrial Park and all assets attached with the land which will be formed in the future and asset rights arising from business contracts (Factory in lot L leasing/sale contract)
<i>In which: Current portion of long-term loan</i>	10,000,000,000 30,342,045,200	10.5%/year	Maturity date is 27 May 2018. Interest payment every 3 months started from 27 February 2017	All the assets formed in the future of the 100 hecta project in Phase 1 of Nam Son - Hap Linh Industrial park; along with the properties rights arising from the economic contracts for trading of infrastructure, land and other attached assets of this project.
Vietnam Public Joint Stock Commercial Bank	320,000,000,000	9.7%/year	31 December 2017	Assets formed from the loan proceed in the future of 120 ha land area at Quang Chau Industrial Park.
National Citizen Bank (previously known as Nam Viet Commercial Joint Stock Bank)	72,293,632,014	11%/year-adjusted every 6 months	Principal repayment every 6 months, and in 5 installments from 1 August 2016	Value of land use right of lot B1, B2, B4, B5, B6 at Tan Phu Trung Industrial Park
TOTAL	757,726,566,046			
<i>In which:</i>				
- Current portion of long-term loans	73,502,560,000			
- Long-term loan	684,224,006,046			

KinhBac City Development Holding Corporation

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

20. LOANS (continued)**20.2 Bonds**

As at 30 June 2017, bonds issued by the Group are as follows:

Bond	Type of bond	Number of bonds	Par value VND	Amount (VND)	Interest rate per annum	Duration	Description of collaterals
KBC Bond 004	Corporate bond issued to PVcomBank	4,000,000	100,000	400,000,000,000	9.7%	31 December 2019	Inventories of Trang Cat Urban and Service Zone Project
KBC Bond 007	Corporate bond issued to PVcomBank	500,000	100,000	50,000,000,000	9.7%	31 December 2017	Inventories of Trang Cat Urban and Service Zone Project
KBC Bond 2017	Corporate bond	5,000,000	100,000	500,000,000,000 (8,303,030,303)	10.5%	8 November 2018	Shares of Sai Gon- Hai Phong Industrial Park Corporation ("SHP")
003/2009/TPS CD01/HBMB	Bond issuance expense Corporate bond guarantee by National Citizen Bank	644,628	100,000	64,462,777,676	12.5%	18 December 2019	Land use right of lot B1, B2, B4, B5, B6 under Mortgage Agreement No.570/14/HĐTC-BĐS/101-11 dated 31 December 2014
TOTAL		10,144,628		1,006,159,747,373			
<i>In which:</i>							
<i>Bonds due in the next 12 months</i>				157,324,777,676			
<i>Long-term Bonds</i>				848,834,969,697			

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

21. OWNERS' EQUITY

21.1 Increase and decrease in owners' equity

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interest	Total
	Currency: VND						
For the six-month period ended 30 June 2016							
As at 31 December 2015	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	1,781,536,119,480	870,535,724,540	8,036,004,987,843
- Net profit for the period	-	-	-	-	392,178,799,975	27,769,355,853	419,948,155,828
As at 30 June 2016	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,173,714,919,455	898,305,080,393	8,455,953,143,671
For the six-month period ended 30 June 2017							
As at 31 December 2016	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,318,834,981,859	918,321,858,802	8,621,089,984,484
- Net profit for the period	-	-	-	-	413,656,109,576	(477,031,555)	413,179,078,021
- Other increase/(decre ase) (*)	-	-	-	-	54,741,621,963	(184,471,419,980)	(129,729,798,017)
As at 30 June 2017	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,787,232,713,398	733,373,407,267	8,904,539,264,488

(*) During the period, Sai Gon - Hai Phong Industrial Park Corporation acquired 11.28% shares of Northwest Saigon City Development Corporation. Thus, effective interest rate of the Company in Northwest Saigon City Development Corporation increased from 62.68% to 72.44%. Accordingly, the Company accounted for decrease of non-controlling interest as presented in Note 22, corresponding to the decrease of non-controlling interest in net assets of Northwest Saigon City Development Corporation.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

21. OWNERS' EQUITY (continued)

21.2 Shares

Currency: VND

	30 June 2017			31 December 2016		
	Total	Ordinary shares	Preference shares	Total	Ordinary shares	Preference shares
Contribution by shareholders	4,757,111,670,000	4,757,111,670,000	-	4,757,111,670,000	4,757,111,670,000	-
Share premium	989,064,430,000	989,064,430,000	-	989,064,430,000	989,064,430,000	-
Treasury share	(364,466,650,000)	(364,466,650,000)	-	(364,466,650,000)	(364,466,650,000)	-
TOTAL	5,381,709,450,000	5,381,709,450,000	-	5,381,709,450,000	5,381,709,450,000	-

21.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Contributed capital		
Beginning balance	4,757,111,670,000	4,757,111,670,000
Increase	-	-
Decrease	-	-
Ending balance	<u>4,757,111,670,000</u>	<u>4,757,111,670,000</u>
Dividends/profit paid	-	-

21.4 Shares

	30 June 2017		31 December 2016	
	Shares	In VND	Shares	In VND
Issued shares	475,711,167	4,757,111,670,000	475,711,167	4,757,111,670,000
Issued and paid-up shares	475,711,167	4,757,111,670,000	475,711,167	4,757,111,670,000
Ordinary shares	475,711,167	4,757,111,670,000	475,711,167	4,757,111,670,000
Preference shares	-	-	-	-
Treasury shares	5,950,978	59,509,780,000	5,950,978	59,509,780,000
Ordinary shares	5,950,978	59,509,780,000	5,950,978	59,509,780,000
Preference shares	-	-	-	-
Shares in circulation	469,760,189	4,697,601,890,000	469,760,189	4,697,601,890,000
Ordinary shares	469,760,189	4,697,601,890,000	469,760,189	4,697,601,890,000
Preference shares	-	-	-	-

Par value of outstanding share: VND 10,000/share (2015: VND10,000/share).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

22. NON-CONTROLLING INTEREST

	Currency: VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Beginning balance	918,321,858,802	870,535,724,540
Profit/(loss) attributable to non-controlling interest	(477,031,555)	27,769,355,852
Other deductions (Note 21.1)	<u>(184,471,419,980)</u>	<u>-</u>
Ending balance	<u>733,373,407,267</u>	<u>898,305,080,392</u>

23. REVENUES

23.1 Revenue from sales of goods and rendering of services

	Currency: VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Gross revenue	484,343,207,181	1,113,392,007,736
<i>Of which:</i>		
Revenue from long-term lease of land and infrastructures	214,724,608,634	842,565,756,915
Revenue from transfer of real estate	193,573,945,458	-
Sale of factories	5,514,634,080	-
Revenue from lease of warehouses, factories and offices	10,858,171,499	6,531,853,808
Others	59,671,847,510	45,544,789,013
Revenue from transfer of project	-	218,749,608,000
Less		
Sales returns	<u>-</u>	<u>-</u>
Net revenue	<u>484,343,207,181</u>	<u>1,113,392,007,736</u>
<i>Of which:</i>		
Sales to others	484,343,207,181	1,113,392,007,736
Sales to related parties	-	-

(*) During the period, the Group has recorded revenue from long-term lease of land with infrastructure in the industrial parks in the interim consolidated income statement when the land is handed-over to the customers, which is based on the assessment that significant risks and rewards associated with ownership of the land were transferred to tenants. If revenue from the lease of land with infrastructure is allocated over the lease term, the impacts to revenue, cost of goods sold and services rendered; and profit before and after corporate income tax of the Group are as follows:

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

23. REVENUES (continued)

23.1 Revenue from sales of goods and rendering of services (continued)

	Currency: VND	
	<i>Revenues recognized in full at the hand-over date</i>	<i>Revenues is amortized over the lease term</i>
Revenue	484,343,207,181	272,224,971,180
<i>Of which:</i>		
Revenue from long-term lease of land and infrastructures	214,724,608,634	2,606,372,633
Cost of goods sold and services rendered	(210,738,558,682)	(106,787,601,333)
Gross profit of goods sold and services rendered	273,604,648,499	165,437,369,847
Profit before tax	559,231,655,900	451,064,377,248
Current corporate income tax expenses	(143,978,700,171)	(125,226,450,720)
Deferred tax expenses	(2,073,877,708)	(20,826,127,159)
Net profit after tax	<u>413,179,078,021</u>	<u>305,011,799,369</u>

23.2 Finance income

	Currency: VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Interest income from disposal of subsidiary	354,868,000,000	-
Interest income on outstanding receivables from lease of land and sale of factories (*)	9,528,614,628	14,322,329,194
Interest income from deposits and lending	9,046,437,629	2,096,871,149
Interest income from receivables of share transfer contract (**)	21,199,544,368	1,826,656,294
Foreign exchange gains	2,905,766	52,115,685
TOTAL	<u>394,645,502,391</u>	<u>18,297,972,322</u>

(*) This pertains mainly to interest income on receivables from Kinh Bac Service JSC under the contracts for lease of land and sale of factories.

(**) This pertains mainly to interest income on receivables from Kinh Bac Service JSC under the share transfer contract of Saigon - Binh Dinh Energy JSC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

24. COST OF GOODS SOLD AND SERVICES RENDERED

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Cost long-term leased land and infrastructures	104,891,225,584	454,252,858,464
Cost of transfer of real estate	67,331,441,737	-
Cost of leased warehouses, factories and offices	5,676,124,480	2,075,098,594
Cost of factories sold	3,483,066,445	-
Others	29,356,700,436	21,580,873,565
Cost of transfer of project	-	23,945,143,067
TOTAL	<u>210,738,558,682</u>	<u>501,853,973,690</u>

Included in costs of long-term lease of land and infrastructure are the following accruals:

	<i>Currency: VND</i>			
	<i>For the six-month period ended 30 June 2017</i>		<i>For the six-month period ended 30 June 2016</i>	
	<i>Costs of sales</i>	<i>Accrued amount</i>	<i>Costs of sales</i>	<i>Accrued amount</i>
Long-term lease of land and infrastructure	<u>104.891.225.584</u>	<u>25.247.458.797</u>	<u>454.252.858.464</u>	<u>164.365.651.432</u>
TOTAL	<u>104.891.225.584</u>	<u>25.247.458.797</u>	<u>454.252.858.464</u>	<u>164.365.651.432</u>

25. FINANCE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Interest expenses	38,456,534,870	43,732,824,671
Provision for long-term investments	28,095,930	405,830,100
Others	1,749,875,218	142,662,496
TOTAL	<u>40,234,506,018</u>	<u>44,281,317,267</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Selling expenses		
Logo expense	-	10,933,000,000
Consultation and brokerage expenses	4,552,086,865	10,531,692,270
Labour costs	1,039,192,000	990,579,444
Others	1,783,642,096	789,757,705
TOTAL	<u>7,374,920,961</u>	<u>23,245,029,419</u>
Administrative expenses		
Depreciation	3,483,309,220	4,655,612,073
Labour costs	39,612,814,044	30,407,233,836
External services	11,008,992,713	6,399,707,059
Others	18,426,951,062	19,112,500,219
TOTAL	<u>72,532,067,039</u>	<u>60,575,053,187</u>

27. PRODUCTION AND OPERATING COSTS

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Land, infrastructure, building development and services rendering expenses	178,769,672,016	472,309,062,471
Labour costs	41,415,517,244	32,384,073,404
Depreciation of fixed assets, amortisation of goodwill and allocation of prepaid expenses	20,427,119,530	14,588,819,488
Expenses for external services	29,461,410,142	54,354,892,410
Other expenses	20,399,827,750	12,037,208,523
TOTAL	<u>290,473,546,682</u>	<u>585,674,056,296</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

28. CORPORATE INCOME TAX

The corporate income tax ("CIT") rate applicable to the Company and its subsidiaries is 20% of profit after tax, except for the following:

- ▶ For the operating activities at Que Vo I Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for the four years from 2005 to 2008, and a 50% reduction of the applicable CIT rate for the following 9 years until 2017. The statutory CIT rate applicable for the six-month period ended 30 June 2017 is 10% with a 50% reduction.
- ▶ For the operating activities at the Que Vo II Industrial Park, the Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The Company is entitled to an exemption from CIT for the three years from 2008 to 2010, and a 50% reduction of the applicable CIT rate for the following 7 years from 2011 to 2017. The statutory CIT rate applicable for the six-month period ended 30 June 2017 is 10% with a 50% reduction.
- ▶ For the operating activities at Quang Chau Industrial Park, Saigon - Bacgiang Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2008 to 2011, and a 50% reduction of the applicable CIT rate for the following 7 years. The statutory CIT rate applicable for the six-month period ended 30 June 2017 is 10% with a 50% reduction.
- ▶ For the operating activities at Trang Due Industrial Park - phase 1, Saigon - Hai Phong Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2009 to 2012, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the six-month period ended 30 June 2017 is 10% with a 50% reduction.
- ▶ For the operating activities at Trang Due Industrial Park - phase 2, Sai Gon - Hai Phong Industrial Park JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation. The subsidiary is entitled to an exemption from CIT for 4 years from 2015 to 2018, and a 50% reduction of the applicable CIT rate for the following 9 years up to 2027. The company is exempted from tax for the six-month period ended 30 June 2017.
- ▶ For operating activities at Tan Phu Trung Industrial Park, Northwest Saigon City Development JSC is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2007 to 2010, and a 50% reduction of the applicable CIT rate for the following 9 years. The statutory CIT rate applicable for the six-month period ended 30 June 2017 is 10% with a 50% reduction.
- ▶ For operating activities at Trang Cat Urban and Service Zone, Trang Cat One Member Urban Development Limited Company Company is obliged to pay CIT with an applicable rate of 10% for the first 15 years of operation and of 20% for the following years. The subsidiary is entitled to an exemption from CIT for 4 years from 2012 to 2016, and a 50% reduction of the applicable CIT rate for the following 9 years. The company is exempted from tax for the six-month period ended 30 June 2017.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

28. CORPORATE INCOME TAX (continued)

28.1 CIT expenses

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Current CIT expenses	143,978,700,171	51,949,245,115
Deferred CIT expenses	2,073,877,708	43,160,243,685
TOTAL	<u>146,052,577,879</u>	<u>95,109,488,800</u>

A reconciliation between the profit before tax and taxable income is presented below:

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Profit before tax	559,231,655,900	515,057,644,628
CIT expenses at rates applicable to companies in the Group	147,624,304,346	100,652,328,014
<i>In which:</i>		
Preferential tax rate applied to land rental activities	627,707,230	4,595,289,344
20% tax rate to other activities	146,996,597,116	96,057,038,670
<i>Adjustments to increase</i>		
Non-deductible expenses	3,088,687,380	270,779,578
Loss incurred by branch	310,682	929,996
<i>Adjustments to decrease</i>		
Adjustments for consolidated financial statements	<u>(4,660,724,529)</u>	<u>(5,814,548,788)</u>
CIT expenses	<u>146,052,577,879</u>	<u>95,109,488,800</u>

28.2 Current CIT

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

28. CORPORATE INCOME TAX (continued)

28.3 Deferred tax

The followings are the deferred tax liabilities recognized by the Group, and the movements thereon, during the current and previous periods:

Currency: VND

	<i>Interim consolidated balance sheet</i>		<i>Interim consolidated income statement</i>	
	<i>30 June 2017</i>	<i>31 December 2016</i>	<i>Current period</i>	<i>Previous period</i>
<i>Deferred tax liabilities</i>				
Deferred tax liabilities arising from fair value adjustment on business combination date at Northwest Saigon City Development JSC	226,605,601,757	231,266,326,286	(4,660,724,529)	(5,814,548,788)
Deferred tax liabilities arising from fair value adjustment on business combination date at Sai Gon - Hai Phong Industrial Park JSC	457,334,951	457,334,951	-	-
Deferred tax liabilities arising from allocation of CIT over the leased term	379,017,132,580	372,282,530,343	6,734,602,237	48,974,792,473
	<u>606,080,069,288</u>	<u>604,006,191,580</u>		
<i>Net deferred tax debit to interim consolidated income statement</i>			<u>2,073,877,708</u>	<u>43,160,243,685</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

28. CORPORATE INCOME TAX (continued):

28.4 Unrecognised deferred tax assets

Tax losses carried forward

The Group is entitled to carry the tax loss forward to offset with the taxable profit arising within 5 years subsequent to the year in which the loss was incurred. As at 30 June 2017, the Group has accumulated losses which are available for offset against future taxable profits. Details are as follows:

Currency: VND

<i>Original year</i>	<i>Can be utilized up to</i>		<i>Tax loss amount</i>	<i>Utilized up to 30 June 2017</i>	<i>Forfeited</i>	<i>Unutilized at 30 June 2017</i>
2012	2017	(i)	290,447,513,954	(270,950,141,002)	(19,492,898,516)	4,474,436
2013	2018	(i)	114,297,270,724	(44,106,959,987)	(67,432,264,389)	2,758,046,348
2014	2019	(i)	89,268,404,637	(7,353,480,794)	(79,913,253,003)	2,001,670,840
2015	2020	(i)	71,200,307,244	-	(68,847,932,661)	2,352,374,583
2016	2021	(i)	3,008,882,395	-	-	3,008,882,395
2017	2022	(i)	20,358,632,348	-	-	20,358,632,348
TOTAL			588,581,011,302	(322,410,581,783)	(235,686,348,569)	30,484,080,950

- (i) These are estimated tax losses as per the Company and its subsidiaries' corporate income tax declarations which have not been audited by the local tax authorities as of the date of these interim consolidated financial statements.

No deferred tax assets were recognised in respect of the above accumulated losses because future taxable profit cannot be ascertained at this stage.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

29. TRANSACTIONS WITH RELATED PARTIES

List of related parties which had transactions and/or receivable/payable balances during the period with the Group:

No	Related party	Relationship
1	Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Associate
2	Saigon Telecommunication & Technologies Corporation	Associate
3	Saigon - Hue Investment JSC	Associate
4	Scanviwood Joint Stock Company	Associate
5	Saigon - Da Nang Investment JSC	Common investor
6	Mr. Dang Thanh Tam	Chairman
7	Ms. Nguyen Thi Thu Huong	General Director
8	Mr. Phan Anh Dung	Deputy General Director

Terms and conditions of transactions with related parties

The sales, and purchases, of goods to/from related parties are made on contractual basis.

Outstanding balances at 30 June 2017 are unsecured, interest free and will be settled in cash. For the six-month period ended 30 June 2017, the Group has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through the examination of the financial position of the related party and the market in which the related party operates.

Significant transactions between the Group and its related parties during the period are as follows:

Related party	Transactions	Currency: VND	
		For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Mr Dang Thanh Tam	Advance	53,166,986,733	110,908,008,534
	Advance clearance	182,358,000	189,824,000
	Off-set advance and other payables	81,220,470,189	-
Mr Phan Anh Dung	Sale of land	3,600,000,000	-
	Receive from sale of land	3,420,000,000	-
Sai Gon- Da Nang Investment JSC	Loan repayment	1,500,000,000	-

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

29. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 30 June 2017, amount due to and from related parties of the Group are as follows:

		<i>Currency: VND</i>	
<i>Relationship</i>	<i>Transactions</i>	<i>30 June 2017</i>	<i>31 December 2016</i>
<i>Short-term loan receivables (Note 8)</i>			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Short-term loans	13,900,000,000	13,900,000,000
Saigon - Hue Investment JSC	Short-term loans	400,000,000	400,000,000
		14,300,000,000	14,300,000,000
<i>Other short-term receivables (Note 9)</i>			
Mr Dang Thanh Tam	Advance	4,613,609,000	29,471,250,456
Ms Nguyen Thi Thu Huong	Advance	3,489,211,820	3,489,211,820
Mr Phan Anh Dung	Advance	110,000,000	110,000,000
Saigon - Hue Investment JSC	Loan interest receivable	27,300,000	18,250,000
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Loan	22,243,811,526	22,127,478,764
		30,483,932,346	55,216,191,040
<i>Trade payables (Note 16)</i>			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Service fee payable	9,240,000	109,340,000
		9,240,000	109,340,000
<i>Accrued expenses (Note 18)</i>			
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Interest payable	539,187,984	505,488,735
		539,187,984	505,488,735
<i>Other payables (Note 19)</i>			
Mr Dang Thanh Tam	Other payables	38,889,529,811	-
		38,889,529,811	-
<i>Short-term loans (Note 20)</i>			
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company (*)	Short-term loans	112,330,830,000	112,330,830,000
Saigon - Da Nang Investment JSC (**)	Short-term loans	-	1,500,000,000
		112,330,830,000	113,830,830,000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

29. TRANSACTIONS WITH RELATED PARTIES (continued)

(*) This is the short-term loan from Saigon High-tech Park Infrastructure Development Investment Joint Stock Company which bears interest at 0.01% per month and will be matured on 30 June 2017.

(**) This is the long-term loan from Saigon - Da Nang Investment JSC. This loan is unsecured with free interest, will be due on 10 July 2017.

Transactions with other related parties

Remuneration to members of Management and Board of Directors:

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Salaries and bonus	5,352,483,000	2,960,658,666
	5,352,483,000	2,960,658,666

30. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax for the period attributable to ordinary shareholders of the Group (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	<i>Currency: VND</i>	
	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	269,294,718,417	413,656,109,576
Effect of dilution:		
<i>Interest on convertible bonds</i>	-	-
Net profit after tax attributable to ordinary equity holders adjusted for the effect of dilution	269,294,718,417	413,656,109,576
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	469,760,190	469,760,190
Effect of dilution:		
<i>Convertible preference shares</i>	-	-
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the effect of dilution	469,760,190	469,760,190
Basic earnings per share	881	885
Diluted earnings per share	881	885

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

30. EARNINGS PER SHARE (continued)

There is no ordinary shares transaction or preference share transaction since 30 June 2017 until the date of this interim consolidated financial statements.

31. COMMITMENTS AND CONTINGENCIES

31.1 Commitments relating to real estate investment projects

Commitments relating to the State:

- (i) According to Decision No. 1526/QD-CT dated 17 December 2003 and Decision No. 971/QD-UBND dated 15 July 2009 by the Bac Ninh Provincial People's Committee regarding the assignment of land to the Company for the development of Phuc Ninh New Urban Area Project, Bac Ninh Town, Bac Ninh Province, the Company has an obligation to pay land use fees and other charges for the residential land area, commercial and public areas within the Phuc Ninh Residential Area. Accordingly, the Company was handed over with 49.53 ha of land in 2010, completed the land marking for 47.2 ha of land in 2013 with the Bac Ninh Provincial People's Committee and settled the land use fees of VND 175,735,431,000 in accordance with the Decision No. 2229/QD-CT dated 23 December 2004 by the Bac Ninh Provincial People's Committee which approved the land use fee (phase 1) and the notice of payment of land use fee by the Tax Department of Bac Ninh Province. As at 30 June 2017, the Company is in the process of finalizing the land use fee settlement to the Bac Ninh Provincial People's Committee for the above assigned land.
- (ii) From 2003 to 2014, the Company signed a number of land lease agreements with the Bac Ninh Provincial People's Committee for the land area at Que Vo I Industrial Park and the Extended Que Vo, which is 2,268,388.8 m² and 1,652,779 m², respectively. According to the Official Letter No. 323/BTC-QLCS dated 12 January 2015 by the Ministry of Finance, the investment project on construction and operation of infrastructure of Que Vo Industrial Park is entitled to land rental exemption in 11 years from the date the project is completed and put into operation. As at 30 June 2017, the Company is still in the process of finalizing land use payments with the Bac Ninh Provincial People's Committee for the above-mentioned land areas under the Land Law No. 45/2013/QH2013 dated 1 July 2014 by the National Assembly and Decree 135/2016 / ND-CP dated 9 September 2016 by the Government with effect from 15 November 2016 and relevant regulations on collection land use right fees.
- (iii) On 10 June 2015, the Company signed a Land Rental Contract with Bac Ninh Provincial People's Committee for 766,858.9 m² land area assigned at Nam Son Hap Linh Industrial Park. As at 30 June 2017, the Company is still in the process of finalizing with the authorities to determine land rental obligations.
- (iv) On 20 March 2013, the Department of Finance of Ho Chi Minh City sent a notice to Northwest Saigon City Development JSC ("SCD") advising the land rental rate at Tan Phu Trung Industrial Park of VND 5,940 per square metre for 2011 and 2012. However, according to Decision No. 2093/QD-BTC dated 23 November 2011 and Circular No. 16/2013/TT-BTC on removal of difficulties for enterprises, land rental rate from 2011 to 2014 would not exceed two times of that applicable for 2010. Therefore, SCD currently accrues the land rental fee payable in Tan Phu Trung Industrial Park for 2011, 2012 and 2013 with the amount of VND 2,359,623,014 based on the land rental rate of VND500/m², equivalent to two times of 2010 land rental fee which was approved by the Ho Chi Minh City People's Committee under the Land Lease Contract No. 2516/HD-TNMT-QHSDD on 5 April 2007. At the same time, SCD sent a letter to the Ho Chi Minh City People's Committee to request for a reduction in land rental rate which should not exceed two times of that applicable for 2010 pursuant to the above regulations. As at 30 June 2017, SCD is still in the process of finalising the land rental rate for the above leased land area with the Ho Chi Minh City People's Committee.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

31. COMMITMENTS AND CONTINGENCIES (continued)

31.1 Commitments relating to real estate investment projects (continued)

Commitments relating to the State: (continued)

- (v) From 2011 to 2014, Saigon - Haiphong Industrial Park Corporation ("SHP") signed land lease agreements with the People's Committee of Hai Phong City for the land area at Trang Due Industrial Park with a total land area of 1,541,648.7 m². Details of these land lease contracts include: Contract No. 04/HĐTD dated 17 January 2011 (for 1,363,473.2 m² land area), Contract No.179/HĐTD dated 31 December 2013 (for 84,871.8 m² land area) and Contract No.13 / HĐTD dated 17 February 2014 (for 93,303.7 m² land area). On 12 December 2014, the General Department of Taxation of Haiphong City issued Decision No. 4274 / QĐ-CT on land rent exemption for Saigon-Hai Phong Industrial Park Corporation. Accordingly, SHP is exempted from land tax until September 2017, December 2023 and November 2057 for the Land Lease Contracts No. 04, No.13 and No.179, respectively. However, according to Investment Certificate No.02221000009 issued by the Hai Phong Economic Zone Management Board on 29 November 2013, SHP is exempted from land rental for the above land area. Therefore, SHP is in the process of working with the relevant government agencies to clarify the inconsistency in the above legal documents.
- (vi) From 2008 to 2010, Saigon - Bac Giang Industrial Park Corporation ("SBG") signed land lease agreements with the People's Committee of Bac Giang Province for a total land area of 3,900,015.2 m² at Quang Chau Industrial Park. As at 30 June 2017, SBG is still in the process of working with the authority to determine the land rental obligations applicable to SBG. According to the second Investment Certificate dated 12 September 2014, Quang Chau Industrial Park is entitled to land rental fee exemption for 6 years during the development of the Industrial Park and another 7 years from the completion date of the project and put into operations.

Capital expenditure commitments

As at 30 June 2017, the Company and its subsidiaries have contracts related to the construction and development of Que Vo I Industrial Park, Que Vo II Industrial Park, Phuc Ninh urban area, Quang Chau urban area, Trang Due Industrial Park and Trang Cat urban and service area with total value of approximately VND 547 billion.

31.2 Guarantee and security

The Group has the following contingent liabilities related to guarantees as at 30 June 2017:

Guarantee under the mortgage contract with PVcomBank:

Trang Cat One Member Urban Development Limited Company ("Trang Cat Company") signed mortgage contract No. 0202/2013/HDTN-DN dated 22 February 2013 with PVcomBank to guarantee for payment obligations of third parties. Accordingly, Trang Cat Company has agreed to pledge part of its assets related to the Trang Cat Urban and Service Zone Project ("the Project") to guarantee for the loans, trust investment, corporate bonds and other contractual obligations of the Group, its subsidiaries, associates and other companies.

Commitment with Joint Stock Commercial Bank for Investment and Development of Vietnam

Under the Agreement to extend the bond period dated 27 December 2014 between the Company and Joint Stock Commercial Bank for Investment and Development of Vietnam, the Company committed to support Saigon- Quy Nhon Mineral Joint Stock Company and a group of other companies in the payment obligations with the Bank.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2017 and for the six-month period then ended

31. COMMITMENTS AND CONTINGENCIES (continued)

31.3 Disputes

Disputes with VTC Wireless Telecommunications Corporation

Under the Business Cooperation Agreement dated 12 February 2008 between the VTC Wireless Telecommunications Company ("VTC") and Saigon Telecommunication & Technologies Corporation and the Business Registration Certificate No. 0103025781 dated 11 July 2008, the registered charter capital of VTC - Saigontel Media Company is VND 160 billion, in which the Company's ownership interest is 19.2 %. Accordingly, the Company has transferred VND 30,700,200,000 (19.2% of charter capital) to Huu Nghi Communication JSC (the company authorized by VTC) on 10 March 2008 for VTC Wireless Telecommunications Company to purchase assets for VTC - Saigontel Media Corporation. However, VTC has not completed the purchase of assets for VTC - Saigontel Media Company as committed. Therefore, the Company is currently in the process of working with VTC to recall this investment. The Group's management has assessed that this investment will be collected from the VTC; and therefore, no provision has been made for the investment in VTC - Saigontel Media Company.

33. EVENTS AFTER THE BALANCE SHEET DATE

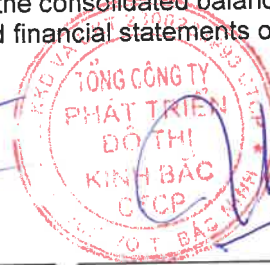
There is no matter or circumstance that has arisen since the consolidated balance sheet date that requires adjustment or disclosure in the consolidated financial statements of the Group.



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director
and Chief Accountant




Nguyen Thi Thu Huong
General Director

19 August 2017