

KinhBac City Development Holding Corporation

Interim consolidated financial statements

30 June 2018



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 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;
- ▶ Kinh Bac Office and Factory Business One Member Company Limited;
- ▶ NGD Investment One Member Limited Company; and
- ▶ Trang Cat One Member Urban Development Limited Company.

The current principal activities of the Company 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. Nguyen Vinh Tho	Member
Mr. Huynh Phat	Member
Mr. Pham Phuc Hieu	Member

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
Ms. The Thi Minh Hong	Member
Ms. Tran Tien Thanh	Member



KinhBac City Development Holding Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

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 2018.

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 2018.

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 2018 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:

A red circular stamp with the text "TỔNG CÔNG TY PHÁT TRIỂN ĐÔ THỊ KINH BẮC CTCP" and "KINH BẮC CITY DEVELOPMENT HOLDING CORPORATION" around the perimeter. A blue ink signature is written over the stamp.

Nguyen Thi Thu Huong
General Director

Bac Ninh, Vietnam

29 August 2018

Reference: 60774739/20160678-HN-LR

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 29 August 2018 and set out on pages 6 to 60 which comprise the interim consolidated balance sheet as at 30 June 2018, 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 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 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.

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 2018, 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 preparation and presentation of interim consolidated financial statements.

Ernst & Young Vietnam Limited



Lê Thị Tuyết Mai
Deputy General Director
Audit Practising Registration:
Certificate No. 1575-2018-004-1

Hanoi, Vietnam

29 August 2018

INTERIM CONSOLIDATED BALANCE SHEET
as at 30 June 2018

Currency: VND

Code	ASSETS	Notes	30 June 2018	31 December 2017
100	A. CURRENT ASSETS		14,162,268,121,008	13,730,010,630,802
110	I. Cash and cash equivalents	4	602,993,185,401	504,567,507,480
111	1. Cash		375,962,330,713	234,137,769,121
112	2. Cash equivalents		227,030,854,688	270,429,738,359
120	II. Short-term investments	5	3,007,697,020	1,007,697,020
121	1. Held-for-trading securities		7,490,461,369	7,490,461,369
122	2. Provision for held-for-trading securities		(6,482,764,349)	(6,482,764,349)
123	3. Held-to-maturity investments		2,000,000,000	-
130	III. Current accounts receivable		5,132,814,242,932	4,744,140,601,375
131	1. Short-term trade receivables	6.1	1,285,393,246,197	1,216,364,937,991
132	2. Short-term advances to suppliers	6.2	1,937,567,266,177	1,810,839,396,239
135	3. Short-term loan receivables	7	179,911,265,297	52,339,773,629
136	4. Other short-term receivables	8	1,737,276,445,911	1,671,930,474,166
137	5. Provision for doubtful short-term receivables	6.3	(7,333,980,650)	(7,333,980,650)
140	IV. Inventories	9	8,264,566,865,811	8,322,624,798,504
141	1. Inventories		8,264,566,865,811	8,322,624,798,504
150	V. Other current assets		158,886,129,844	157,670,026,423
151	1. Short-term prepaid expenses	10	58,341,584,926	39,442,270,665
152	2. Value-added tax deductible		39,576,734,760	56,801,107,366
153	3. Tax and other receivables from the State	16	60,967,810,158	61,426,648,392

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2018

Currency: VND

Code	ASSETS	Notes	30 June 2018	31 December 2017
200	B. NON-CURRENT ASSETS		1,985,833,257,006	2,049,756,907,468
210	I. Long-term receivables		629,562,010,344	724,507,193,963
211	1. Long-term trade receivables	6.1	434,546,048	26,434,546,048
215	2. Long-term loan receivables	7	700,000,000	26,900,000,000
216	3. Other long-term receivables	8	628,427,464,296	671,172,647,915
220	II. Fixed assets		123,342,977,117	118,085,134,469
221	1. Tangible fixed assets	11	123,342,977,117	118,085,134,469
222	Cost		305,771,221,874	287,795,293,614
223	Accumulated depreciation		(182,428,244,757)	(169,710,159,145)
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	130,286,187,347	134,884,233,798
231	1. Cost		162,036,286,409	161,449,401,105
232	2. Accumulated depreciation		(31,750,099,062)	(26,565,167,307)
240	IV. Long-term assets in progress		173,594,010,629	151,323,290,812
242	1. Construction in progress	13	173,594,010,629	151,323,290,812
250	V. Long-term investments	14	916,544,859,781	911,874,770,412
252	1. Investments in associates, jointly controlled entities	14.1	507,757,803,457	503,087,714,088
253	2. Investment in other entities	14.2	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		12,503,211,788	9,082,284,014
261	1. Long-term prepaid expenses	10	12,503,211,788	9,082,284,014
270	TOTAL ASSETS		16,148,101,378,014	15,779,767,538,270

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2018

Currency: VND

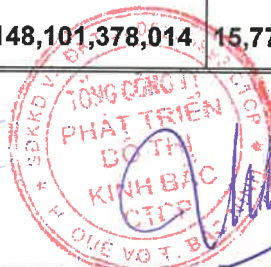
Code	RESOURCES	Notes	30 June 2018	31 December 2017
300	C. LIABILITIES		6,818,939,493,555	6,741,660,188,971
310	i. Current liabilities		3,913,960,437,356	3,325,884,769,036
311	1. Short-term trade payables	15.1	108,763,358,588	134,340,522,730
312	2. Short-term advances from customers	15.2	356,045,862,025	404,146,075,644
313	3. Statutory obligations	16	126,673,756,062	197,504,951,643
314	4. Payables to employees		17,270,450	17,270,449
315	5. Short-term accrued expenses	17	1,129,546,283,078	1,086,709,290,552
318	6. Short-term unearned revenues		3,188,542,964	-
319	7. Other short-term payables	18	495,368,524,299	364,314,630,142
320	8. Short-term loans	19	1,687,273,580,581	1,131,768,768,567
322	9. Bonus and welfare fund		7,083,259,309	7,083,259,309
330	ii. Non-current liabilities		2,904,979,056,199	3,415,775,419,935
333	1. Long-term accrued expenses	17	1,042,962,372,680	1,031,951,584,113
336	2. Long-term unearned revenue		4,983,174,618	5,046,986,732
337	3. Other long-term liabilities	18	203,030,594,955	167,632,540,891
338	4. Long-term loans	19	1,023,234,697,250	1,590,658,068,976
341	5. Deferred tax liabilities	27.3	629,816,248,734	619,534,271,261
342	6. Long-term provisions		951,967,962	951,967,962

INTERIM CONSOLIDATED BALANCE SHEET (continued)
as at 30 June 2018

Currency: VND

Code	RESOURCES	Notes	30 June 2018	31 December 2017
400	D. OWNERS' EQUITY		9,329,161,884,459	9,038,107,349,299
410	I. Capital		9,329,161,884,459	9,038,107,349,299
411	1. Share capital	20.1	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	20.1	989,064,430,000	989,064,430,000
415	3. Treasury shares	20.1	(364,466,650,000)	(364,466,650,000)
418	4. Investment and development fund	20.1	2,223,693,823	2,223,693,823
421	5. Undistributed earnings	20.1	3,173,801,610,465	2,904,506,892,048
421a	- Undistributed earnings up to end of prior year		2,904,506,892,048	2,319,984,494,101
421b	- Undistributed earnings of current period		269,294,718,417	584,522,397,947
429	6. Non-controlling interests	21	771,427,130,171	749,667,313,428
440	TOTAL LIABILITIES AND OWNERS' EQUITY		16,148,101,378,014	15,779,767,538,270


Luu Phuong Mai
Preparer

Pham Phuc Hieu
Deputy General Director and
Chief Accountant

 Nguyen Thi Thu Huong
General Director

29 August 2018

INTERIM CONSOLIDATED INCOME STATEMENT
for the six-month period ended 30 June 2018

Currency: VND

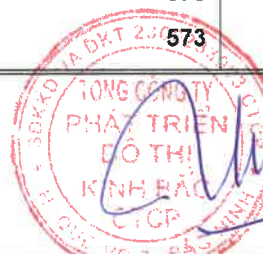
Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
01	1. Revenue from sale of goods and rendering of services	22.1	1,003,765,405,893	484,343,207,181
02	2. Deductions	22.1	-	-
10	3. Net revenue from sale of goods and rendering of services	22.1	1,003,765,405,893	484,343,207,181
11	4. Cost of goods sold and services rendered	23	(462,096,299,612)	(210,738,558,682)
20	5. Gross profit from sale of goods and rendering of services		541,669,106,281	273,604,648,499
21	6. Finance income	22.2	38,330,102,220	394,645,502,391
22	7. Finance expenses	24	(111,280,636,845)	(40,234,506,018)
23	<i>In which: Interest expenses</i>		(110,907,198,768)	(38,456,534,870)
24	8. Shares of profit of associates, joint-ventures	14.1	4,670,089,369	9,609,027,264
25	9. Selling expenses	25	(18,443,229,896)	(7,374,920,961)
26	10. General and administrative expenses	25	(80,208,485,348)	(72,532,067,039)
30	11. Operating profit		374,736,945,781	557,717,684,136
31	12. Other income		1,017,077,158	1,644,706,396
32	13. Other expenses		(1,502,689,201)	(130,734,632)
40	14. Other (loss)/profit		(485,612,043)	1,513,971,764
50	15. Accounting profit before tax		374,251,333,738	559,231,655,900
51	16. Current corporate income tax expense	27.1	(72,864,821,105)	(143,978,700,171)
52	17. Deferred tax expense	27.3	(10,281,977,473)	(2,073,877,708)
60	18. Net profit after tax		291,104,535,160	413,179,078,021
61	19. Net profit after tax attributable to shareholders of the parent		269,294,718,417	413,656,109,576
62	20. Net profit/(loss) after tax attributable to non-controlling interests		21,809,816,743	(477,031,555)
70	21. Basic earnings per share	29	573	881
71	22. Diluted earnings per share	29	573	881



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Deputy General Director and
Chief Accountant



Nguyen Thi Thu Huong
General Director

29 August 2018

INTERIM CONSOLIDATED CASH FLOW STATEMENT
for the six-month period ended 30 June 2018

Currency: VND

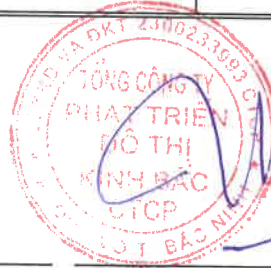
Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		374,251,333,738	559,231,655,900
	Adjustments for:			
02	Depreciation of fixed assets and investment properties	10, 11	17,903,017,367	20,427,119,530
03	Provisions		-	27,038,930
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		-	1,610,155
05	Profits from investing activities		(38,330,102,220)	(404,670,606,555)
06	Interest expenses	24	110,907,198,768	38,456,534,870
08	Operating profit before changes in working capital		464,731,447,653	213,473,352,830
09	(Increase)/decrease in receivables		(144,411,852,860)	142,985,191,589
10	Decrease in inventories		49,587,250,776	26,610,669,679
11	Increase/(decrease) in payables (other than interest, corporate income tax)		135,402,329,358	(169,136,558,631)
12	(Increase)/decrease in prepaid expenses		(22,320,242,037)	2,338,334,040
14	Interest paid		(100,953,845,183)	(37,255,629,647)
15	Corporate income tax paid	16	(150,594,545,479)	(118,261,933,210)
20	Net cash flows from operating activities		231,440,542,228	60,753,426,650
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(14,386,923,204)	(5,234,847,436)
22	Proceeds from disposals of fixed assets and other long-term assets		-	780,000,000
23	Loans to other entities and payments for purchase of debt instruments of other entities		(103,371,491,668)	(36,782,533,778)
25	Payments for investments in other entities (net of cash hold by entity being acquired)		-	(51,700,000,000)
26	Proceeds from sale of investments in other entities		-	50,000,000,000
27	Interest and dividends received		3,348,110,277	113,128,727
30	Net cash flows used in investing activities		(114,410,304,595)	(42,824,252,487)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2018

Currency: VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		72,286,512,964	619,458,895,517
34	Repayment of borrowings		(90,891,072,676)	(676,898,598,226)
40	Net cash flows used in financing activities		(18,604,559,712)	(57,439,702,709)
50	Net increase/(decrease) in cash and cash equivalents for the period		98,425,677,921	(39,510,528,546)
60	Cash and cash equivalents at beginning of the period		504,567,507,480	295,085,197,835
70	Cash and cash equivalents at end of the period	4	602,993,185,401	255,574,669,289


Luu Phuong Mai
Preparer

Pham Phuc Hieu
Deputy General Director and
Chief Accountant

 Nguyen Thi Thu Huong
General Director

29 August 2018

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2018 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 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 others 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 2018 is 473 (31 December 2017: 478)

Corporate structure

At 30 June 2018, 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	80.8	77.93	Quang Chau Industrial Park, Quang Chau commune, Viet Yen district, Bac Giang province	Investment, building and trading industrial parks and 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 industrial parks and real estates
3	Northwest Saigon City Development Corporation	74.3	72.44	Tram Bom, National Road No. 22, Tan Phu Trung, Cu Chi, Ho Chi Minh city	Investment, building and trading industrial parks and real estates
4	Trang Cat One Member Urban Development Limited Company	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
5	NGD Investment One Member Limited Company	100	100	No. 100, An Trach Street, Quoc Tu Giam Ward, Dong Da District, Hanoi	Investment, building and trading real estates
6	Kinh Bac Office and Factory Business One Member Company Limited	100	100	Lot B7, Que Vo Industrial Park, Phuong Lieu Commune, Que Vo District, Bac Ninh Province	Investment, building and trading real estates

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 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 financial position and results of operations and 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 2018.

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 Parent company and its 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 2018 and for the six-month period then ended

2. BASIS OF PREPARATION (continued)

2.5 *Basis of consolidation* (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 2018 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
Softwares	3 - 5 years

3.7 *Investment properties*

Investment properties are stated at cost including transaction costs less accumulated depreciation.

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

Depreciation and amortisation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset 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 2018 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.

Expenses are recorded as long-term prepaid expense and are amortised to the interim consolidated income statement are amortized from 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.

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 2018 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.

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 2018 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 payables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in receivables are recorded at the selling exchange rates of the commercial banks designated for payment;
- ▶ 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 2018 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.

Long-term lease of infrastructure

Revenue is recognised when the Group has passed the significant risks and rewards associated with the infrastructure to the buyer and revenue can be separately measured on the land with infrastructure sublease in principle agreement.

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 of factories 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 customers 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 2018 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

Sales of 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.

Gains 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 2018 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.

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 *Earnings per share*

Basic earnings per share amounts are calculated by dividing net profit/(loss) after tax for the year 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 year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) 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 year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares

3.21 *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.

3.22 *Related parties*

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

4. CASH AND CASH EQUIVALENTS

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Cash on hand	7,747,670,875	8,862,747,344
Cash at banks	368,214,659,838	225,275,021,777
Cash equivalents (*)	227,030,854,688	270,429,738,359
TOTAL	602,993,185,401	504,567,507,480

(*) Cash equivalents at 30 June 2018 mainly include short-term deposits in VND at banks which earn interest ranging from 4.3% to 5.2% per annum and have maturity term from 1 month to 3 months. (2017: ranging from 4.3% to 5.2% per annum).

5. SHORT-TERM INVESTMENTS

	<i>Currency: VND</i>					
	<i>30 June 2018</i>			<i>31 December 2017</i>		
	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>	<i>Cost</i>	<i>Fair value</i>	<i>Provision</i>
Shares (*)	7,490,461,369	(6,482,764,349)	1,007,697,020	7,490,461,369	(6,482,764,349)	1,007,697,020
Held-to-maturity investment (**)	2,000,000,000	-	2,000,000,000	-	-	-
TOTAL	9,490,461,369	(6,482,764,349)	3,007,697,020	7,490,461,369	(6,482,764,349)	1,007,697,020

(*) At 30 June 2018, the Company holds 312,177 shares of Tan Tao Investment and Industrial Joint Stock Company.

(**) The held-to-maturity investment at 31 December 2018 presents deposit at Vietnam Joint Stock Commercial Bank for Industry and Trade which earn interest 6% per annum and will be matured on 29 December 2018.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS

6.1 Trade receivable

Currency: VND

30 June 2018 31 December 2017

Short-term

Trade receivables from customers

- Kinh Bac Service JSC (i)	364,167,045,853	357,556,483,637
- KCT Engineering Ltd (ii)	218,749,608,000	218,749,608,000
- ZYF International Ltd (iii)	214,179,000,000	214,179,000,000
- Sai Gon Investment JSC (iv)	104,130,000,000	104,130,000,000
- Goldsun Packaging and Printing JSC (v)	33,949,564,141	-
- LG Innotek Vietnam Hai Phong Co., Ltd. (v)	40,050,086,598	39,889,481,398
- JA Solar Vina Hong Kong (iii)	20,505,516,764	66,505,516,764
- United Packing Co., Ltd (v)	23,182,803,576	-
- Phuc Son Technology One Member Co. Ltd (v)	-	22,517,550,000
- LG Display Vietnam Hai Phong Co. Ltd (v)	19,709,504,640	20,533,829,040
- Hoang Hai Viet Nam Packaging JSC (v)	2,003,601,694	19,613,120,126
- Other receivables (v)	244,586,514,931	152,510,349,026
- Receivables from related parties (Note 28)	180,000,000	180,000,000
	1,285,393,246,197	1,216,364,937,991

Long-term

Trade receivables from customers

- Kinh Bac Service JSC (i)	434,546,048	26,434,546,048
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TOTAL

434,546,048 **26,434,546,048**

Provision for doubtful debts

6,833,980,650 6,833,980,650

In which:

Short-term	6,833,980,650	6,833,980,650
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- (i) These are the short-term and long-term receivables from Kinh Bac Service JSC related to revenues 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 revenues 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;
- (ii) This is the receivable related to the transfer of investment project about technological infrastructure of employees' house in Que Vo Industrial Zone in accordance with Transfer contract No. HĐCN - KBC/2016 dated 8 April 2016. Deposit receipt from this project is presented in Note 15.2;
- (iii) These are the receivables from long-term lease of infrastructure in Quang Chau Industrial Park of JA Solar Vina Hong Kong and ZYF International Limited Company. Infrastructure leasing deposit of ZYF International Limited Company is state in Note 18;
- (iv) This is the receivable from Saigon Investment JSC related to the transfer of land at Phuc Ninh Urban Area Project; 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 2018 and for the six-month period then ended

6. TRADE RECEIVABLES AND ADVANCES TO SUPPLIERS (continued)

6.2 Short – term advances to suppliers

Currency: VND

	<i>30 June 2018</i>	<i>31 December 2017</i>
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	1,293,463,966,822	1,254,819,076,322
- Kinh Bac Service JSC (i)	460,910,089,467	379,659,618,664
- Land Development Center and Industrial Group of Viet Yen District (ii)	128,142,971,992	128,142,971,992
- Land Clearance and Compensation Committee of Cu Chi District (iii)	23,372,347,945	24,460,088,998
- Cong Thanh Environment – Technology Co. Ltd	5,832,000,000	-
- People's Council and People's Committee of An Duong District	-	1,000,000,000
- Other advance to suppliers	25,845,889,951	22,757,640,263
	<u>1,937,567,266,177</u>	<u>1,810,839,396,239</u>

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

6.3 Provision for trade receivables

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

Currency: VND

	<i>For the six-month period ended 30 June 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Beginning balance	7,333,980,650	7,335,037,650
Reversal in the period		(1,057,000)
Ending balance	<u>7,333,980,650</u>	<u>7,333,980,650</u>
<i>In which:</i>		
Provision for short-term receivables	6,833,980,650	6,833,980,650
Provision for loan receivables	500,000,000	500,000,000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

7. OTHER LOAN RECEIVABLES

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Short-term		
- Kinh Bac Investment and Consulting JSC (i)	140,294,156,000	30,294,156,000
- Kinh Bac Service JSC (ii)	24,624,422,200	8,424,422,198
- Saigon Tourism JSC	500,000,000	500,000,000
- Vien Dong Real Estate and Property JSC	300,000,000	300,000,000
- Saigon-Tay Ninh Industrial Park JSC	300,000,000	300,000,000
- Other loan receivables	2,000,000,000	583,300,001
- Other loan receivables from related parties (Note 28)	<u>11,892,687,097</u>	<u>11,937,895,430</u>
	<u>179,911,265,297</u>	<u>52,339,773,629</u>
Long-term		
- Kinh Bac Service JSC (ii)	-	16,200,000,000
- Kinh Bac Investment and Consulting JSC	-	10,000,000,000
- 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>700,000,000</u>	<u>26,900,000,000</u>

- (i) These are loan receivables with interest ranging from 10.5% to 12% per annum and will be due in March and June 2019.
- (ii) These are short-term and long-term loan receivables from Kinh Bac Service JSC with interest of 8% per annum, will be due on 23 January 2019 and 31 December 2019 respectively.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

8. OTHER RECEIVABLES

Currency: VND

	30 June 2018		31 December 2017	
	Cost	Provision	Cost	Provision
Short-term				
Saigon Investment JSC (i)	583,000,000,000	-	583,000,000,000	-
Share transfer receivables (ii)	638,232,417,586	-	565,437,813,547	-
Advance to PVcomBank for investment acquisition	216,840,284,000	-	211,840,284,000	-
KumBa JSC (iii)	163,577,296,000	-	163,577,296,000	-
Other receivables from related parties (Note 28)	23,721,967,820	-	55,646,525,842	-
Advances to employees	55,441,084,429	-	42,534,859,875	-
Receivables from Bac Ninh's People Committee (iv)	19,440,000,000	-	19,440,000,000	-
Deposit receivables (v)	12,851,128,404	-	12,851,128,404	-
Receivable from Van Duong's People Committee	3,327,780,000	-	3,327,780,000	-
Ms. Trieu Thi Duyen	200,000,000	-	-	-
Other receivables	20,644,487,672	-	14,274,786,498	-
	1,737,276,445,911	-	1,671,930,474,166	-
Long-term				
Vien Dong Real Estate and Property JSC (vi)	600,000,000,000	-	600,000,000,000	-
Kinh Bac Services JSC (viii)	28,158,464,296	-	70,903,647,915	-
Other long-term receivables	269,000,000	-	269,000,000	-
	628,427,464,296	-	671,172,647,915	-

- (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 2018, the share transfer procedures have not been completed.
- (ii) This is the receivable related to receivable and interest on deferred payment at 8% per annum from the transferring of 48.3 million shares in Saigon-Binh Dinh Energy JSC to Kinh Bac Service JSC in accordance with the Contracts dated 22 June 2015 and 15 December 2015 and interest of loan receivables as presented in note 7.
- (iii) This is the receivable from Kum-Ba JSC relating to the transfer of shares of Lang Ha Investment JSC of VND 43.6 billion and advance to KumBa JSC for land repurchase in Trang Due Industrial Park of VND 120 billion.
- (iv) In accordance with 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

8. OTHER RECEIVABLES (continued)

- (v) This is the deposit to Hanoi Agriculture Investment and Development One Member Co., Ltd. in accordance with Contract No.128/2010/HĐ-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.
- (vi) This is the investment in the project of Commercial Center, Office, Hotel and Apartment - Vien Dong Meridian in Danang City in accordance with the business co-operation contract on 18 July 2017.
- (vii) This represents the interest on deferred payment for long-term lease of land and sale of factories to Kinh Bac Service JSC as stated in Note 6.1.

9. INVENTORIES

Currency: VND

	<u>30 June 2018</u>		<u>31 December 2017</u>	
	<i>Cost</i>	<i>Provision</i>	<i>Cost</i>	<i>Provision</i>
Trang Cat Industrial and Residential Park (i)	3,490,672,952,027	-	3,475,130,804,472	-
Tan Phu Trung Industrial Park (ii)	2,390,984,466,768	-	2,458,594,519,135	-
Phuc Ninh Urban Area	806,574,330,643	-	810,973,261,789	-
Quang Chau Industrial Park and Urban area	626,517,889,868	-	580,352,753,443	-
Nam Son - Hap Linh Industrial Park	313,094,903,151	-	289,689,535,257	-
Que Vo II Industrial Park	238,032,487,567	-	287,319,068,733	-
Trang Due Industrial Park - stage 2	169,570,653,915	-	214,387,670,113	-
Trang Due Residential Park	162,991,887,495	-	140,383,990,833	-
Que Vo I Industrial Park	49,035,134,905	-	48,533,883,603	-
Trang Due Industrial Park - stage 1 (iii)	3,538,005,976	-	3,692,426,705	-
Other projects	13,554,153,496	-	13,566,884,421	-
TOTAL	8,264,566,865,811	-	8,322,624,798,504	-

Work in progress of the Group as at 30 June 2018 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 Industrial and Residential Park, 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 19.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

9. INVENTORIES (continued)

- (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 - Can Tho 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 JSC, which have been revalued at the date the Group acquired and assumed control in this subsidiary.

During the period, the Group capitalized borrowing costs amounting to VND 31.7 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 Park and other development projects of the Group.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

10. PREPAID EXPENSES

	<i>Currency: VND</i>	
	<i>30 June 2018</i>	<i>31 December 2017</i>
Short-term		
Real estate promotion fee	58,248,561,486	39,380,270,665
Other expenses	93,023,440	62,000,000
TOTAL	58,341,584,926	39,442,270,665
	<i>30 June 2018</i>	<i>31 December 2017</i>
Long-term		
Legal consulting expenses	5,440,000,000	4,300,000,000
Car rental fee	3,223,484,849	-
Other expenses	3,839,726,939	4,782,284,014
TOTAL	12,503,211,788	9,082,284,014

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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11. 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:						
As at 31 December 2017	189,619,095,785	35,295,497,000	51,821,932,131	9,882,659,608	1,176,109,090	287,795,293,614
- Newly purchased	-	196,567,000	4,707,263,636	5,430,190,909	-	10,334,021,545
- Transfer from construction in progress	7,641,906,715	-	-	-	-	7,641,906,715
As at 30 June 2018	197,261,002,500	35,492,064,000	56,529,195,767	15,312,850,517	1,176,109,090	305,771,221,874
<i>In which:</i>						
Fully depreciated	19,317,609,421	2,783,970,396	11,743,418,626	3,000,991,812	894,109,090	37,740,099,345
Accumulated depreciation:						
As at 31 December 2017	113,282,630,046	23,372,826,786	26,190,453,118	5,853,265,104	1,010,984,091	169,710,159,145
- Depreciation for the period	7,748,956,396	1,649,937,237	2,519,379,228	758,562,751	41,250,000	12,718,085,612
As at 30 June 2018	121,031,586,442	25,022,764,023	28,709,832,346	6,611,827,855	1,052,234,091	182,428,244,757
Net carrying amount:						
As at 31 December 2017	76,336,465,739	11,922,670,214	25,631,479,013	4,029,394,504	165,124,999	118,085,134,469
As at 30 June 2018	76,229,416,058	10,469,299,977	27,819,363,421	8,701,022,662	123,874,999	123,342,977,117

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 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:	
As at 31 December 2017	161,449,401,105
- Increase in the period	586,885,304
As at 30 June 2018	<u>162,036,286,409</u>
Depreciation:	
As at 31 December 2017	26,565,167,307
- Depreciation for the period	5,768,529,217
- Decrease in the period	(583,597,462)
As at 30 June 2018	<u>31,750,099,062</u>
Net carrying amount	
As at 31 December 2017	<u>134,884,233,798</u>
As at 30 June 2018	<u>130,286,187,347</u>

Investment properties comprise factories in land lot L4, 5, 8, and 9 at Que Vo Industrial Park, which are held for operating lease and used as collateral for long-term loans at Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Branch as presented in Note 19.1.

At 30 June 2018, 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 2018</i>	<i>31 December 2017</i>
Hanoi Diplomat Area (i)	106,555,116,818	106,555,116,818
Factories at Trang Due Industrial Park	28,281,940,908	25,717,940,000
Factories at Quang Chau Industrial Park	17,985,353,181	3,063,959,727
Que Vo II Industrial Park	11,510,781,818	7,566,256,363
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
Other construction in progress	1,627,776,364	786,976,364
TOTAL	<u>173,594,010,629</u>	<u>151,323,290,812</u>

- (i) 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)
as at 30 June 2018 and for the six-month period then ended

14. LONG-TERM INVESTMENTS

		<i>Currency: VND</i>	
	<i>Note</i>	<i>30 June 2018</i>	<i>31 December 2017</i>
Investment in associates	14.1	507,757,803,457	503,087,714,088
Other long-term investments	14.2	448,500,200,000	448,500,200,000
Provision for long-term investments	14.2	<u>(39,713,143,676)</u>	<u>(39,713,143,676)</u>
TOTAL		<u>916,544,859,781</u>	<u>911,874,770,412</u>

14.1 Investment in associates

		<i>Currency: VND</i>				
		<i>30 June 2018</i>			<i>31 December 2017</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	204,839,308,072	9,849,000	205,979,454,816
Saigon Telecommunication & Technologies JSC	(ii)	21.48%	15,896,923	214,676,981,823	15,896,923	208,569,550,710
Saigon High-tech Park Infrastructure Development Investment JSC	(iii)	27.44%	8,233,083	82,441,542,667	8,233,083	82,446,974,530
Scanviwood JSC	(iv)	34%	1,077,528	<u>5,799,970,895</u>	1,077,528	<u>6,091,734,032</u>
TOTAL				<u>507,757,803,457</u>		<u>503,087,714,088</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 2018 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.

(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 million. 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

14 LONG-TERM INVESTMENTS (continued)

14.1 Investment in associates (continued)

Investments in associates as at 30 June 2018 are as below:

Currency: VND

	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 2017	423,492,661,074	210,627,000,000	82,330,830,000	7,204,600,000	723,655,091,074
As at 30 June 2018	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 2017	(54,695,383,978)	(4,647,545,184)	116,144,530	(1,112,865,967)	(60,339,650,599)
- Share in post-acquisition profit/(loss) of the associates for the period	6,107,431,113	(1,140,146,744)	(5,431,863)	(291,763,136)	4,670,089,369
As at 30 June 2018	(48,587,952,865)	(5,787,691,928)	110,712,667	(1,404,629,103)	(55,669,561,230)
Amortization of goodwill:					
As at 31 December 2017	160,227,726,386	-	-	-	160,227,726,386
As at 30 June 2018	160,227,726,386	-	-	-	160,227,726,386
Net carrying amount:					
As at 31 December 2017	208,569,550,710	205,979,454,816	82,446,974,530	6,091,734,032	503,087,714,088
As at 30 June 2018	214,676,981,823	204,839,308,072	82,441,542,667	5,799,970,895	507,757,803,457

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

14.2 Other long-term investments

Currency: VND

	30 June 2018			31 December 2017		
	% of voting right	Number of shares	Cost (*)	% of voting right	Number of shares	Cost (*)
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 (Note 30.3)	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 JSC	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			448,500,200,000			448,500,200,000
Provision for other long-term investments			(39,713,143,676)			(39,713,143,676)
NET			408,787,056,324			408,787,056,324

(*) The Company cannot collect the necessary information and evaluate the fair value of shares held in these companies because the shares of these companies have not been listed on the stock exchange.

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15. TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

15.1 Short-term trade payables

	Currency: VND			
	30 June 2018		31 December 2017	
	Amount	Amount payable	Amount	Amount payable
Trade payables to suppliers				
- Hai Phat Real Estate JSC	12,894,131,026	12,894,131,026	16,026,197,325	16,026,197,325
- Bao Nam Trading Import and Export JSC	12,983,845,900	12,983,845,900	10,338,561,300	10,338,561,300
- Trung Tien Transportation and Construction JSC	7,461,869,964	7,461,869,964	14,076,270,800	14,076,270,800
- Trong Cuong Co., Ltd	5,072,102,279	5,072,102,279	2,925,733,791	2,925,733,791
- Truong Phat Investment JSC	4,147,159,940	4,147,159,940	2,661,011,300	2,661,011,300
- Others	66,204,249,479	66,204,249,479	88,300,428,214	88,300,428,214
Payable to related parties (Note 28)	-	-	12,320,000	12,320,000
TOTAL	108,763,358,588	108,763,358,588	134,340,522,730	134,340,522,730

15.2 Short-term advances from customers

	Currency: VND	
	30 June 2018	31 December 2017
Deposit for purchase of houses and land use rights in Urban area and low-income housing project (*)	201,153,029,974	205,376,972,150
Prepayment for long-term lease of land at Tan Phu Trung Industrial Park	64,747,823,368	91,007,311,296
Deposit for purchase of houses and land use rights at Quang Chau Urban Project	57,394,622,400	57,394,622,400
Prepayment for long-term lease of land at Trang Due Industrial Park	8,107,963,637	27,709,635,065
Other advances from customers	24,642,422,646	22,657,534,733
TOTAL	356,045,862,025	404,146,075,644

(*) This mainly includes deposit related to the transfer of the infrastructure investment project for staffs and workers to KCT Engineering Ltd in accordance with the Transfer Contract No. HDCN-KBC/2016 on 8 April 2016.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
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16. STATUTORY OBLIGATIONS

Currency: VND

	31 December 2017	Payable for the period	Payment in the period	30 June 2018
Payables				
Value added tax	2,340,322,287	38,683,965,457	(8,435,397,501)	32,588,890,243
Corporate income tax	165,797,134,121	72,405,982,871	(150,594,545,479)	87,608,571,513
Personal income tax	559,823,224	5,199,075,927	(5,137,189,039)	621,710,112
Other taxes	28,807,672,011	606,975,795	(23,560,063,612)	5,854,584,194
TOTAL	197,504,951,643	116,896,000,050	(187,727,195,631)	126,673,756,062
	31 December 2017	Increase for the period	Net-off in the period	30 June 2018
Receivables				
Corporate income tax	61,426,648,392	-	(458,838,234)	60,967,810,158
TOTAL	61,426,648,392	-	(458,838,234)	60,967,810,158

17. ACCRUED EXPENSES

Currency: VND

	30 June 2018	31 December 2017
Short-term		
Accrued future development cost for recognised sales	995,660,529,780	950,289,709,665
- Que Vo I Industrial Park	43,620,946,573	49,287,726,726
- Que Vo II Industrial Park	59,289,248,269	72,415,465,059
- Trang Due Industrial Park	163,852,095,124	203,580,987,291
- Quang Chau Industrial Park	361,366,836,946	319,608,594,077
- Tan Phu Trung Industrial Park	367,531,402,868	305,396,936,512
Accrued interest expenses (*)	119,587,656,520	120,181,315,132
Accrued interest expenses to related parties (Note 28)	707,684,229	640,285,731
Other accrued expenses	13,590,412,549	15,597,980,024
TOTAL	1,129,546,283,078	1,086,709,290,552
Long-term		
Accrued interest expenses (*)	1,042,962,372,680	1,031,951,584,113
TOTAL	1,042,962,372,680	1,031,951,584,113

(*) This amount mainly includes the bond interest expense payable to PVcomBank. PVcomBank has issued an amendment to revise the payment terms for the bond principal and the bond interest. Accordingly, these bond interests will be due in 2020 (Note 19.2).

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18. OTHER PAYABLES*Currency: VND*

	<i>30 June 2018</i>	<i>31 December 2017</i>
Short-term		
Deposit of purchase at Phuc Ninh Urban Area	441,307,179,276	323,904,532,910
Kinh Bac Consulting and Investment JSC	5,000,000,000	5,000,000,000
Kinh Bac Service JSC	11,021,079,606	10,108,298,365
Other short-term payables	<u>38,040,265,417</u>	<u>25,301,798,867</u>
TOTAL	<u>495,368,524,299</u>	<u>364,314,630,142</u>
Long-term		
Cholimex Mechatronics Informatics JSC (i)	55,500,000,000	55,500,000,000
Other deposits (ii)	137,249,365,002	105,681,960,855
Other long-term payables	<u>10,281,229,953</u>	<u>6,450,580,036</u>
TOTAL	<u>203,030,594,955</u>	<u>167,632,540,891</u>

(i) 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 Agreement No. 1004/HĐHTKD-KBC/2014 dated 10 April 2014.

(ii) These mainly pertain to deposits from long-term lease of land and infrastructure at Industrial Parks of the Group, which include deposit of VND 103 billion by ZYF International Company Limited (under ZYF Vietnam Construction Company Limited) at Quang Chau Industrial Park.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

19. LOANS

Currency: VND

	31 December 2017			30 June 2018		
	Balance	Payable amount	Movement during the period	Balance	Payable amount	Payable amount
Short-term						
Loans from others (*)	25,935,378,567	25,935,378,567	-	25,935,378,567	25,935,378,567	25,935,378,567
Current portion of long-term loans (Note 19.1 and 19.2)	993,502,560,000	993,502,560,000	561,000,000,000	1,549,007,372,014	1,549,007,372,014	1,549,007,372,014
Loans from related parties (Note 28)	112,330,830,000	112,330,830,000	-	112,330,830,000	112,330,830,000	112,330,830,000
	1,131,768,768,567	1,131,768,768,567	561,000,000,000	1,687,273,580,581	1,687,273,580,581	1,687,273,580,581
Long-term						
Long-term loans from banks (Note 19.1)	548,136,511,458	548,136,511,458	72,286,512,964	556,158,212,408	556,158,212,408	556,158,212,408
Bonds (Note 19.2)	1,042,521,557,518	1,042,521,557,518	6,686,000,000	467,076,484,842	467,076,484,842	467,076,484,842
TOTAL	1,590,658,068,976	1,590,658,068,976	78,972,512,964	1,023,234,697,250	1,023,234,697,250	1,023,234,697,250

(*) 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 2018 and for the six-month period then ended

19. LOANS (continued)

19.1 Long-term loans

As at 30 June 2018, details of long-term loans from banks are as follows:

	<i>Ending balance</i>	<i>Interest rate</i>	<i>Principal and interest payment term</i>	<i>Description of collateral</i>
Banks				
Vietnam Joint Stock Commercial Bank for Industry and Trade - Que Vo Industrial Park branch	167,730,424,512	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, interest, asset right arising from sales of land, infrastructure of project, associated with land use rights and asset attached with the land.
	26,980,678,000	10.5%/year	Principal repayment on 6 February 2020. Interest payment on last 25 th per quarter	Factory Lot. L at Que Vo II Industrial Park and all assets attached with the land which will be formed in the future and asset rights arising from business contracts (Factory Lot. L leasing/sale contract)
	87,927,421,876	10.5%/year	Principal repayment on 29 November 2022. Interest payment on last 25 th per quarter	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 properties of 100 hecta stage 1 in Nam Son – Hap Linh Industrial Park.
	120,738,775,020	10.5%/year	Principal repayment on 16 November 2022. Principal is paid every 6 months. Interest is paid every 3 months, started from 25 August 2017	All assets formed from 83.8 hecta area infrastructure development of Que Vo II Industrial Park.
	2,800,000,000	10.5%/year	Principal is paid every 6 months, started from 25 July 2016, interest payment on 25 th per quarter started from 26 March 2018.	All assets attached with the land which will be formed from the investment and construction project of Office building, warehouses lot M, N, T at Que Vo II Industrial Park.
<i>In which: Current portion of long-term loan</i>	<i>15,500,000,000</i>			

Currency: VND

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

19. LOANS (continued)

19.1 Long-term loans (continued)

Banks	Ending balance	Interest rate	Principal and interest payment term	Description of collateral
Joint Stock Commercial Bank for Investment and Development of Vietnam – Bac Ninh Branch	3,445,933,000	10.5%/year	Principal is paid every 6 months. Interest is paid every 3 months, started from 19 September 2018	All the assets formed in the future include the land use right and assets attached with the land of 22 hecta in Phuc Ninh Urban Area.
Vietnam Public Joint Stock Commercial Bank	290,000,000,000	9.7%/year	Loan principal and interest are due on 31 December 2019	Value of assets formed in the future of 120 hecta area in Quang Chau Industrial Park
<i>In which: Current portion of long-term loans</i>	<i>150,000,000,000</i>			
National Citizen Bank (previously known as Nam Viet Commercial Joint Stock Bank)	55,542,352,014	11.5%/year	Principal is paid every 6 months, and in 5 installments from 1 August 2016	Value of land use right Lot B1, B2, B4, B5, B6 at Tan Phu Trung Industrial Park
<i>In which: Current portion of long-term loans</i>	<i>33,507,372,014</i>			
TỔNG CỘNG	755,165,584,422			
<i>In which:</i>				
- Current portion of long term loans	199,007,372,014			
- Long-term loan	556,158,212,408			

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

19. LOANS (continued)

19.2 Bonds

As at 30 June 2018, 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	3,000,000	100,000	300,000,000.000	9.7%	31 October 2019	Inventories of Trang Cat Urban and Service Zone Project
KBC Bond1 2017	Corporate bond	480	1,000,000,000	480,000,000.000	10.2%	21 November 2022	Contributed capital in Commercial Center, Office, Hotel and Apartment - Vien Dong Meridian in Danang City
KBC Bond2 2017	Corporate bond	2,000,000	100,000	200,000,000.000	10.5%	26 January 2019	Shares of Sai Gon- Hai Phong Industrial Park Corporation
KBC Bond3 2017	Corporate bond	1,500,000	100,000	150,000,000.000	10.5%	16 February 2019	Shares of Sai Gon- Hai Phong Industrial Park Corporation
KBC Bond4 2017	Corporate bond	2,000,000	100,000	200,000,000.000	10.5%	22 May 2019	Shares of Sai Gon- Hai Phong Industrial Park Corporation
KBC Bond 2017	Corporate bond	5,000,000	100,000	500,000,000.000	10.5%	8 November 2018	Shares of Sai Gon- Hai Phong Industrial Park Corporation
TOTAL		13,500,480		1,830,000,000,000			

In which:

Bonds due in the next year	1,350,000,000,000
Long-term Bonds	480,000,000,000
Bond issuance expense of long-term bonds	(12,923,515,158)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

20. OWNERS' EQUITY

20.1 Increase and decrease in owners' equity

	Contributed charter capital	Share premium	Treasury shares	Investment and development fund	Undistributed earnings	Non-controlling interest	Total
<i>Currency: VND</i>							
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/(loss) for the period	-	-	-	-	413,656,109,576	(477,031,555)	413,179,078,021
- Other increase/ (decrease)	-	-	-	-	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
For the six-month period ended 30 June 2018							
As at 31 December 2017	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	2,904,506,892,048	749,667,313,428	9,038,107,349,299
- Net profit for the period	-	-	-	-	269,294,718,417	21,809,816,743	291,104,535,160
- Other deductions	-	-	-	-	-	(50,000,000)	(50,000,000)
As at 30 June 2018	4,757,111,670,000	989,064,430,000	(364,466,650,000)	2,223,693,823	3,173,801,610,465	771,427,130,171	9,329,161,884,459

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

20. OWNERS' EQUITY (continued)

20.2 Shares

Currency: VND

	30 June 2018			31 December 2017		
	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	-

20.3 Capital transactions with owners and distribution of dividends, profits

Currency: VND

	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
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	-	-

20.4 Shares

	30 June 2018	31 December 2017
Issued shares	475,711,167	475,711,167
Issued and paid-up shares	475,711,167	475,711,167
Ordinary shares	475,711,167	475,711,167
Preference shares	-	-
Treasury shares	5,950,978	5,950,978
Ordinary shares	5,950,978	5,950,978
Preference shares	-	-
Shares in circulation	469,760,189	469,760,189
Ordinary shares	469,760,189	469,760,189
Preference shares	-	-

Par value of outstanding share: VND 10,000/share (31 December 2017: VND10,000/share).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

21. NON-CONTROLLING INTEREST

	<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>
Beginning balance	749,667,313,428	918,321,858,802
Profit/(loss) attributable to non-controlling interest	21,809,816,743	(477,031,555)
Other deductions	(50,000,000)	(184,471,419,980)
Ending balance	<u>771,427,130,171</u>	<u>733,373,407,267</u>

22. REVENUES

22.1 Revenue from sales of goods and rendering of services

	<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>
Gross revenue	1,003,765,405,893	484,343,207,181
<i>Of which:</i>		
Revenue from long-term lease of land and infrastructures (*)	823,764,001,301	214,724,608,634
Revenue from real estate transfer	91,076,267,779	193,573,945,458
Sales of factories	-	5,514,634,080
Revenue from operating lease of warehouses, factories and offices	17,113,002,888	10,858,171,499
Others	71,812,133,925	59,671,847,510
Less		
Sales returns	-	-
Net revenue	<u>1,003,765,405,893</u>	<u>484,343,207,181</u>
<i>Of which:</i>		
Sales to others	1,003,765,405,893	484,343,207,181
Sales to related parties	-	-

(*) During the period, the Group 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 2018 and for the six-month period then ended

22. REVENUES (continued)

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

	<i>Currency: VND</i>	
	<i>Revenue recognized in full at the hand-over date</i>	<i>Revenue is amortized over the lease term</i>
Revenues	1.003.765.405.893	330.951.829.737
<i>Of which:</i>		
<i>Revenue from long-term lease of land and infrastructures</i>	<i>823,764,001,301</i>	<i>150,914,491,747</i>
Cost of goods sold and services rendered	<u>(462,096,299,612)</u>	<u>(150,318,463,222)</u>
Gross profit of goods sold and services rendered	<u>541,669,106,281</u>	<u>180,633,366,515</u>
Profit before tax	374,251,333,738	13,215,593,970
Current corporate income tax expenses	(72,864,821,105)	(2,643,118,794)
Deferred tax expenses	<u>(10,281,977,473)</u>	<u>(10,985,256,625)</u>
Net profit after tax	<u>291,104,535,160</u>	<u>(412,781,449)</u>

22.2 Finance income

	<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>
Interest income from outstanding receivables of share transfer contract (*)	21,114,246,676	21,199,544,368
Interest income from deposits and lending	8,774,258,880	9,046,437,629
Interest income on outstanding receivables from long-term lease of land and sale of factories (**)	7,962,327,138	9,528,614,628
Interest income from disposal of subsidiary	-	354,868,000,000
Other finance income	<u>479,269,526</u>	<u>2,905,766</u>
TOTAL	<u>38,330,102,220</u>	<u>394,645,502,391</u>

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

23. COST OF GOODS SOLD AND SERVICES RENDERED

	<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>
Cost long-term leased land and infrastructures	370,585,756,439	104,891,225,584
Cost of real estate transfer	42,825,454,546	67,331,441,737
Cost of operating leased warehouses, factories and offices	7,399,366,684	5,676,124,480
Cost of factories sold	-	3,483,066,445
Cost of service provided	41,285,721,943	29,356,700,436
TOTAL	<u>462,096,299,612</u>	<u>210,738,558,682</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 2018</i>		<i>For the six-month period ended 30 June 2017</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>370,585,756,439</u>	<u>100,612,543,936</u>	<u>104,891,225,584</u>	<u>25,247,458,797</u>
TOTAL	<u>370,585,756,439</u>	<u>100,612,543,936</u>	<u>104,891,225,584</u>	<u>25,247,458,797</u>

25. FINANCE EXPENSES

	<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>
Interest expenses	110,907,198,768	38,456,534,870
Others	373,438,077	1,777,971,148
TOTAL	<u>111,280,636,845</u>	<u>40,234,506,018</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

25. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	<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>
Selling expenses		
Consultation and brokerage expenses	14,968,162,567	4,552,086,865
Labour costs	1,156,141,000	1,039,192,000
Others	2,318,926,329	1,783,642,096
TOTAL	18,443,229,896	7,374,920,961
Administrative expenses		
Depreciation	3,167,302,705	3,483,309,220
Labour costs	46,735,582,281	39,612,814,044
External services	14,419,887,540	11,008,992,713
Others	15,885,712,822	18,426,951,062
TOTAL	80,208,485,348	72,532,067,039

27. PRODUCTION AND OPERATING COSTS

	<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>
Land, infrastructure, factories development and services rendering expenses	350,880,988,722	178,769,672,016
Labour costs	46,878,705,921	41,415,517,244
Depreciation of fixed assets, amortisation of goodwill and allocation of prepaid expenses	17,903,017,367	20,427,119,530
Expenses for external services	61,123,873,412	29,461,410,142
Other expenses	18,101,963,773	20,571,827,750
TOTAL	494,888,549,195	290,645,546,682

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

27. 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 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 9 years. The statutory CIT rate applicable for the six-month period ended 30 June 2018 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 2018 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 2018.
- ▶ 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 2018 is 10% with a 50% reduction.
- ▶ For operating activities at Trang Cat Urban and Service Zone, Trang Cat One Member Urban Development Limited 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 2015, 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 2018 is 10% with a 50% reduction.

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 2018 and for the six-month period then ended

27. CORPORATE INCOME TAX (continued)

27.1 CIT expense

	Currency: VND	
	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
Current CIT expenses	72,864,821,105	143,978,700,171
Deferred CIT expenses	10,281,977,473	2,073,877,708
TOTAL	83,146,798,578	146,052,577,879

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

	Currency: VND	
	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
Profit before tax	374,251,333,738	559,231,655,900
CIT expense at rates applicable to companies in the Group	92,677,623,882	147,624,304,346
<i>In which:</i>		
Preferential tax rate applied to long-term lease of land activities	2,400,393,084	627,707,230
20% tax rate to other activities	90,277,230,798	146,996,597,116
<i>Adjustments to increase</i>		
Non-deductible expenses	1,440,080,932	3,088,687,380
Loss incurred by branches	14,350,389	310,682
<i>Adjustments to decrease</i>		
Adjustments for consolidated financial statements	(10,985,256,625)	(4,660,724,529)
CIT expense	83,146,798,578	146,052,577,879

27.2 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 2018 and for the six-month period then ended

27. CORPORATE INCOME TAX (continued)

27.3 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

	<u>Interim consolidated balance sheet</u>		<u>Interim consolidated income statement</u>	
	<u>30 June 2018</u>	<u>31 December 2017</u>	<u>For the six-month period ended 30 June 2018</u>	<u>For the six-month period ended 30 June 2017</u>
Deferred tax liabilities				
Deferred tax liabilities arising from fair value adjustment on business combination date at Northwest Saigon City Development Corporation	207,371,018,853	218,356,275,478	(10,985,256,625)	(4,660,724,529)
Deferred tax liabilities arising from fair value adjustment on business combination date at Sai Gon - Hai Phong Industrial Park Corporation	457,334,951	457,334,951	-	-
Deferred tax liabilities arising from allocation of CIT over the leased term	421,987,894,930	400,720,660,832	21,267,234,098	6,734,602,237
	<u>629,816,248,734</u>	<u>619,534,271,261</u>		
Net deferred tax debit to interim consolidated income statement			<u>10,281,977,473</u>	<u>2,073,877,708</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

27. CORPORATE INCOME TAX (continued):

27.4 Unrecognised deferred tax assets

Tax losses carried forward

The Group is entitled to carry the tax loss forward to offset with the taxable income arising within 5 subsequent years to the year in which the loss was incurred. At the end of fiscal year, the Group has accumulated losses which are available for offset against future taxable income. 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 2018</i>	<i>Forfeited</i>	<i>Unutilized at 30 June 2018</i>
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)	4,433,878,613	-	-	4,433,878,613
2018	2023	(i)	2,818,438,723	-	-	2,818,438,723
TOTAL			285,027,182,336	(51,460,440,781)	(216,193,450,053)	17,373,291,502

- (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 2018 and for the six-month period then ended

28. TRANSACTIONS WITH RELATED PARTIES

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

<i>No</i>	<i>Related party</i>	<i>Relationship</i>
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 2018 are unsecured, interest free and will be settled in cash. For the six-month period ended 30 June 2018, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2017: 0). 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:

<i>Related party</i>	<i>Transactions</i>	<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>
Mr. Dang Thanh Tam	Advance	57,557,851,311	53,166,986,733
	Advance clearance	88,761,201,000	182,358,000
	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	Repayment of loan	-	1,500,000,000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

28. TRANSACTIONS WITH RELATED PARTIES (continued)

As at 30 June 2018, 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 2018</i>	<i>31 December 2017</i>
<i>Short-term trade receivables (Note 6)</i>			
Mr. Phan Anh Dung	Receivable from sale of land	180,000,000	180,000,000
		180,000,000	180,000,000
<i>Short-term loan receivables (Note 7)</i>			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Short-term loan receivables	11,492,687,097	11,537,895,430
Saigon - Hue Investment JSC	Short-term loan receivables	400,000,000	400,000,000
		11,892,687,097	11,937,895,430
<i>Other short-term receivables (Note 8)</i>			
Mr. Dang Thanh Tam	Advances	19,949,309,000	51,152,658,689
Ms. Nguyen Thi Thu Huong	Advances	3,489,211,820	3,489,211,820
Mr. Phan Anh Dung	Advances	110,000,000	110,000,000
Saigon - Hue Investment JSC	Other receivable	-	36,500,000
Ms. Nguyen My Ngoc	Advances	173,447,000	173,447,000
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Deposit	-	684,708,333
		23,721,967,820	55,646,525,842
<i>Short-term trade payables (Note 15)</i>			
Saigon Telecommunication & Technologies Corporation - Bac Ninh Branch	Service payable	-	12,320,000
		-	12,320,000
<i>Accrued expenses (Note 17)</i>			
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company	Interest payable	707,684,229	640,285,731
		707,684,229	640,285,731
<i>Short-term loans (Note 19)</i>			
Saigon High-tech Park Infrastructure Development Investment Joint Stock Company (*)	Short-term loans	112,330,830,000	112,330,830,000
		112,330,830,000	113,830,830,000

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

28. 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 2018.

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 2018</i>	<i>For the six-month period ended 30 June 2017</i>
Salaries and bonus	6,189,045,332	5,352,483,000
	<u>6,189,045,332</u>	<u>5,352,483,000</u>

29. EARNINGS PER SHARE

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	<u>269,294,718,417</u>	<u>413,656,109,576</u>
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	<u>469,760,190</u>	<u>469,760,190</u>
Basic earnings per share	573	881
Diluted earnings per share	573	881

There is no ordinary shares transaction or preference share transaction since 30 June 2018 until the date of this interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at 30 June 2018 and for the six-month period then ended

30. COMMITMENTS AND CONTINGENCIES

30.1 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 2018, 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 2018, 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 of land use right and rental fees.
- (iii) On 30 June 2018, 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 2018, 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 meter 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 VND 500/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 2018, 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 2018 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 2018, 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 2018, 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 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 2018:

Guarantee under the mortgage contract with PVcomBank:

As disclosed in Note 9, Trang Cat One Member Urban Development Limited Company ("Trang Cat Company") signed mortgage contract No. 0202/2013/HDTTC-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 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 2018 and for the six-month period then ended

30. COMMITMENTS AND CONTINGENCIES (continued)

30.3 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.

31. EVENTS AFTER THE BALANCE SHEET DATE

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



Luu Phuong Mai
Preparer



Pham Phuc Hieu
Chief Accountant and
Deputy General Director



Nguyen Thi Thu Huong
General Director

29 August 2018

