

No:/2019-CV-NVLG

HCMC, 30 January 2019

Re: Explaining the variance from 10%
and above of consolidated profit after tax
compared with the same period last year.

To: State Securities Committee
Ho Chi Minh City Stock Exchange

1. Company name: NO VA LAND INVESTMENT GROUP CORPORATION
2. Ticker: NVL
3. Head office: 313B - 315 Nam Ky Khoi Nghia Street, Ward 7, District 3, HCMC
4. Phone: (84) 906 35 38 38

Pursuant to clause 4, article 11, chapter III of the Circular No. 155/2015/TT-BTC dated 6 October 2015 of the Ministry of Finance which was effective from 1 January 2016 guiding on the information disclosure for securities market, No Va Land Investment Group Corporation ("Novaland Group") would like to explain the case consolidated profit after tax of quarter 4 2018 changed from 10% and above compared to the same period last year as follows:

Currency: VND

No.	Item	Quarter 4 2018	Quarter 4 2017	Variance	% Increase/ (decrease)
1	Profit after tax	1,867,078,701,255	716,795,712,202	1,150,282,989,053	160.48%

The Group's consolidated profit after tax of quarter 4 2018 increased by 160.48% in comparison with the same period last year mainly because the revenue from real estate transfer increased comparing with the same period last year.

By this official letter, Novaland Group is pleased to inform HOSE and SSC the explanation regarding the increase of profit after tax in Consolidated financial statements of quarter 4 2018.

NO VA LAND INVESTMENT GROUP CORPORATION

Tr **GENERAL DIRECTOR**



BUU XUAN HUY *V*

NO VA LAND INVESTMENT GROUP CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
QUARTER IV 2018**



NO VA LAND INVESTMENT GROUP CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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NO VA LAND INVESTMENT GROUP CORPORATION

CORPORATE INFORMATION

Business Registration Certificate	No. 054350 dated 18 September 1992 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 47th amended Business Registration Certificate No. 0301444753 dated 10 January 2019.	
Board of Directors	Mr. Bui Thanh Nhon Mr. Bui Xuan Huy Ms. Hoang Thu Chau Ms. Nguyen Thanh Bich Thuy Mr. David Frederick Proctor	Chairman Member Member Independent Member Independent Member (from 26 April 2018)
Audit committee	Ms. Nguyen Thanh Bich Thuy Ms. Nguyen Thi Minh Thanh Ms. Vo Thi Thu Van Mr. David Frederick Proctor	Chairman Member Member Member
Board of Management	Mr. Bui Xuan Huy Ms. Hoang Thu Chau	General Director Deputy General Director
Legal representative	Mr. Bui Thanh Nhon Mr. Bui Xuan Huy Ms. Luong Thi Thu Huong	Chairman General Director Director
Registered office	313B - 315 Nam Ky Khoi Nghia Street, Ward 7, District 3, Ho Chi Minh City, Vietnam	
Operation office	65 Nguyen Du Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	

NO VA LAND INVESTMENT GROUP CORPORATION

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

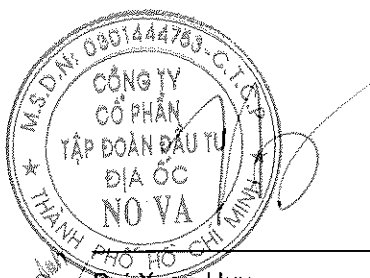
The Board of Management of No Va Land Investment Group Corporation ("the Company") is responsible for preparing consolidated financial statements which give a true and fair view of the financial position of the Company and its subsidiaries (together, "the Group") as at 31 December 2018 and the results of its operations and cash flows for the year then ended. In preparing for these consolidated financial statements, the Board of Management is required to:

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

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying consolidated financial statements as set out on pages 3 to 72 which give a true and fair view of the financial position of the Group as at 31 December 2018 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.



PHÓ TỔNG GIÁM ĐỐC
Bùi Xuân Huy
General Director

Ho Chi Minh City, SR Vietnam
30 January 2019

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at	
			31/12/2018 VND	31/12/2017 VND
100	CURRENT ASSETS		50,785,405,901,013	41,165,965,853,502
110	Cash and cash equivalents	4	12,326,942,295,680	6,650,160,994,741
111	Cash		7,595,717,278,814	1,198,110,884,846
112	Cash equivalents		4,731,225,016,866	5,452,050,109,895
120	Short-term investments		95,691,805,879	512,509,850,676
123	Investments held to maturity	5(a)	95,691,805,879	512,509,850,676
130	Short-term receivables		4,664,101,758,381	5,998,164,901,016
131	Short-term trade accounts receivable	6	758,334,949,673	390,715,866,371
132	Short-term prepayments to suppliers	7	1,493,719,267,200	1,771,344,474,280
135	Short-term lending	8(a)	430,653,870,350	625,605,206,171
136	Other short-term receivables	9(a)	1,991,657,316,936	3,210,499,354,194
137	Provision for doubtful debts - short term	10	(10,263,645,778)	-
140	Inventories	11(a)	32,758,236,767,177	27,128,796,867,411
141	Inventories		32,765,815,815,103	27,136,318,547,663
149	Provision for decline in value of inventories		(7,579,047,926)	(7,521,680,252)
150	Other current assets		940,433,273,896	876,333,239,658
151	Short-term prepaid expenses	12(a)	133,941,405,843	104,024,633,186
152	Value Added Tax to be reclaimed	20(a)	727,032,123,265	649,739,747,874
153	Taxes and other receivables from the State Budget	20(a)	79,459,744,788	122,568,858,598

The notes on pages 10 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at	
			31/12/2018 VND	31/12/2017 VND
200	NON-CURRENT ASSETS		19,102,647,351,452	8,300,996,138,739
210	Long-term receivables		255,403,896,052	654,401,516,832
212	Long-term advances to suppliers		-	953,750,090
215	Long-term lending	8(b)	-	449,644,400,000
216	Other long-term receivables	9(b)	255,403,896,052	203,803,366,742
220	Fixed assets		344,564,833,776	326,609,439,362
221	Tangible fixed assets	13	296,723,888,286	281,845,599,120
222	Historical cost		459,550,530,570	411,168,923,089
223	Accumulated depreciation		(162,826,642,284)	(129,323,323,969)
227	Intangible fixed assets	14	47,840,945,490	44,763,840,242
228	Historical cost		58,232,832,270	50,544,832,543
229	Accumulated amortization		(10,391,886,780)	(5,780,992,301)
230	Investment properties	15	3,499,360,081,191	2,944,616,534,199
231	Historical cost		3,648,964,514,395	3,055,632,258,276
232	Accumulated depreciation		(149,604,433,204)	(111,015,724,077)
240	Long-term assets in progress		430,179,455,627	361,032,817,716
241	Long-term work in progress	11(b)	181,962,136,884	224,136,375,352
242	Construction in progress	16	248,217,318,743	136,896,442,364
250	Long-term investments		7,556,238,420,121	1,042,972,935,246
252	Investments in associates, joint ventures	5(b)	7,548,298,670,121	1,042,972,935,246
253	Investment in other entities		7,939,750,000	-
260	Other long-term assets		7,016,900,664,685	2,971,362,895,384
261	Long-term prepaid expenses	12(b)	465,806,857,437	449,352,171,677
262	Deferred income tax assets	39(a)	69,745,274,642	115,783,534,333
269	Goodwill	17	6,481,348,532,606	2,406,227,189,374
270	TOTAL ASSETS		69,888,053,252,465	49,466,961,992,241

The notes on pages 10 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at	
			31/12/2018 VND	31/12/2017 VND
300	LIABILITIES		49,415,450,816,838	36,210,571,488,821
310	Current liabilities		27,907,618,098,761	22,658,196,187,952
311	Short-term trade accounts payable	18	2,520,583,647,709	2,648,333,517,795
312	Short-term advances from customers	19	7,779,244,490,508	8,848,256,383,261
313	Taxes and other payables to the State Budget	20(b)	560,175,590,675	588,662,021,432
314	Payable to employees	21	35,045,837,983	114,949,661,694
315	Short-term accrued expenses	22	2,648,800,863,886	1,382,586,375,115
318	Short-term unearned revenue		1,309,528,101	1,974,280,808
319	Other short-term payables	23(a)	2,711,516,498,429	1,318,999,855,808
320	Short-term borrowings	24(a)	11,645,389,730,077	7,748,878,980,646
322	Bonus and welfare funds		5,551,911,393	5,555,111,393
330	Non-current liabilities		21,507,832,718,077	13,552,375,300,869
336	Long-term unearned revenue		27,206,889,418	27,481,411,249
337	Other long-term payables	23(b)	2,495,831,870,100	1,664,029,225,075
338	Long-term borrowings	24(b)	16,266,146,196,964	10,200,873,745,673
341	Deferred income tax liabilities	39(a)	2,718,647,761,595	1,659,990,918,872
400	OWNERS' EQUITY		20,472,602,435,627	13,256,390,503,420
410	Capital and reserves		20,472,602,435,627	13,256,390,503,420
411	Owners' capital	25, 26	9,372,766,740,000	6,496,587,880,000
411a	- Ordinary shares with voting rights		9,304,466,740,000	6,428,287,880,000
411b	- Preference shares		68,300,000,000	68,300,000,000
412	Share premium	26	3,996,839,781,026	3,206,830,905,400
421	Undistributed earnings	26	6,120,274,490,063	2,907,218,106,652
421a	- Undistributed post-tax profits of the previous years		2,886,728,106,652	927,684,830,514
421b	- Undistributed post-tax profit of the current year		3,233,546,383,411	1,979,533,276,138
429	Non-controlling interests	27	982,721,424,538	645,753,611,368
440	TOTAL RESOURCES		69,888,053,252,465	49,466,961,992,241


Nguyen Ngoc Bang
Preparer


Tran Thi Thanh Van
Chief Accountant


Bui Xuan Huy
General Director
30 January 2019

The notes on pages 10 to 72 are an integral part of these consolidated financial statements.

NO VA LAND INVESTMENT GROUP CORPORATION

Form B 02a – DN/HN

CONSOLIDATED INCOME STATEMENT

Code	Note	For the year ended		
		Quarter 4/2018 VND	Quarter 4/2017 VND	31/12/2017 VND
01	Sales of goods and rendering of services	8,848,738,158,028	5,945,889,664,123	15,635,421,288,785
02	Less deductions	(291,724,325,807)	(50,262,781,827)	(345,259,851,407)
10	Net revenue from sales of goods and rendering of services	8,557,013,832,221	5,895,626,882,296	15,290,161,437,378
11	Cost of sales	(5,472,000,712,713)	(4,299,323,073,955)	(10,134,246,405,477)
20	Gross profit from sales of goods and rendering of services	3,085,013,119,508	1,596,303,808,341	5,155,915,031,901
21	Financial income	307,127,483,128	270,023,646,805	1,296,685,516,727
22	Financial expenses	(529,904,810,845)	(531,716,742,926)	(1,930,198,254,055)
23	- Including: Interest expenses	(357,783,842,467)	(438,359,407,275)	(1,381,415,871,343)
24	Share of profit from associates	267,334,456,012	16,761,825,195	1,322,274,553,324
25	Selling expenses	(154,018,615,236)	(131,912,579,053)	(379,400,163,115)
26	General and administration expenses	(245,984,475,932)	(220,094,135,686)	(743,400,498,234)
30	Net operating profit	2,729,567,156,635	999,365,822,676	4,721,876,186,548
31	Other income	48,081,324,359	47,510,950,988	71,076,315,498
32	Other expenses	(28,875,457,650)	(19,155,638,971)	(74,474,208,880)
40	Net other (expense)/income	19,205,866,709	28,355,312,017	(3,397,893,382)
50	Net accounting profit before tax	2,748,773,023,344	1,027,721,134,693	4,718,478,293,166
51	Business income tax – current	(529,712,376,694)	(356,753,819,197)	(994,956,831,682)
52	Business income tax – deferred	(351,981,945,395)	45,828,396,706	(443,975,322,918)
60	Net profit after tax	1,867,078,701,255	716,795,712,202	3,279,546,138,566

The notes on pages 10 to 72 are an integral part of these consolidated financial statements.

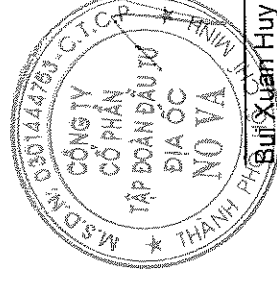


NO VA LAND INVESTMENT GROUP CORPORATION

Form B 02a – DN/HN

CONSOLIDATED INCOME STATEMENT
(continued)

Code	Note	For the year ended			
		Quarter 4/2018 VND	Quarter 4/2017 VND	31/12/2018 VND	31/12/2017 VND
Attributable to:					
61	Shareholders of the parent company	1,859,532,892,548	710,268,701,298	3,239,584,576,636	2,033,481,810,322
62	Non-controlling interests	7,545,808,707	6,527,010,904	39,961,561,930	28,161,421,934
70	Basic earnings per share	1,950	844	3,547	2,469
71	Diluted earnings per share	1,855	844	3,402	2,469



Nguyen Ngoc Bang
Preparer

Tran Thi Thanh Van
Chief Accountant

Bui Xuan Huy
General Director
30 January 2019

The notes on pages 10 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

		For the year ended	
		31/12/2018	31/12/2017
Code	Note	VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	4,718,478,293,166	2,588,499,024,119
	Adjustments for:		
02	Depreciation, amortization and goodwill allocation	517,052,684,577	484,833,728,737
03	Provisions/(Reversal of provisions)	10,321,013,452	(5,689,095,922)
04	Unrealized foreign exchange losses/(gain)	137,534,095,002	(5,083,914,401)
05	Profits from investing activities	(2,468,804,185,787)	(1,464,413,967,698)
06	Interest expenses, bond issuance costs	1,441,739,479,701	1,251,160,373,101
08	Operating profit before changes in working capital	4,356,321,380,111	2,849,306,147,936
09	Decrease in receivables	2,825,526,707,068	1,919,050,031,993
10	Increase in inventories	(136,578,195,831)	(1,963,235,562,101)
11	(Decrease)/increase in payables	(4,040,070,846,061)	619,226,427,403
12	(Increase)/decrease in prepaid expenses	13,629,015,958	(118,688,935,374)
14	Interest paid	(1,793,288,879,653)	(1,104,335,516,660)
15	Business income tax paid	(653,730,927,900)	(652,457,047,620)
20	Net cash flows from operating activities	571,808,253,692	1,548,865,545,577
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(170,699,012,647)	(1,129,651,141,626)
22	Proceeds from disposals of fixed assets	44,855,532,242	8,353,511,141
23	Loans granted, purchases of debt instruments of other entities	(699,653,602,882)	(1,466,446,465,713)
24	Collection of loans, proceeds from sales of debt instruments of other entities	2,997,627,188,115	4,918,484,078,283
25	Investments in other entities	(9,232,241,493,214)	(6,367,994,960,329)
26	Proceeds from divestment in other entities	834,105,774,717	1,793,455,062,483
27	Interest and dividend received	364,661,390,314	486,615,118,973
30	Net cash flows from investing activities	(5,861,344,223,355)	(1,757,184,796,788)

The notes on pages 10 to 72 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)
(continued)

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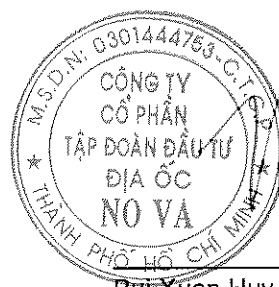
		For the year ended	
Code	Note	31/12/2018 VND	31/12/2017 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares and capital contribution	3,644,346,535,626	286,871,900,000
32	Capital withdrawal	(50,046,482,000)	(405,000,000,000)
33	Proceeds from borrowings	22,164,209,489,009	17,207,325,658,255
34	Repayments of borrowings	(14,779,563,168,477)	(13,499,500,855,745)
36	Dividends paid	(12,908,761,912)	(68,165,097,000)
40	Net cash flows from financing activities	10,966,037,612,246	3,521,531,605,510
50	Net (decrease)/increase in cash and cash equivalents	5,676,501,642,583	3,313,212,354,299
60	Cash and cash equivalents at beginning of the year	4 6,650,160,994,741	3,336,969,432,791
61	Effect of foreign exchange differences	279,658,356	(20,792,349)
70	Cash and cash equivalents at end of the year	4 12,326,942,295,680	6,650,160,994,741



Nguyen Ngoc Bang
Preparer



Tran Thi Thanh Van
Chief Accountant



Bui Xuan Huy
General Director
30 January 2019

The notes on pages 10 to 72 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****1 GENERAL INFORMATION**

No Va Land Investment Group Corporation ("the Company") is a joint stock company which was established in SR Vietnam pursuant to Business Registration Certificate No. 054350 which was initially issued by the Department of Planning and Investment of Ho Chi Minh City on 18 September 1992 and the 47th amended Business Registration Certificate No. 0301444753 dated 10 January 2019. The Company is formerly known as Thanh Nhon Trading Limited, which was established and operated under the Business Registration Certificate as above.

The Company's stock was officially listed on Ho Chi Minh City Stock Exchange ("HOSE") on 28 December 2016 with stock symbol "NVL" pursuant to Decision No. 500/QD-SGDHCM issued by General Director of HOSE on 19 December 2016.

The principal activities of the Group are residence project development; real estate trading; civil and industrial construction; providing design and management consultancy services; providing real estate brokerage services.

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

As at 31 December 2018, the Group had 1,109 employees (as at 31 December 2017: 1,581 employees).

As at 31 December 2018, the Group had 53 subsidiaries and 5 associates (as at 31 December 2017: 40 subsidiaries and 3 associates) as follows:

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NO VA LAND INVESTMENT GROUP CORPORATION

Form B 09a – DN/HN

1 GENERAL INFORMATION (continued)

	No	Name	Location	The principal activity	31/12/2018		31/12/2017	
					ownership	% of voting right	ownership	% of voting right
		I - Subsidiaries						
	1	No Va Land Investment Joint Stock Company	Ho Chi Minh City	Real estate trading	91.76	91.76	91.76	91.76
	2	No Va Thao Dien Company Limited	Ho Chi Minh City	Real estate trading	99.98	99.98	99.99	99.99
	3	No Va Festival Corporation	Ho Chi Minh City	Real estate trading	94.02	94.02	94.02	94.02
	4	No Va Land Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	100.00	100.00
	5	Nova Saigon Royal Investment Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.99	99.99
	6	Sai Gon Housing And Infrastructure Development Joint Stock Company	Ho Chi Minh City	Real estate trading	98.00	98.00	98.00	98.00
	7	Nova Lucky Palace Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	100.00	100.00
	8	The Prince Residence Joint Stock Company	Ho Chi Minh City	Real estate trading	99.81	99.81	99.81	99.81
	9	Thanh Nhon Real Estate Joint Stock Company	Ho Chi Minh City	Real estate trading	99.72	99.72	99.11	99.12
	10	Nova Sagel Company Limited	Ho Chi Minh City	Real estate trading	83.81	83.81	73.99	74.00
	11	Novaland Agent Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	100.00	100.00
	12	Phuoc Long Investment and Development Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.99	99.99
	13	Vung Tau Youth Hotel and Travel Joint Stock Company	Ho Chi Minh City	Real estate trading	65.00	65.00	65.00	65.00
	14	Nova Richstar Joint Stock Company	Ho Chi Minh City	Real estate trading, factory and warehouse lease	99.97	99.99	99.98	99.99
	15	Nova Nippon Joint Stock Company	Ho Chi Minh City	Real estate trading	99.98	99.98	99.98	99.98
	16	Khai Hung Real Estate Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	99.99	99.99
	17	Nova Nam A Company Limited	Ho Chi Minh City	Real estate trading	92.71	92.71	83.17	83.17
	18	Nova Sasco Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.99	99.99
	19	No Va My Dinh Land Joint Stock Company	Ho Chi Minh City	Real estate trading	99.99	99.99	99.98	99.98
	20	Thanh Nhon Investment Real Estate Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	99.99	100.00
	21	Nova An Phu Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	100.00	100.00
	22	Nova Phuc Nguyen Real Estate Development and Investment Company Limited	Ho Chi Minh City	Real estate trading	99.89	99.89	99.89	99.89
	23	Tuong Minh Investment and Real Estate Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.99	99.99
	24	The 21st Century International Development Company Limited	Ho Chi Minh City	Real estate trading	98.96	98.97	98.96	98.97
	25	Phuong Dong Building Joint Stock Company	Ho Chi Minh City	Real estate trading	99.88	99.89	99.89	99.90
	26	Nova Rivergate Company Limited	Ho Chi Minh City	Real estate trading	99.77	99.77	99.77	99.77
	27	Nova Princess Residence Joint Stock Company	Ho Chi Minh City	Real estate trading	99.90	99.90	99.90	99.90

NO VA LAND INVESTMENT GROUP CORPORATION

Form B 09a – DN/HN

1 GENERAL INFORMATION (continued)

No	Name	Location	The principal activity	31/12/2018		31/12/2017	
				ownership	% of voting right	ownership	% of voting right
I - Subsidiaries (continued)							
28	Nha Rong Investment and Commercial Joint Stock Company	Ho Chi Minh City	Real estate trading	99.96	99.97	99.96	99.97
29	Mega Housing Joint Stock Company	Ho Chi Minh City	Real estate trading	98.60	98.60	98.60	98.60
30	Mega Tie Company Limited	Ho Chi Minh City	Real estate trading	98.59	99.99	98.59	99.99
31	Bach Hop Real Estate Company Limited	Ho Chi Minh City	Real estate trading	100.00	100.00	99.99	99.99
32	Phu Dinh Port Joint Stock Company	Ho Chi Minh City	Support activities related to transportation, real estate trading	83.45	83.45	83.45	83.45
33	Gia Duc Real Estate Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.99	99.99
34	Gia Phu Real Estate Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.98	99.99
35	Nova Riverside Real Estate Company Limited	Ho Chi Minh City	Real estate trading	99.97	99.98	99.97	99.98
36	Ngoc Linh Hoa Joint Stock Company	Ho Chi Minh City	Real estate trading	99.83	99.83	99.83	99.83
37	Nova Property Management Company Limited	Ho Chi Minh City	Real estate trading	99.99	99.99	99.99	99.99
38	Merufa-Nova Company Limited	Ho Chi Minh City	Real estate trading	99.89	99.90	99.89	99.90
39	Nhat Hoa Real Estate Joint Stock Company	Ho Chi Minh City	Real estate trading	99.81	99.98	99.81	99.98
40	Sai Gon Golf Company Limited (*)	Ho Chi Minh City	Real estate trading	99.72	100.00	99.12	100.00
41	Ky Nguyen Urban Development Joint Stock Company (previous name: Asean Urban Development Joint Stock Company)	Ho Chi Minh City	Real estate trading	51.00	51.00	-	-
42	Vuong Gia Real Estate Investment Joint Stock Company	Ho Chi Minh City	Real estate trading	99.81	99.83	-	-
43	Phu Tri Real Estate Investment Commercial Joint Stock Company	Ho Chi Minh City	Real estate trading	99.98	99.98	-	-
44	Phuc Binh Real Estate Company Limited	Ho Chi Minh City	Real estate trading	97.77	97.95	-	-
45	Sun City Real Estate Investment & Development Company Limited	Ho Chi Minh City	Real estate trading	98.86	100.00	-	-
46	Dinh Phat Real Estate Joint Stock Company	Ho Chi Minh City	Real estate trading	99.91	99.92	-	-
47	350 Real Estate Investment & Development Company Limited	Ho Chi Minh City	Real estate trading	99.95	99.99	-	-
48	CQ89 Real Estate Investment & Development Company Limited	Ho Chi Minh City	Real estate trading	99.54	99.59	-	-
49	Gia Huy Real Estate Investment & Development Company Limited	Ho Chi Minh City	Real estate trading	51.00	51.00	-	-
50	Phong Dien Real Estate Investment Joint Stock Company	Ho Chi Minh City	Real estate trading	50.99	50.99	-	-
51	Thinh Vuong Real Estate Joint Stock Company	Ho Chi Minh City	Real estate trading	100.00	100.00	-	-
52	Thai Binh Real Estate Trading Joint Stock Company	Ho Chi Minh City	Real estate trading	99.96	99.96	-	-
53	Nova Hospitality Joint Stock Company	Ho Chi Minh City	Real estate trading	99.98	99.98	-	-

NO VA LAND INVESTMENT GROUP CORPORATION

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1 GENERAL INFORMATION (continued)

No	Name	Location	The principal activity	31/12/2018		31/12/2017	
				% of ownership	% of voting right	% of ownership	% of voting right
II - Associates							
1	Sai Gon Electronics and Industrial Service Joint Stock Company	Ho Chi Minh City	Electronic components and telecommunications trading	37.75	37.75	33.31	33.31
2	Ben Thanh Housing Service and Development Joint Stock Company	Ho Chi Minh City	Real estate trading	25.00	25.00	25.00	25.00
3	234 Thanh My Loi Joint Stock Company	Ho Chi Minh City	Real estate trading	49.90	49.90	-	-
4	Dat Viet Development Joint Stock Company	Ho Chi Minh City	Real estate trading	49.50	49.51	-	-
5	Thanh My Loi Joint Stock Company (**)	Ho Chi Minh City	Real estate trading	55.63	55.88	-	-
6	Sun City Real Estate Investment & Development Company Limited	Ho Chi Minh City	Real estate trading	-	-	49.00	49.00

(*) On 26 November 2018, Thanh Nhon Real Estate Joint Stock Company ("Thanh Nhon Real Estate") and Saigontourist Holding Company ("Saigon Tourist") agreed to sign the agreement to cancel the Capital transfer contract of Saigon Golf Company Limited ("Saigon Golf") which signed on 3 March 2017 and completed the transfer in 2017. At 9 January 2019, Saigon Tourist has refunded the capital transfer amount of VND 645,444,132,075 to Thanh Nhon Real Estate. At the date of these consolidated financial statements, there are not any additional documents or procedures conducted.

(**) As at 31 December 2018, the Group held 55.63% interest in Thanh My Loi Joint Stock Company ("Thanh My Loi") and had significant influence but had not controlled due to terms of a shareholder agreement, therefore Thanh My Loi was accounted as an associate of the Group (Note 3(d)).

THANH MY LOI

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

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

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilized in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

2.2 Fiscal year

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

2.3 Currency

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

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

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

2.4 Basis of consolidation

The Group prepared its consolidated financial statements in accordance with Circular 202/2014/TT-BTC - Guiding on the preparation and presentation of consolidated financial statements issued by the Ministry of finance on 22 December 2014.

Subsidiaries

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

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

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

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

Non-controlling transactions and interests

The Group applies a policy for transactions with non-controlling interests as transactions with external parties to the Group.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

The divestment of the Group's interest in a subsidiary that does not result in a loss of control is accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received of divestment of the Group's interest in a subsidiary is recorded directly in the undistributed earnings under equity.

Joint ventures and associates

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Basis of consolidation (continued)*****Joint ventures and associates (continued)***

Accounting policies of joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.5 Goodwill

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

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

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

2.6 Cash and cash equivalents

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

2.7 Trade receivables

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

2.8 Inventories

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

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

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

Investments held to maturity include term deposits, loans held to maturity for interest earning and other held to maturity investments. These investments are accounted for at cost less provision.

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

(b) Lendings

Lendings are contractual liabilities between the parties. Lendings are carried at cost less an estimate made for doubtful lendings based on a review by the Board of Management of all outstanding amounts at the period end.

(c) Investments in joint ventures and associates

Investments in joint ventures and associates are accounted using the equity method when preparing the consolidated financial statements (Note 2.4).

(d) Investments in equity of other entities

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

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

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

Depreciation/amortization

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

Buildings	5 - 52 years
Machinery	3 - 10 years
Motor vehicles	2 - 10 years
Office equipment	2 - 8 years
Software	3 - 10 years
Trade mark	3 years
Others	3 - 4 years

Land use rights with indefinite useful life are recorded at historical cost and are not amortized.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Fixed assets (continued)***Disposals*

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

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost mainly includes software development, designing fees and construction costs of show house and office. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.11 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

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

2.12 Investment properties

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

Depreciation and amortization

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

Buildings	6 - 50 years
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Land use rights with indefinite useful life are recorded at historical cost and are not amortized.

The Group does not depreciate the investment properties held for price appreciation. Impairment of investment properties held for price appreciation is recognized when there are objective evidences of the impairment in the value of investment properties compared to the market price and the impairment allowance can be estimated reliably. Impairment allowance is recorded to cost of sales.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 Investment properties (continued)***Disposals*

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

2.13 Prepaid expenses

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

2.14 Payables

Classifications of payables are based on the natures of economic transactions occurred.

Payables are classified into long term and short term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.15 Accrued expenses

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

2.16 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.17 Borrowings

Borrowings and finance lease liabilities with payment period of more than 12 months from the date of the financial statements are presented as long-term loans and finance lease liabilities. Borrowings and finance lease liabilities fall due for settlement within the next 12 months from the date of the financial statements are presented as short-term loans and finance lease liabilities. Borrowing expenses directly relates to the borrowings (other than payable interest), such as expenses for verification, audit, application... are recognised in the income statement when incurred. Where these expenses arise from borrowings for purposes of investment, construction or production of assets in progress, they shall be capitalized in accordance with the accounting policy stated in Note 2.16.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Provisions**

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

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

2.19 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group.

The severance allowance is accrued at the end of the reporting period, on the basis that a half of an average monthly salary per each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in according with current regulations.

2.20 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting periods for asset leases. The Group records unearned revenue for the future obligations that the Group has to conduct.

2.21 Convertible bonds

Convertible bonds are bonds that may be converted into ordinary shares of the same issuer under the conditions identified in the bond issuance plan.

At initial recognition, the Group calculates and determines separately the value of the debt component and equity component of convertible bonds using the effective interest rate method. The debt component of convertible bonds is recorded as a liability; equity component (share options) of convertible bonds is recorded as an owners' equity item. Subsequently, the Group regularly records bond interest using the effective interest rate. The costs of issuing convertible bonds are deducted to the bond's liability component and allocated to financial expenses/capitalised on straight line basis.

At maturity, the equity component which is a share option is transferred to the share premium account regardless whether the bond holder exercised the option or not.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.22 Owners' capital**

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

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Share conversion options on bonds is the value of the equity component of the convertible bonds at the reporting date. The value is defined as the difference between the total sums received from the issuance of convertible bonds and the value of the debt component of convertible bonds. At initial recognition, the value of share conversion options on bonds is recorded separately in owners' capital. At the bond maturity, this option is transferred to share premium.

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

2.23 Appropriation of net profit

Net profit after income tax could be distributed to owners/ shareholders after approval at General Meeting, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

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

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

Revenue from sale of real estate is recognised in the income statement when the real estate sale has been completed and the Group has handed over significant risks and rewards of ownership to the buyer. Revenue from the sale of real estate is recognised in the income statement when all five (5) following conditions are satisfied:

- The real estate has been completed, and the Group has transferred to the buyer the significant risks and rewards of ownership of the real estate;
- The Group no longer holds the right to manage the real estate as real estate's owners or the right to control the real estate;
- The amount of revenue can be measured reliably;
- The Group has received or enables to receive economic benefits from the sales of the real estate; and
- The costs incurred or to be incurred in respect of the real estate can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Revenue recognition (continued)****(b) Rendering of services**

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is recognized on an earned basis.

(d) Dividend income

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

2.25 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of revenue of the period.

2.26 Cost of sales

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

2.27 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including interest expenses, expenses of borrowing and bond issuance, losses incurred when selling foreign currencies, losses from foreign exchange differences and payment discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Selling expenses**

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

2.29 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances,...); social insurance; medical insurance; labour union fees; unemployment insurance of administrative staff; expenses of office materials; tools and supplies; depreciation of fixed assets used for administration; provision for bad debts; outside services and other cash expenses.

2.30 Dividend distribution

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

2.31 Current and deferred income tax

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.32 Related parties**

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

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

2.33 Segment reporting

A segment is a component which can be separated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment or the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group's operations in a comprehensive way.

2.34 Accounting estimate

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

3 BUSINESS COMBINATION**(a) Acquisition of Ky Nguyen Urban Development Joint Stock Company ("Ky Nguyen") (previous name: Asean Urban Development Joint Stock Company)**

On 6 February 2018, the Group completed the acquisition in order to obtain 51.00% interest in Ky Nguyen with a consideration of VND51,000,000,000.

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

	Fair values recognized at acquisition date VND
Assets	
Cash and cash equivalents	157,750,536
Short term receivables	99,882,255,288
Other assets	3,461,700
	100,043,467,524
Liabilities	-
Total identifiable net assets	100,043,467,524
Gain on bargain purchase	(22,168,437)
Non-controlling interests	(49,021,299,087)
Purchase consideration transferred	51,000,000,000
Cash acquired	(157,750,536)
Net cash outflow on acquisition	50,842,249,464

3 BUSINESS COMBINATION (continued)

- (b) Acquisition of a group of companies: Vuong Gia Real Estate Investment Joint Stock Company ("Vuong Gia"), Phuc Binh Real Estate Company Limited ("Phuc Binh") and Sun City Real Estate Investment & Development Company Limited ("Sun City")

On 8 May 2018, the Group completed the acquisition of 99.81% of voting shares of Vuong Gia with the consideration of VND1,078,591,500,000. Through this acquisition, the Group also controlled Phuc Binh and Sun City because Vuong Gia held 97.95% interest in Phuc Binh, Phuc Binh held 49.97% in Sun City, and previously the Group had owned 49.00% in Sun City .

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	51,683,788,711
Short term receivables	1,037,360,578,765
Inventories	2,209,202,513,992
Other assets	1,307,379,325
	3,299,554,260,793
Liabilities	
Liabilities	894,506,741,686
Deferred tax liabilities	227,733,250,821
	1,122,239,992,507
Total identifiable net assets	2,177,314,268,286
Goodwill	505,654,783,391
Non-controlling interests	(60,996,434,575)
Purchase consideration transferred	2,621,972,617,102
<i>First consideration which measured at equity method at the date had control</i>	984,999,829,150
<i>Revaluation of the investments in associate at the acquisition date</i>	558,381,287,952
<i>Second consideration at the acquisition date</i>	1,078,591,500,000
Cash acquired	(51,683,788,711)
Accumulated profit after tax shared from associate	(29,499,829,150)
Net cash outflow on acquisition	1,982,407,711,289

The goodwill of VND505,654,783,391 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Group and Vuong Gia, Phuc Binh and Sun City.

3 BUSINESS COMBINATION (continued)**(c) Acquisition of Phu Tri Real Estate Investment Commercial Joint Stock Company ("Phu Tri")**

On 11 May 2018, the Group completed the acquisition in order to obtain 99.98% interest in Phu Tri with a consideration of VND1,124,775,000,000.

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	401,867,295
Short term receivables	53,219,173,800
Inventories	1,688,750,143,271
Other assets	3,053,867,791
	1,745,425,052,157
Liabilities	
Liabilities	498,441,326,768
Deferred tax liabilities	190,800,000,000
	689,241,326,768
Total identifiable net assets	1,056,183,725,389
Goodwill	68,799,594,114
Non-controlling interests	(208,319,503)
Purchase consideration transferred	1,124,775,000,000
Cash acquired	(401,867,295)
Net cash outflow on acquisition	1,124,373,132,705

The goodwill of VND68,799,594,114 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Group and Phu Tri.

3 BUSINESS COMBINATION (continued)

- (d) **Acquisition of a group of companies: Dinh Phat Real Estate Joint Stock Company ("Dinh Phat"), 350 Real Estate Investment & Development Company Limited ("350 Real Estate") and CQ89 Real Estate Investment & Development Company Limited ("CQ89")**

On 24 August 2018, the Group completed the acquisition of 99.91% of voting shares of Dinh Phat with the consideration of VND3,529,379,236,000. Through this acquisition, the Group also controlled 350 Real Estate and CQ89 because Dinh Phat held 99.90% interest in 350 Real Estate, 350 Real Estate held 99.59% interest in CQ89.

In addition, as CQ89 held 55.88% interest in Thanh My Loi Joint Stock Company ("Thanh My Loi") but has not controlled, Thanh My Loi also became the Group's associate through this acquisition.

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	191,989,691,452
Short term receivables	964,866,989,539
Investment in associate	5,444,758,705,148
Other assets	12,164,135,083
	6,613,779,521,222
Liabilities	6,171,006,559,500
Total identifiable net assets	442,772,961,722
Goodwill	3,104,363,363,694
Non-controlling interests	(17,757,089,416)
Purchase consideration transferred	3,529,379,236,000
Cash acquired	(191,989,691,452)
Net cash outflow on acquisition	3,337,389,544,548

The goodwill of VND3,104,363,363,694 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Group and Dinh Phat, 350 Real Estate and CQ89.

3 BUSINESS COMBINATION (continued)**(e) Acquisition of Gia Huy Real Estate Investment and Development Company Limited ("Gia Huy")**

On 14 September 2018, the Group completed the acquisition in order to obtain 51.00% interest in Gia Huy with a consideration of VND290,190,000,000.

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	291,633,414,917
Short term receivables	273,241,965,754
Long term investment	600,000,000
Deferred income tax assets	527,241,032
Other assets	560,893,364
	566,563,515,067
Liabilities	19,800,000
Total identifiable net assets	566,543,715,067
Goodwill	1,252,705,316
Non-controlling interests	(277,606,420,383)
Purchase consideration transferred	290,190,000,000
Cash acquired	(291,633,414,917)
Net cash outflow on acquisition	(1,443,414,917)

The goodwill of VND1,252,705,316 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Group and Gia Huy.

3 BUSINESS COMBINATION (continued)**(f) Acquisition of Phong Dien Real Estate Investment Joint Stock Company ("Phong Dien")**

On 24 October 2018, the Group completed the acquisition in order to obtain 50.99% interest in Phong Dien with a consideration of VND49,014,100,000.

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	46,070,712,099
Short term investments	42,717,222,222
Other assets	10,171,442,944
	98,959,377,265
Liabilities	1,590,776,921
Total identifiable net assets	97,368,600,344
Gain on bargain purchase	(638,814,894)
Non-controlling interests	(47,715,685,450)
Purchase consideration transferred	49,014,100,000
Cash acquired	(46,070,712,099)
Net cash outflow on acquisition	2,943,387,901

3 BUSINESS COMBINATION (continued)**(g) Acquisition of a group of companies: Thinh Vuong Real Estate Joint Stock Company ("Thinh Vuong") and Thai Binh Real Estate Trading Joint Stock Company ("Thai Binh")**

On 17 December 2018, the Group completed the acquisition of 100.00% of voting shares of Thinh Vuong with a consideration of VND1,610,377,860,000. Through this acquisition, the Group also controlled Thai Binh because Thinh Vuong held 55.96% interest in Thai Binh and the Group had already hold 44.00% interest in Thai Binh.

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	156,614,889,152
Short term receivables	393,493,375,489
Inventories	1,545,397,171,624
Other assets	9,410,870,827
	2,104,916,307,092
Liabilities	
Liabilities	209,557,041,652
Deferred tax liabilities	242,713,769,707
	452,270,811,359
Total identifiable net assets	1,652,645,495,733
Goodwill	819,636,943,398
Non-controlling interests	(686,266,186)
Purchase consideration transferred	2,471,596,172,945
<i>First consideration is accounted using equity method at the date had control</i>	616,388,769,447
<i>Revaluation of the investments in associate at the acquisition date</i>	244,829,543,498
<i>Second consideration at the acquisition date</i>	1,610,377,860,000
Cash acquired	(156,614,889,152)
Accumulated profit after tax shared from associate	(286,388,769,447)
Net cash outflow on acquisition	1,783,762,970,848

The goodwill of VND819,636,943,398 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Group and Thinh Vuong and Thai Binh.

3 BUSINESS COMBINATION (continued)**(h) Acquisition of Nova Hospitality Joint Stock Company ("Nova Hospitality")**

On 07 December 2018, the Group completed the acquisition in order to obtain 99.98% interest in Nova Hospitality with a consideration of VND21,395,720,000.

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	10,352,590
Short term receivables	12,138,958,907
Long term investments	7,939,750,000
Other assets	1,736,058,275
	21,825,119,772
Liabilities	211,946,443
Total identifiable net assets	21,613,173,329
Gain on bargain purchase	(213,130,694)
Non-controlling interests	(4,322,635)
Purchase consideration transferred	21,395,720,000
Cash acquired	(10,352,590)
Net cash outflow on acquisition	21,385,367,410

3 BUSINESS COMBINATION (continued)**(i) Acquisition and disposal of Sabetran Trung Thuy Real Estate Investment Joint Stock Company ("Sabetran Trung Thuy")**

On 6 February 2018, the Group completed the acquisition in order to obtain 99.71% interest in Sabetran Trung Thuy with a consideration of VND773,740,800,000.

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

	Fair values recognized at acquisition date VND
Asset	
Cash and cash equivalents	145,781,544
Short term receivables	111,342,904,232
Inventories	1,229,274,162,366
Other assets	3,678,880,746
	1,344,441,728,888
Liabilities	
Liabilities	473,426,112,135
Deferred tax liabilities	154,282,695,068
	627,708,807,203
Total identifiable net assets	716,732,921,685
Goodwill	56,919,104,347
Non-controlling interests	88,773,968
Purchase consideration transferred	773,740,800,000
Cash acquired	(145,781,544)
Net cash outflow on acquisition	773,595,018,456

The goodwill of VND56,919,104,347 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Group and Sabetran.

On 16 April 2018, the Group disposed the entire 99.71% equity interest in Sabetran Trung Thuy with a total consideration of VND833,908,757,000. The profit of VND61,630,398,838 which is the difference between the consideration and the carrying value of net assets transferred, was recognised in the consolidated income statement (Note 32). The disposal of Sabetran Trung Thuy is to ensure the consistency in the Group business development strategy but not with the intention of buying to sell during the period.

4 CASH AND CASH EQUIVALENTS

	31/12/2018 VND	31/12/2017 VND
Cash on hand	1,259,084,952	1,720,245,875
Cash at bank	7,594,458,193,862	1,196,390,638,971
Cash equivalents (*)	4,731,225,016,866	5,452,050,109,895
	<u>12,326,942,295,680</u>	<u>6,650,160,994,741</u>

(*) Cash equivalents are term deposits in Vietnamese Dong at commercial banks with original maturity of 3 months or less and earn an interest rate from 2.0% to 6.0% per annum (at 31 December 2017: from 2.3% to 6.0% per annum).

As at 31 December 2018, cash and cash equivalents of VND754,343 million (at 31 December 2017: VND496,752 million) were pledged as collateral assets for the bank loans and VND696,931 million (at 31 December 2017: VND1,350,972 million) were managed by bank under purpose of borrowings for each project.

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5 INVESTMENTS

(a) Investments held to maturity

	31/12/2018		31/12/2017	
	Cost VND	Carrying value VND	Provision VND	Carrying value VND
Term deposits	95,691,805,879	-	95,691,805,879	512,509,850,676

The term deposits represent bank deposits in VND with original maturity of more than three months and the remaining term not exceed twelve months at the commercial banks with interest from 4.8% to 8.2% per annum (as at 31 December 2017: from 5.0% to 9.0% per annum).

As at 31 December 2018, the term deposits of VND45,661 million (as at 31 December 2017: VND11,671 million) were pledged as collateral assets and the term deposits of VND3,317 (as at 31 December 2017: nil) were managed by bank under purpose of borrowings for each project.

(b) Long term investments

Name	The principal activity	31/12/2018		31/12/2017	
		Cost VND	Fair value VND	Cost VND	Fair value VND
Thanh My Loi Joint Stock Company (i)	Real estate trading	5,440,688,978,371	(*)	-	
Dat Viet Development Joint Stock Company (ii)	Real estate trading	2,025,100,993,856	(*)	-	
Ben Thanh Housing Service and Development Joint Stock Company	Real estate trading	68,903,452,997	(*)	65,803,452,997	(*)
234 Thanh My Loi Joint Stock Company (iii)	Real estate trading	9,455,467,548	(*)	-	
Sai Gon Electronics and Industrial Service Joint Stock Company	Electronic components and telecommunications trading	4,149,777,349	(*)	4,566,153,588	(*)
Thai Binh Real Estate Trading Joint Stock Company (iv)	Real estate trading	-		-	
Sun City Real Estate Investment & Development Company Limited	Real estate trading	-		972,603,328,661	(*)
		7,548,298,670,121		1,042,972,935,246	

(i) Through the acquisition of the group companies Dinh Phat, 350 Real Estate and CQ89 (Note 3(d)), Thanh My Loi Joint Stock Company became the Group's associate although the Group held 55.63% interest in Thanh My Loi. As at the date of these consolidated financial statements, the Group has yet gained power to govern the financial and operating policies of Thanh My Loi.

(iii) On 26 September 2018, the Group contributed capital to Dat Viet Development Joint Stock Company ("Dat Viet") by the total contribution of VND1,000,018,000,000, to obtain 49.49% interest in Dat Viet. The excess of the Group's share of the fair value of Dat Viet's identifiable net asset over the cost of the investment which is VND1,024,694,511,570 was recognised as income in the year (Note 34), impacted VND819,755,609,256 to the consolidated profit after tax after recognised the deferred income tax expense.

5 INVESTMENTS (continued)**(b) Long term investments (continued)***Investments in associates and joint ventures (continued)*

- (iii) According to Decision No. 15/2018-QĐ.HĐQT-NVLC dated 8 February 2018, the Group will contribute VND99,800,000,000, accounting for 49.9% of the total chartered capital to establish 234 Thanh My Loi Joint Stock Company. 234 Thanh My Loi Joint Stock Company was established on 9 February 2018.
- (iv) On 30 March 2018, the Group contributed capital to Thai Binh Real Estate Trading Joint Stock Company ("Thai Binh") by the total contribution of VND130,000,000,000, to obtain 23.27% interest in Thai Binh. The excess of the Group's share of the fair value of Thai Binh's identifiable net asset over the cost of the investment which is VND286,395,114,838 was recognised as income in the year (Note 34), impacted VND229,116,091,870 to the consolidated profit after tax after recognised the deferred income tax expense.

Subsequently, at 20 July 2018, the Group contributed additional capital to Thai Binh of VND200,000,000,000, increased the interest rate to be 44.00%. As at 17 December 2018, Thai Binh became a subsidiary after the Group completed the acquisition of 100.00% interest in Thinh Vuong (Note 3(g)).

Movements in the investments in associates during the year were as follows:

	For the year ended 31/12/2018 VND	For the year ended 31/12/2017 VND
Beginning of the year	1,042,972,935,246	371,670,632,914
Additional investments in the year	1,341,481,075,000	1,315,207,564,660
Increase due to acquisition during the year	5,444,758,705,148	-
Profit sharing from investments in associates	1,322,274,553,324	12,079,426,593
Transfers from associates to subsidiaries	(1,601,388,598,597)	(643,454,353,318)
Dividend received	(1,800,000,000)	(2,400,000,000)
Disposals	-	(10,130,335,603)
End of the year	<u>7,548,298,670,121</u>	<u>1,042,972,935,246</u>

6 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	31/12/2018 VND	31/12/2017 VND
Trade receivables from sales of real estate		
Third parties (*)	622,006,441,927	308,351,265,168
Related parties (Note 42(b))	40,173,876,488	40,183,233,814
Trade receivables from rendering services		
Third parties (*)	96,154,631,258	42,181,367,389
Related parties (Note 42(b))	-	-
	<u>758,334,949,673</u>	<u>390,715,866,371</u>

(*) As at 31 December 2018 and 31 December 2017, there were no third party customers accounting for 10% or more of total the short-term trade accounts receivable balance.

Besides, the provision for doubtful trade accounts receivable is presented in Note 10.

7 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	31/12/2018 VND	31/12/2017 VND
Related parties	-	-
Third parties		
Silver Field International Trading Company Limited	197,883,347,000	500,000,000,000
Sai Gon General Services Joint Stock Company	323,024,476,227	320,189,629,546
Imperia An Phu Company Limited	195,617,468,000	200,000,000,000
Others	777,193,975,973	751,154,844,734
	<u>1,493,719,267,200</u>	<u>1,771,344,474,280</u>

As at 31 December 2018 and 31 December 2017, there was no balance of short term prepayments to suppliers which was past due or not past due but doubtful.

8 LENDING

	31/12/2018 VND	31/12/2017 VND
(a) Short-term lending		
Third parties (*)	373,504,867,050	582,185,206,171
Related parties (Note 42(b))	57,149,003,300	43,420,000,000
	<u>430,653,870,350</u>	<u>625,605,206,171</u>
(b) Long-term lending		
Third parties	-	449,644,400,000
	-	<u>449,644,400,000</u>

(*) These are the short-term lendings to third parties which are unsecured and earn interest at rate from 5.0% to 12.2% per annum (at 31 December 2017: from 5.0% to 10.9% per annum). The maturity of these lendings are from 5 to 12 months.

As at 31 December 2018 and 31 December 2017, there was no balance of short-term and long-term lending which was past due or not past due but doubtful.

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

	31/12/2018		31/12/2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Deposits for the acquisition of shares (*)	702,640,000,000	-	49,000,000,000	-
Advances for projects	342,471,627,467	-	351,489,334,396	-
Deposits for the contract related to investment consultancy service (**)	273,253,992,251	-	406,589,287,268	-
Deposits for projects	106,874,918,392	-	106,874,918,392	-
Interest receivable from term deposits, lending and investment co-operation	85,134,153,924	-	360,154,008,671	-
Project development and investment co-operation (***)	53,219,000,000	-	1,831,712,600,000	-
Others	428,063,624,902	-	104,679,205,467	-
	<u>1,991,657,316,936</u>		<u>3,210,499,354,194</u>	

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

	31/12/2018		31/12/2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Third parties	1,920,130,055,721	-	3,146,763,909,150	-
Related parties (Note 42(b))	<u>71,527,261,215</u>	<u>-</u>	<u>63,735,445,044</u>	<u>-</u>

(*) These deposits for share acquisition of companies which the Group is investing, these deposits will be recognised as investments in subsidiaries or associates when the Group completes share transfers.

(**) This balance represents deposits as an amount guaranteed for the investment consultancy agreements with partners. According to the agreements, the partners will consult, identify and select appropriate projects, consulting fee will be paid based on the percentage of successful transactions.

(***) This balance represents project development and investment co-operation with partners. These amounts will be repaid in full to the Group at the end of the projects. The Group will receive profits at the end of the projects in accordance with agreed sharing ratio in the agreement.

9 OTHER RECEIVABLES (continued)

(b) Other long-term receivables

	31/12/2018		31/12/2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Deposits for projects (*)	131,810,982,000	-	186,484,661,758	-
Project development and investment co-operation (Note 9(a) (**))	46,000,000,000	-	-	-
Others	77,592,914,052	-	17,318,704,984	-
	<u>255,403,896,052</u>	<u>-</u>	<u>203,803,366,742</u>	<u>-</u>

(*) This balance represents long-term deposit at the Department of Planning and Investment as an amount guaranteed for performing the projects.

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

	31/12/2018		31/12/2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Third parties	203,721,578,597	-	202,404,590,742	-
Related parties (Note 42(b))	<u>51,682,317,455</u>	<u>-</u>	<u>1,398,776,000</u>	<u>-</u>

As at 31 December 2018 and 31 December 2017, there was no balance of other short-term and long-term receivables which was past due or not past due but doubtful.

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10 DOUBTFUL DEBTS

	31/12/2018		31/12/2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Short-term trade receivables which were past due				
Hoang Phuc House Construction Development Investment Company Limited	10,263,645,778	10,263,645,778	-	-
	10,263,645,778	10,263,645,778	-	-

11 INVENTORIES

(a) Inventories

	31/12/2018		31/12/2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Properties in construction progress (i)	23,021,162,416,321	-	24,446,674,606,321	-
Properties in construction completion (ii)	9,582,737,282,917	(5,867,148,345)	2,449,747,339,621	(3,276,069,352)
Property merchandises	149,719,190,859	(1,711,899,581)	226,949,654,864	(4,245,610,900)
Tools and equipments	12,196,925,006	-	12,946,946,857	-
	32,765,815,815,103	(7,579,047,926)	27,136,318,547,663	(7,521,680,252)
Provision for decline in value of inventories	(7,579,047,926)		(7,521,680,252)	
	32,758,236,767,177		27,128,796,867,411	

11 INVENTORIES (continued)

Movements in the provision for decline in value of inventories during the year were as follows:

	For the year ended 31/12/2018 VND	For the year ended 31/12/2017 VND
Beginning of the year	(7,521,680,252)	(5,395,666,184)
Increase	(3,792,850,224)	(4,846,915,964)
Reversal	3,735,482,550	2,720,901,896
End of the year	<u>(7,579,047,926)</u>	<u>(7,521,680,252)</u>

(i) As at 31 December 2018, the properties in construction progress mainly include land costs, consulting and designing fees, construction costs and other costs relating to the projects.

(ii) As at 31 December 2018, the balance presents the properties in construction completion for sale.

As at 31 December 2018, the Group's inventories of VND6,472,047 million (as at 31 December 2017: VND7,406,736 million) were pledged as collateral assets for loans.

Total amount of interest expenses capitalised into value of inventories during the year ended 31 December 2018 was VND686,509 million (year 2017: VND131,293 million).

(b) Long-term work in progress

The balance represents the value of properties in construction progress of projects located in Ho Chi Minh City. These projects are in progress of completing the paper works due to changes in usage purpose.

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

	31/12/2018 VND	31/12/2017 VND
Tools and equipments	2,857,427,925	1,072,191,258
Prepaid interest expenses	27,597,380,840	-
Other deferred expenses	103,486,597,078	102,952,441,928
	<u>133,941,405,843</u>	<u>104,024,633,186</u>

12 PREPAID EXPENSES (continued)**(b) Long-term prepaid expenses**

	31/12/2018 VND	31/12/2017 VND
Deferred expenses in accordance with revenue	138,427,591,615	174,439,338,731
Prepayment expenses for parking lot	114,578,565,290	116,901,818,182
Prepayment expenses for office and rental property renovation	82,749,424,868	15,409,578,991
Compensation cost for land clearance	42,449,725,618	41,932,114,168
Tools and equipments	1,935,214,411	7,924,870,527
Interest expenses from issuing bonds	-	8,296,729,396
Other deferred expenses	85,666,335,635	84,447,721,682
	<u>465,806,857,437</u>	<u>449,352,171,677</u>

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

	For the year ended 31/12/2018 VND	For the year ended 31/12/2017 VND
Beginning of the year	449,352,171,677	288,077,446,389
Purchase	235,398,945,987	308,946,758,502
Transferred from construction in progress (Note 16)	58,419,635,995	27,130,420,628
Increase from acquisition of subsidiaries	121,994,349	117,203,900,546
Allocation	(277,485,890,571)	(235,203,626,186)
Decrease from disposal of subsidiaries	-	(56,802,728,202)
End of the year	<u>465,806,857,437</u>	<u>449,352,171,677</u>

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13 TANGIBLE FIXED ASSETS

	Buildings VND	Plants and machinery VND	Motor vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
Historical cost						
As at 1 January 2018	250,390,283,446	18,246,571,203	114,021,819,387	28,168,639,962	341,609,091	411,168,923,089
Reclassification	(616,000,000)	(3,121,058,101)	-	3,737,058,101	-	-
New purchases	-	774,754,170	5,254,041,818	2,144,120,771	-	8,172,916,759
Increase from acquisition of subsidiaries	-	986,891,455	-	30,000,000	-	1,016,891,455
Transfer from construction in progress (Note 16)	-	-	60,984,893,236	-	-	60,984,893,236
Disposals	(12,104,243,392)	(780,857,070)	(8,861,528,427)	(46,465,080)	-	(21,793,093,969)
As at 31 December 2018	237,670,040,054	16,106,301,657	171,399,226,014	34,033,353,754	341,609,091	459,550,530,570
Accumulated depreciation						
As at 1 January 2018	(87,133,387,788)	(9,724,288,173)	(20,731,612,447)	(11,453,533,054)	(280,502,507)	(129,323,323,969)
Reclassification	616,000,000	(616,000,000)	-	-	-	-
Charge for the year	(9,687,292,624)	(1,762,128,030)	(21,612,751,362)	(6,439,968,082)	(42,654,293)	(39,544,794,391)
Increase from acquisition of subsidiaries	-	(986,891,455)	-	(8,500,000)	-	(995,391,455)
Disposals	4,909,584,553	501,987,531	1,586,203,268	39,092,179	-	7,036,867,531
As at 31 December 2018	(91,295,095,859)	(12,587,320,127)	(40,758,160,541)	(17,862,908,957)	(323,156,800)	(162,826,642,284)
Net book value						
As at 1 January 2018	163,256,895,658	8,522,283,030	93,290,206,940	16,715,106,908	61,106,584	281,845,599,120
As at 31 December 2018	146,374,944,195	3,518,981,530	130,641,065,473	16,170,444,797	18,452,291	296,723,888,286

As at 31 December 2018, cost of fully depreciated fixed assets but still in use was VND26,554 million (as at 31 December 2017: VND17,343 million).

There were no tangible fixed assets pledged as collateral assets for bank loans.

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14 INTANGIBLE FIXED ASSETS

	Land use rights VND	Trade mark VND	Software VND	Total VND
Historical cost				
As at 1 January 2018	34,880,498,260	30,000,000	15,634,334,283	50,544,832,543
New purchases	-	-	2,075,387,851	2,075,387,851
Transfer from construction in progress (Note 16)	-	-	5,612,611,876	5,612,611,876
As at 31 December 2018	34,880,498,260	30,000,000	23,322,334,010	58,232,832,270
Accumulated amortization				
As at 1 January 2018	-	(30,000,000)	(5,750,992,301)	(5,780,992,301)
Charge for the year	-	-	(4,610,894,479)	(4,610,894,479)
As at 31 December 2018	-	(30,000,000)	(10,361,886,780)	(10,391,886,780)
Net book value				
As at 1 January 2018	34,880,498,260	-	9,883,341,982	44,763,840,242
As at 31 December 2018	34,880,498,260	-	12,960,447,230	47,840,945,490

As at 31 December 2018, cost of fully depreciated intangible fixed assets but still in use was VND3,071 million (As at 31 December 2017: VND351 million).

There were no intangible fixed assets pledged as collateral assets for bank loans.

15 INVESTMENT PROPERTIES

	Land use rights VND	Buildings VND	Total VND
Historical cost			
As at 1 January 2018	1,088,015,804,724	1,967,616,453,552	3,055,632,258,276
Transfers from inventories	-	663,096,020,612	663,096,020,612
Increase from acquisition of subsidiaries	-	1,558,336,000	1,558,336,000
Disposal, other decrease	(7,693,482,739)	(56,091,167,604)	(63,784,650,343)
Transfers to inventories	-	(7,537,450,150)	(7,537,450,150)
As at 31 December 2018	<u>3,553,867,631,496</u>	<u>2,568,642,192,410</u>	<u>3,648,964,514,395</u>
Accumulated amortization			
As at 1 January 2018	-	(111,015,724,077)	(111,015,724,077)
Charge for the year	-	(47,762,085,442)	(47,762,085,442)
Disposal, other decrease	-	8,775,297,666	8,775,297,666
Transfers to inventories	-	398,078,649	398,078,649
As at 31 December 2018	-	<u>(149,604,433,204)</u>	<u>(149,604,433,204)</u>
Net book value			
As at 1 January 2018	<u>1,088,015,804,724</u>	<u>1,856,600,729,475</u>	<u>2,944,616,534,199</u>
As at 31 December 2018	<u>3,553,867,631,496</u>	<u>2,419,037,759,206</u>	<u>3,499,360,081,191</u>

As at 31 December 2018, investment properties pledged as security for bank borrowings granted to the Group was VND2,169,471 million (as at 31 December 2017: VND1,271,830 million).

16 CONSTRUCTION IN PROGRESS

	31/12/2018 VND	31/12/2017 VND
Project in construction progress	112,501,120,472	2,020,903,854
Purchase of fixed assets	111,143,618,459	89,582,304,871
Office renovation	19,493,162,674	20,731,302,400
Showhouses	2,303,440,369	20,211,429,150
Others	2,775,976,769	4,350,502,089
	<u>248,217,318,743</u>	<u>136,896,442,364</u>

16 CONSTRUCTION IN PROGRESS (continued)

Movement of construction in progress during the year were as below:

	For the year ended 31/12/2018 VND	For the year ended 31/12/2017 VND
Beginning of the year	136,896,442,364	51,379,788,428
Increase in the year	237,047,465,901	176,621,475,784
Transfer to tangible fixed asset (Note 13)	(60,984,893,236)	(38,303,709,498)
Transfer to intangible fixed asset (Note 14)	(5,612,611,876)	(3,057,100,000)
Transfer to inventories	-	(1,380,309,663)
Transfer to long-term prepaid expense (Note 12(b))	(58,419,635,995)	(27,130,420,628)
Transfer to short-term prepaid expense	(314,370,291)	(3,835,466,021)
Other decreases	(395,078,124)	(17,397,816,038)
End of the year	<u>248,217,318,743</u>	<u>136,896,442,364</u>

17 GOODWILL

	For the year ended 31/12/2018 VND	For the year ended 31/12/2017 VND
Beginning of the year	2,406,227,189,374	2,217,606,029,051
Increase in the year (*)	4,556,626,494,260	649,355,733,731
Decrease from disposal of subsidiaries	(55,496,126,738)	(54,862,071,860)
Decrease from merging of subsidiaries	-	(146,640,884,246)
Amortization	(426,009,024,290)	(259,231,617,302)
End of the year	<u>6,481,348,532,606</u>	<u>2,406,227,189,374</u>

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

	Goodwill VND	Allocated time Year
Sabetran Trung Thuy Real Estate Investment Joint Stock Company	56,919,104,347	10
Phu Tri Real Estate Investment Commercial Joint Stock Company	68,799,594,114	10
Sun City Real Estate Investment & Development Company Limited	505,654,783,391	10
Dinh Phat Real Estate Joint Stock Company	2,575,321,834,035	10
350 Real Estate Investment & Development Company Limited	20,685,622,622	10
CQ89 Real Estate Investment & Development Company Limited	508,355,907,037	10
Gia Huy Real Estate Investment and Development Company Limited	1,252,705,316	10
Thai Binh Real Estate Trading Company Limited	<u>819,636,943,398</u>	10
	<u>4,556,626,494,260</u>	

Details of goodwill arising from business combinations are presented in Note 3.

18 SHORT-TERM TRADE ACCOUNTS PAYABLE

	31/12/2018 VND	31/12/2017 VND
Third parties		
Nova Homes Trading Joint Stock Company	320,511,022,938	336,914,898,682
Henry Enterprise Group Limited	619,680,395,588	619,680,395,588
Hoa Binh Construction Group Joint Stock Company	131,219,587,617	493,562,576,250
Others (*)	1,448,683,216,271	1,198,175,647,275
Related parties (Note 42(b))	489,425,295	-
	<u>2,520,583,647,709</u>	<u>2,648,333,517,795</u>

As at 31 December 2018 and 31 December 2017, the Company had no short-term trade accounts payable overdue.

(*) As at 31 December 2018 and 31 December 2017, there were no suppliers accounting from 10% or more of the total balance.

19 SHORT-TERM ADVANCES FROM CUSTOMERS

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

As at 31 December 2018 and 31 December 2017, there were no customers accounting from 10% or more of the total balance.

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

	31/12/2018 VND	31/12/2017 VND
VAT to be reclaimed	727,032,123,265	649,739,747,874
Business income tax temporarily paid 1%	76,162,454,487	62,481,003,869
Overpaid business income tax	2,176,153,455	60,027,108,901
Others	1,121,136,846	60,745,828
	<u>806,491,868,053</u>	<u>772,308,606,472</u>

(b) Taxes and other payables to the State Budget

	31/12/2018 VND	31/12/2017 VND
Business income tax	512,415,242,129	207,324,266,996
Value added tax on domestic sales	21,133,569,845	120,814,880,491
Personal income tax	13,932,100,758	12,962,075,302
Land use tax	-	242,500,000,000
Others	12,694,677,943	5,060,798,643
	<u>560,175,590,675</u>	<u>588,662,021,432</u>

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20 TAXES AND OTHER PAYABLES TO THE STATE BUDGET (continued)

The movement of tax and other payables to the State Budget during the year were as below:

	As at 01/01/2018 VND	Arose during the year VND	Netted off VND	Settled during the year VND	As at 31/12/2018 VND
(a) Tax receivables					
VAT to be reclaimed	(649,739,747,874)	(904,559,820,405)	827,267,445,014	-	(727,032,123,265)
Business income tax temporary paid 1%	(62,481,003,869)	12,048,066	90,521,696,368	(104,215,195,052)	(76,162,454,487)
Overpaid business income tax	(60,027,108,901)	2,728,097,689	55,655,079,525	(532,221,768)	(2,176,153,455)
Others	(60,745,828)	(1,093,600,897)	33,209,879	-	(1,121,136,846)
Total	(772,308,606,472)	(902,913,275,547)	973,477,430,786	(104,747,416,820)	(806,491,868,053)
(b) Tax payables					
Business income tax	207,324,266,996	1,000,251,262,106	(146,176,775,893)	(548,983,511,080)	512,415,242,129
Value added tax on domestic sales	120,814,880,491	1,152,844,601,192	(827,267,445,014)	(425,258,466,824)	21,133,569,845
Personal income tax	12,962,075,302	88,566,926,043	(31,109,879)	(87,565,790,708)	13,932,100,758
Land use tax	242,500,000,000	329,220,097,235	-	(571,720,097,235)	-
Others	5,060,798,643	51,882,067,839	(2,100,000)	(44,246,088,539)	12,694,677,943
Total	588,662,021,432	2,622,764,954,415	(973,477,430,786)	(1,677,773,954,386)	560,175,590,675

21 PAYABLES TO EMPLOYEES

	31/12/2018 VND	31/12/2017 VND
Salary	242,838,365	1,449,930,286
13th month salary, bonus	34,802,999,618	113,499,731,408
	<u>35,045,837,983</u>	<u>114,949,661,694</u>

22 SHORT-TERM ACCRUED EXPENSES

	31/12/2018 VND	31/12/2017 VND
Construction costs	1,391,958,008,229	552,464,269,227
Interest expenses on borrowings and investment co-operation	793,230,782,566	522,156,467,006
Others	463,612,073,091	307,965,638,882
	<u>2,648,800,863,886</u>	<u>1,382,586,375,115</u>

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

Third parties	2,648,800,863,886	1,381,011,779,933
Related parties (Note 42(b))	-	1,574,595,182
	<u>2,648,800,863,886</u>	<u>1,382,586,375,115</u>

23 OTHER PAYABLES**(a) Other short-term payables**

	31/12/2018 VND	31/12/2017 VND
Project development and investment co-operation (Note 23(b)(*))	1,683,365,000,000	735,820,000,000
Maintenance fund payables (i)	491,047,930,179	358,058,792,927
Deposits for purchase of properties	96,978,456,978	11,200,981,253
Others	440,125,111,272	213,920,081,628
	<u>2,711,516,498,429</u>	<u>1,318,999,855,808</u>

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

(b) Other long-term payables

	31/12/2018 VND	31/12/2017 VND
Project development and investment co-operation (*)	2,491,850,000,000	1,660,275,400,000
Others	3,981,870,100	3,753,825,075
	<u>2,495,831,870,100</u>	<u>1,664,029,225,075</u>

(*) The balance represents the capital contribution for project development and investment cooperation from third parties. The Group is obliged to refund this amount in full to counter parties at the end of the projects. The Group shall share profits arising from the projects in accordance with agreed sharing ratios in agreements at the end of the projects. In addition, for several contracts, the Group shall pay fixed interest to partners.

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24 BORROWINGS

	As at 01/01/2018 VND	Increase VND	Decrease VND	Current portion of long-term borrowings VND	As at 31/12/2018 VND
(a) Short-term borrowings					
- Bank loans (*)	2,400,572,207,620	712,046,636,734	(2,560,283,977,347)	1,236,539,921,028	1,788,874,788,035
- Bonds issuance (**)	1,900,000,000,000	946,840,000,000	(3,025,000,000,000)	5,220,000,000,000	5,041,840,000,000
- Borrowings from third parties (***)	3,448,306,773,026	8,356,491,250,000	(8,534,687,332,130)	1,563,106,250,000	4,833,216,940,896
- Borrowings from related parties	-	168,100,000,000	(168,100,000,000)	-	-
- Bond issuance cost	-	(21,013,963,636)	43,567,329,170	(41,095,364,388)	(18,541,998,854)
	7,748,878,980,646	10,162,463,923,098	(14,244,503,980,307)	7,978,550,806,640	11,645,389,730,077
(b) Long-term borrowings					
- Bank loans (*)	1,841,758,940,112	5,220,462,866,753	(491,491,859,000)	(1,236,539,921,028)	5,334,190,026,837
- Bonds issuance (**)	5,566,000,000,000	8,478,328,000,000	(22,773,000,000)	(5,220,000,000,000)	8,801,555,000,000
- Borrowings from third parties (***)	2,841,875,000,000	1,163,918,750,000	-	(1,563,106,250,000)	2,442,687,500,000
- Bond issuance cost	(48,760,194,439)	(337,424,284,089)	32,802,784,267	41,095,364,388	(312,286,329,873)
	10,200,873,745,673	14,525,285,332,664	(481,462,074,733)	(7,978,550,806,640)	16,266,146,196,964

24 BORROWINGS (continued)

(*) Details of closing balances of bank loans were as follows:

	31/12/2018 VND	31/12/2017 VND
(a) Short-term borrowings		
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh Branch (i)	444,108,485,028	360,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade Filiale Deutschland (ii)	313,807,500,000	34,140,000,000
Maybank International Labuan Branch (ii)	188,284,500,000	20,484,000,000
The Shanghai & Savings Bank - Offshore Banking (ii)	62,761,500,000	6,828,000,000
Chailease International Financial Service (ii)	41,841,000,000	4,552,000,000
Malayan Banking Berhad (Maybank) - Ho Chi Minh City Branch (ii)	20,016,000,000	2,224,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam - South Saigon Branch (iii)	226,342,014,763	73,542,207,620
Vietnam Prosperity Joint Stock Commercial Bank (iv)	190,000,000,000	-
Sai Gon Thuong Tin Commercial Joint Stock Bank - District 4 Branch (v)	151,731,436,000	-
Vietnam Prosperity Joint Stock Commercial Bank - Ho Chi Minh City Branch (vi)	94,666,000,000	100,002,000,000
Kien Long Commercial Joint Stock Bank - Sai Gon Branch (vii)	48,125,000,000	-
Military Commercial Joint Stock Bank - North Sai Gon Branch (viii)	7,191,352,244	-
Vietnam Prosperity Joint Stock Commercial Bank	-	897,000,000,000
Vietnam Prosperity Joint Stock Commercial Bank	-	451,800,000,000
Sai Gon Thuong Tin Commercial Joint Stock Bank	-	250,000,000,000
Tien Phong Commercial Joint Stock Bank - Sai Gon Branch	-	200,000,000,000
	<u>1,788,874,788,035</u>	<u>2,400,572,207,620</u>
(b) Long-term borrowings		
Vietnam Prosperity Joint Stock Commercial Bank (ix)	2,000,000,000,000	-
Standard Chartered Hong Kong Bank (x)	1,392,000,000,000	-
Vietnam Joint Stock Commercial Bank for Industry and Trade HCM Branch (i)	732,325,455,084	846,433,940,112
Vietnam Prosperity Joint Stock Commercial Bank (iv)	570,000,000,000	-
Kien Long Commercial Joint Stock Bank - Sai Gon Branch (vii)	317,625,000,000	-
Sai Gon Thuong Tin Commercial Joint Stock Bank - Transaction Center (xi)	208,441,000,000	232,000,000,000
Sai Gon Thuong Tin Commercial Joint Stock Bank - District 4 Branch (v)	113,798,571,753	-
Vietnam Joint Stock Commercial Bank for Industry and Trade Filiale Deutschland (ii)	-	306,915,000,000
Maybank International Labuan Branch (ii)	-	184,116,000,000
The Shanghai & Savings Bank - Offshore Banking (ii)	-	61,379,500,000
Chailease International Financial Service (ii)	-	40,923,000,000
Malayan Banking Berhad (Maybank) - Ho Chi Minh City Branch (ii)	-	19,993,500,000
Vietnam Prosperity Joint Stock Commercial Bank - Ho Chi Minh City Branch (vi)	-	99,998,000,000
Tien Phong Commercial Joint Stock Bank - Sai Gon Branch	-	50,000,000,000
	<u>5,334,190,026,837</u>	<u>1,841,758,940,112</u>

24 BORROWINGS (continued)

(i) These are borrowings in Vietnamese Dong with a credit limit of VND3,400,000,000,000, which are due for repayment within forty-eight (48) months duration since the first drawdown on 3 August 2016. The interest rates of these borrowings are equal to basic interest rate plus a margin of 4% per annum. These borrowings are secured by the total value of assets formed in the future of Binh Khanh Project.

(ii) This is syndicated loan between Malayan Banking Berhad (Maybank) - Ho Chi Minh Branch, Maybank International Labuan Branch, Vietinbank Filiale Deutschland, The Shanghai & Savings Bank - Offshore Banking and Chailease International Financial Service. Maybank – Ho Chi Minh Branch is the agent and representative to receive and deal with collaterals. Loan amount is USD30 million, in which with respective parties as Maybank – Ho Chi Minh Branch (USD1 million, equivalent to VND22.24 billion), Maybank Labuan (USD9 million), Vietinbank Filiale Deutschland (USD15 million), The Shanghai & Savings Bank - Offshore Banking (USD3 million) and Chailease International Financial Service (USD2 million) for a term of 30 months. The borrowing in USD is bearing an interest of 3-month LIBOR plus a margin of 5.5% per annum and borrowing in Vietnamese Dong is bearing an interest of basic lending interest of Maybank – Ho Chi Minh Branch plus a margin of 3.04% per annum. These borrowings are secured by parking areas of three Sunrise City projects (South, Central, North) and two commercial blocks of Sunrise City South project.

(iii) These are borrowings in Vietnamese Dong under a credit facility of VND250,000,000,000 for a term of 12 months to finance working capital of the Company. Interest rates are being specified in each drawdown. As at 31 December 2018, the Group had the outstanding balance of VND226,342,014,763 which bears an interest rate from 7.1% to 7.6% per annum. These borrowings are secured by deposit contracts at the lender ensuring the total value of collateral assets over the outstanding balance, at all time, is 10%.

(iv) These are borrowings in Vietnamese Dong with a credit limit of VND760,000,000,000 for a term of 60 months since the drawdown on 27 December 2017. The interest is applied at a rate of the twelve-month saving deposits in Vietnamese Dong (paid in arrears) plus a margin of 4% per annum. These borrowings are secured by the land use right of a real estate in District 2, Ho Chi Minh City and the shares owned by the Company in a subsidiary.

(v) These are borrowings in Vietnamese Dong with a credit limit of VND800,000,000,000, which are due for repayment within 36 months duration since the first drawdown on 28 September 2017. The interest rates of these borrowings are equal to basic interest rate plus a margin of 3.5% per annum. These borrowings are secured by the land use right and assets formed in the future of a Project in District 4, Ho Chi Minh City.

(vi) These are borrowings in Vietnamese Dong with a credit limit VND200,000,000,000 for a period of thirty-six (36) months duration since the first drawdown on 22 August 2016. The interest rate of these borrowings is 11% per annum and adjusted every three (3) months. These borrowings are secured by shares of the Company owned by shareholders.

(vii) These are borrowings in Vietnamese Dong with a credit limit of VND385,000,000,000 for a term of 60 months since the drawdown date. Interest rate is 9.65% per annum for the first month and 10.5% per annum for the next two months, then adjusted every three (3) months at a rate of the thirteen-month saving deposits in Vietnamese Dong (paid in arrears) plus a margin of 3.69% per annum and not lower than current interest rate quoted at the time of adjustment (for loans with the same type and method). As at 31 December 2018, the Group had the outstanding balance of VND365,750,000,000 which bears an interest rate of 10.5% per annum. These borrowings are secured by a real estate in District 1, Ho Chi Minh City.

(viii) These are borrowings in Vietnamese Dong with the amount of VND24,123,740,240, maturing in June 2019. Interest rates are being specified in each drawdown. As at 31 December 2018, the Group had the outstanding balance of VND7,191,352,244 which bears an interest rate of 7.0% per annum. These borrowings are secured by deposit contracts at the lender.

24 BORROWINGS (continued)

(ix) These are borrowings in Vietnamese Dong with the amount of VND2,000,000,000,000 for a term of forty eight (48) months since the first drawdown. As at 31 December 2018, the Group had outstanding balance of VND2,000,000,000,000. The interest rate is applied at the bank's highest rate of the twelve-month normal saving deposit to individuals (paid in arrears) plus a margin of 4.7% to 4.8% per annum. These borrowings are secured by the shares and contributed capital of the Group's subsidiary and associate, and the property rights arising from compensation for land clearance in District 2, Ho Chi Minh City.

(x) These are borrowings in Vietnamese Dong with a credit limit of USD90 million, in which Standard Chartered Bank is the arranger and bookrunner and Standard Chartered Bank (Hong Kong) Limited is the facility agent and security agent. The borrowings will be matured in September 2020 with the principal being paid on the maturity date. The interest of these borrowings is paid on every six (6) month at the rate of 6% per annum. At maturity or early repayment, the Company would pay an additional amount to ensure that lender receives a target IRR of 11%. These borrowings are secured by shares of the Company owned by shareholders. As at 31 December 2018, an amount of USD60 million was disbursed fully by GPI3 Co., LTD.

(xi) These are borrowings in Vietnamese Dong with a credit limit of VND232,000,000,000 for a term of 60 months and the grace period is 12 months since the drawdown date. The principal are paid on a three-month basis. Interest rate is 10.5% per annum for the first three-month period, and at a rate of the thirteen-month saving deposits from individuals in Vietnamese Dong (paid in arrears) plus a margin of 3.5% per annum from the fourth (4th) month onwards. These borrowings are secured by parking areas of Tropic 1 and Lexington project and a part of commercial blocks of three Sunrise City projects (South, Central, North).

(**) Details for the balances of issued bonds are as follows:

	31/12/2018 VND	31/12/2017 VND
(a) Short-term bonds issuance		
Bonds issued at discount		
Techcom Securities Limited Company	-	450,000,000,000
Bonds issued at par		
Vietnam Technological and Commercial Joint Stock Bank (i)	1,500,000,000,000	-
Indovina Bank Limited (i)	1,050,000,000,000	-
Techcom Securities Limited Company (i)	750,000,000,000	-
Military Commercial Joint Stock Bank (ii)	500,000,000,000	-
MB Securities Joint Stock Company (iii)	400,000,000,000	-
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ho Chi Minh City Branch (iv)	295,000,000,000	275,000,000,000
IB Securities Limited Company (v)	346,840,000,000	-
VietinBank Insurance Joint Stock Company (vi)	100,000,000,000	-
VietinBank Gold & Jewellery Company Limited (vi)	100,000,000,000	-
Techcom Securities Limited Company	-	500,000,000,000
Bao Viet Commercial Joint Stock Bank	-	300,000,000,000
Military Commercial Joint Stock Bank - North Sai Gon Branch	-	250,000,000,000
Tien Phong Commercial Joint Stock Bank	-	125,000,000,000
	<u>5,041,840,000,000</u>	<u>1,900,000,000,000</u>

24 BORROWINGS (continued)

(**) Details for the balances of issued bonds are as follows (continued):

(b) Long-term bonds issuance

	31/12/2018 VND	31/12/2017 VND
Bonds issued at par		
The Bank of New York Mellon, London Branch (vii)	5,555,555,000,000	-
Tien Phong Commercial Joint Stock Bank (viii)	1,500,000,000,000	-
Military Commercial Joint Stock Bank - North Sai Gon Branch (ix)	1,000,000,000,000	-
Military Commercial Joint Stock Bank (x)	400,000,000,000	-
Bao Viet Group (xi)	200,000,000,000	200,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade – Ho Chi Minh City Branch (iv)	146,000,000,000	441,000,000,000
Vietnam Technological and Commercial Joint Stock Bank (i)	-	1,500,000,000,000
Indovina Bank Limited (i)	-	1,050,000,000,000
Techcom Securities Limited Company (i)	-	750,000,000,000
Military Commercial Joint Stock Bank	-	750,000,000,000
Military Commercial Joint Stock Bank (ii)	-	500,000,000,000
Tien Phong Commercial Joint Stock Bank	-	375,000,000,000
	<u>8,801,555,000,000</u>	<u>5,566,000,000,000</u>

(i) Bonds issued at par value in Vietnamese Dong, include:

- Package of bonds with a par value of VND500,000,000,000, maturing in February 2019, bearing an interest rate of 10.9% per annum for the two (2) first interest periods. The interest rate applied for the remaining period will be defined as a reference rate plus 4.5% per annum. These bonds are secured by shares of the Company owned by shareholders. The initial buyer was Indovina Limited Bank.

- Package of bonds with a par value of VND1,800,000,000,000, maturing in March 2019, bearing an interest rate of 10.9% per annum for the first two (2) interest periods. The interest rate applied for the remaining period will be defined as a reference rate plus a margin of 4.5% per annum. These bonds are secured by shares of the Company owned by shareholders. The initial buyers were Indovina Limited Bank, Vietnam Technology and Commercial Joint Stock Bank and Techcom Securities Company Limited with respective value of VND550,000,000,000, VND1,000,000,000,000 and VND250,000,000,000.

- Bonds issued at par value in Vietnamese Dong with total par value of VND1,000,000,000,000, maturing in August 2019 and bearing an interest of 10.9% per annum for the first two (02) interest periods. The interest rate applied for the remaining period will be defined as a reference rate plus 4.5% per annum. These bonds are secured by shares of the Company owned by shareholders. The initial bond buyers were Vietnam Technological and Commercial Joint Stock Bank and Techcom Securities Limited Company with respective value of VND500,000,000,000 and VND500,000,000,000.

(ii) Bonds issued at par value in Vietnamese Dong to Military Joint Stock Commercial Bank – North Sai Gon Branch include package of bonds with a par value of VND500,000,000,000, maturing in 2019, bearing an interest rate of 10.0% per annum for the first year period. The interest rate applied for the remaining period will be defined as a reference rate plus 3.5% per annum. The reference rate is calculated by average of the interest rate offered for twelve-month deposits from individuals in Vietnamese Dong (paid in arrears) by four (4) banks including: Bank for Investment and Development of Viet Nam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade and Military Joint Stock Commercial Bank. These bonds are secured by the collateral assets including: development rights of Golden Mansion Project and shares of the Company owned by shareholders.

24 BORROWINGS (continued)

(iii) Bonds issued at par value of VND400,000,000,000 in Vietnamese Dong, maturing in February and May 2019, bearing an interest rate of 10.8% per annum. These bonds are secured by shares of the Company owned by shareholders.

(iv) Bonds issued at par value in Vietnamese Dong to Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh City Branch. Package of bonds with a par value of VND736,000,000,000, maturing in August 2020, bearing an interest rate of 10% per annum for the first three months. The interest rate will be adjusted for every three months at the interest rate of the twelve-month deposit from individuals (paid in arrears) in Vietnamese Dong plus a margin of 4.0% per annum. The reference rate is calculated by average of the interest rates offered for the twelve-month deposits from individuals in Vietnamese Dong (paid in arrears) on the date of interest rate determination. As at 31 December 2018, the Company repurchased total VND295,000,000,000 of par value, the remaining balance of bonds is VND441,000,000,000. These bonds are secured by shares of the Company owned by shareholders, receivables relating to a Company's project, part of shares owned by the Company in subsidiary.

(v) These are bonds issued at par value in Vietnamese Dong, advised by IB Securities, including par value of VND200,000,000,000 which will be matured in June 2019 and par value of VND146,840,000,000 which will be matured in November 2019. These bonds bear an interest rate of 10.6% per annum and are secured by shares of the Company owned by shareholders.

(vi) Bonds issued at par value of VND200,000,000,000 in Vietnamese Dong, advised by Vietinbank Securities which will be matured in July 2019, bearing an interest rate of 10.5% per annum. These bonds are secured by shares of the Company owned by shareholders.

(vii) These are 800 convertible bonds issued on 27 April 2018 ("Issue Date") and additional 400 convertible bonds issued on 14 December 2018 at par value in USD to international investors which The Bank of New York Mellon - London Branch is trustee, Credit Suisse - Singapore Branch is arranger and issuance agents. The package of convertible bonds amounted of USD240,000,000 with a par value of USD200,000 per bond will mature on 27 April 2023 ("Maturity Date"), subject to a bond coupon interest of 5.5% per annum which will be repaid every 6 months and a redemption yield of 6.25% per annum which is calculated on a 6 month basis. These bonds are unsecured and could be converted into shares of No Va Land Investment Group Corporation (NVL) since the 41st day from the Issue Date until the 10th day before the Maturity Date. The initial conversion price was determined at VND74,750 per share, and was adjusted to VND71,000 per share on 27 October 2018, corresponding to the conversion rate of 64,149.3 shares per convertible bond and may be adjusted in the following cases: (1) Business events resulting in a change in the share value, and/or (2) adjustment corresponding to the decrease in NVL share price with an adjustment not exceeding 75% of the Initial Conversion Price, VND56,062.5 per share.

(viii) Bonds issued at par value in Vietnamese Dong with total par value of VND1,500,000,000,000, include three (3) bonds with their details as follows:

- Bond A: total par value of VND500,000,000,000 with a term of 18 months, maturing in 2020.
- Bond B: total par value of VND300,000,000,000 with a term of 24 months, maturing in 2020.
- Bond C: total par value of VND700,000,000,000 with a term of 36 months, maturing in 2021.

The interest rate of these bonds is 10.5% per annum for the first 3 months. The interest rate applied for the remaining period will be defined at a rate of the twelve-month saving deposits in Vietnamese Dong from individuals (paid in arrears) of TPBank plus a margin of 4.0% per annum. These bonds are secured by the development right of the project Grand Manhattan and shares of the Developer of this project owned by shareholders.

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24 BORROWINGS (continued)

(ix) Bonds issued at par value in Vietnamese Dong, advised by MB Securities Joint Stock Company, with a total par value of VND1,730,000,000,000, maturing in December 2022. In December 2018, a par value amount of VND1,000,000,000,000 was issued with an interest rate of 7.5% per annum for the first 3 months. Then, the interest rate is adjusted to 10.0% per annum for the following 9 months and after that, it is adjusted every three (3) months and defined as a reference rate plus 3.5% per annum. The reference rate is calculated by average of the interest rate offered for twelve-month deposits from individuals in Vietnamese Dong (paid in arrears) by four (4) banks including: Bank for Investment and Development of Viet Nam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade, and Military Joint Stock Commercial Bank. These bonds are secured by the capital contribution of the Company at the issuing company.

(x) Bonds issued at par value in Vietnamese Dong to Military Joint Stock Commercial Bank – North Sai Gon Branch ("MB"). The package of bonds with a par value of VND400,000,000,000 have the last maturity in 2021, bearing an interest rate of 10.0% per annum for the first year period, then it will be defined as a reference rate plus 3.5% per annum. The reference rate is calculated by average of the interest rate offered for twelve-month deposits from individuals in Vietnamese Dong (paid in arrears) by four (4) banks including: Bank for Investment and Development of Viet Nam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade and Military Joint Stock Commercial Bank. These bonds are secured by shares of the Company owned by shareholders, the collateral assets including assets of The 21st Century International Development Company Limited relating to Lakeview City project, part of shares owned by the Company in subsidiaries.

(xi) Bonds issued at par value in Vietnamese Dong to Bao Viet Group, maturing on 20 January 2020, bearing an interest rate of 10.4% per annum for the first interest period. The interest rate applied for the remaining period will be adjusted every twelve (12) months and defined as a reference rate plus 2.5% per annum. The reference rate is calculated by average of the interest rate offered for twelve-month deposits from individuals in Vietnamese Dong (paid in arrears) by Ho Chi Minh City branches of four (4) banks including: Bank for Investment and Development of Viet Nam, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Vietnam Bank for Agriculture and Rural Development. These bonds are secured by shares of the Company owned by shareholders.

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24 BORROWINGS (continued)

(***) Details for the balances of third parties are as follows:

	31/12/2018 VND	31/12/2017 VND
(a) Short-term borrowings		
Credit Suisse AG- Singapore Branch (i)	1,627,150,000,000	-
Nova Homes Trading Joint Stock Company (ii)	1,563,454,440,896	3,340,306,773,026
GW Supernova Pte. Ltd. (iii)	1,162,250,000,000	-
Credit Suisse AG- Singapore Branch (iv)	286,225,500,000	-
Crane Investment .Ltd (iv)	144,837,000,000	-
Others (ii)	49,300,000,000	108,000,000,000
	<u>4,833,216,940,896</u>	<u>3,448,306,773,026</u>
(b) Long-term borrowings		
Credit Suisse AG- Singapore Branch (iv)	1,621,944,500,000	750,255,000,000
Crane Investment .Ltd (iv)	820,743,000,000	954,870,000,000
GW Supernova Pte. Ltd. (iii)	-	1,136,750,000,000
	<u>2,442,687,500,000</u>	<u>2,841,875,000,000</u>

(i) These are borrowings with the credit facility of USD150,000,000 between Nova Hospitality Joint Stock Company and Credit Suisse AG, Singapore Branch, who is the lender and the facility agent. The loan duration is six (6) months from the first date of drawdown and could be extended to nine (9) months with the principal is repayable on the maturity date. The interest rate is defined as: (a) LIBOR rate plus a margin of 1.75% per annum for the first 3 months, (b) LIBOR rate plus a margin of 3.25% per annum from the 4th month to the 6th month, (c) LIBOR rate plus a margin of 5.5% per annum for the 7th month, (d) LIBOR rate plus a margin of 6.5% per annum for the 8th month and (e) LIBOR rate plus a margin of 7.5% per annum for the 9th month. Interest will be repayable every month. These borrowings are secured by shares of the Company owned by shareholders and are guaranteed for payment by the Company. As at 31 December 2018, these borrowings was disbursed partially by USD70 millions to Nova Hospitality Joint Stock Company.

(ii) These are borrowings in Vietnamese Dong, maturing in 5 months, bearing interest at the rate from 4.7% to 11.0% per annum and are unsecured.

(iii) This borrowing is denominated in USD from GW Supernova Pte. Ltd., with a credit facility of USD50,000,000, maturing in thirty-six (36) months since the first drawdown in December 2016, including a portion of non-convertible borrowing amounting to USD20,000,000 and the other portion of convertible borrowing amounting to USD30,000,000. The principal is repaid at the maturity date. The borrowing bears an interest rate of 6% per annum and is repayable every six (6) months. At maturity or early repayment or conversion, the Company would pay an additional amount to ensure that lender receives a target IRR of 15%. The borrowing is unsecured. The lender may elect to convert the convertible borrowing component into shares of the Company at any time after ten (10) months since the first drawdown date or six (6) months since the conversion date of the borrowing from Credit Suisse AG, Singapore Branch (has already been converted on 28 June 2017), depending on which date comes first. As at 31 December 2018, the Board of Management of the Company estimated that the value of the convertible debt component was the same as the principal of the borrowing. Accordingly, there was no equity component recognised.

As at 31 December 2018, this borrowing was fully disbursed. In case the debt conversion option is exercised, the maximum shares to be converted will be 22,978,142 shares of the Company. As at the date of these consolidated financial statements, the loan was not converted.

24 BORROWINGS (continued)

(iv) These are borrowings according to the loan agreement and appendix with the adjusted credit facility of USD125,000,000, which Credit Suisse AG, Singapore Branch is the facility agent and the arranger agent. The loan duration is forty-two (42) months from the first date of drawdown, the principal is repayable every six (6) months from the eighteenth (18th) month since the first date of drawdown to maturity. Interest rate is defined as LIBOR rate plus a margin of 5.5% per annum and repayable every three (3) months. At maturity or early repayment or conversion, the Company would pay an additional amount to ensure that lender receives a target IRR of 13%. The borrowing is unsecured. As at 31 December 2018, these borrowings was disbursed fully by USD125 millions.

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

	31/12/2018		31/12/2017	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	930,446,674	6,830,000	642,828,788	6,830,000
Number of shares issued	930,446,674	6,830,000	642,828,788	6,830,000
Number of existing shares in circulation	930,446,674	6,830,000	642,828,788	6,830,000

(b) Movement of share capital

	Ordinary shares	Preference shares	Total
As at 1 January 2017	589,369,234	6,830,000	596,199,234
New shares issued for converting debts	33,459,554	-	33,459,554
New shares issued for ESOP	20,000,000	-	20,000,000
As at 31 December 2017	642,828,788	6,830,000	649,658,788
New shares issued for ESOP 2017	9,809,962	-	9,809,962
Bonus shares issued	202,317,178	-	202,317,178
Issuance of ordinary shares	52,500,000	-	52,500,000
New shares issued for converting bonds	320,746	-	320,746
New shares issued for ESOP 2018	22,670,000	-	22,670,000
As at 31 December 2018	930,446,674	6,830,000	937,276,674

Par value per share: VND10,000.

NO VA LAND INVESTMENT GROUP CORPORATION

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26 MOVEMENTS IN OWNERS' EQUITY

	Ordinary shares VND	Preference shares VND	Share premium VND	Post-tax Undistributed earnings VND	Total VND
As at 1 January 2017	5,893,692,340,000	68,300,000,000	2,174,026,445,400	952,449,830,514	9,088,468,615,914
Issuance of ordinary shares for converting debts	334,595,540,000	-	1,032,804,460,000	-	1,367,400,000,000
Issuance of ordinary shares for ESOP	200,000,000,000	-	-	-	200,000,000,000
Profit for the year	-	-	-	2,033,481,810,322	2,033,481,810,322
Dividends paid	-	-	-	(24,765,000,000)	(24,765,000,000)
Transferring the loss previously recognised in undistributed earnings	-	-	-	102,000,000,000	102,000,000,000
Change in ownership of subsidiaries	-	-	-	(155,948,534,184)	(155,948,534,184)
As at 31 December 2017	6,428,287,880,000	68,300,000,000	3,206,830,905,400	2,907,218,106,652	12,610,636,892,052
Issuance of ordinary shares for ESOP 2017 (i)	98,099,620,000	-	-	-	98,099,620,000
Bonus shares issued from share premium (ii)	2,023,171,780,000	-	(2,023,171,780,000)	-	-
Issuance of ordinary shares (iii)	525,000,000,000	-	2,793,725,115,626	-	3,318,725,115,626
Issuance of ordinary shares for converting bonds (iv)	3,207,460,000	-	19,565,540,000	-	22,773,000,000
Issuance of ordinary shares for ESOP 2018 (v)	226,700,000,000	-	(110,000,000)	-	226,590,000,000
Profit for the year	-	-	-	3,239,584,576,636	3,239,584,576,636
Dividends paid	-	-	-	(20,490,000,000)	(20,490,000,000)
Change in ownership of subsidiaries	-	-	-	(6,038,193,225)	(6,038,193,225)
As at 31 December 2018	9,304,466,740,000	68,300,000,000	3,996,839,781,026	6,120,274,490,063	19,489,881,011,089

26 MOVEMENTS IN OWNERS' EQUITY (continued)

- (i) According to Annual Resolution No. 09/2017-NQ-NVLG on 27 April 2017, the General Meeting of Shareholders approved the issuance of Shares under the Employee Stock Ownership Plan ("ESOP") with the maximum number of 29,809,962 shares. In 2017, the Company completed the issue of 20,000,000 ordinary shares to employees. Besides, according to Decision No. 004/2018-QD.HDQT-NVLG dated 12 January 2018, the Board of Directors approved the issuance of the remaining shares of 9,809,962 to employees at par value of VND10,000 per share under the Resolution of the Annual General Meeting of Shareholders. As the issuing price is equal to par value of VND10,000 per share, total value of issued share was recorded as the share capital.
- (ii) According to the Resolution No.18/2018-QD-NVLG dated 1 March 2018, the Board of Directors has implemented a plan to issue shares to increase the share capital from share premium which was approved by the Annual General Meeting of Shareholders in 2017.
- (iii) According to the Resolution of the General Meeting of Shareholders No. 05/2018-NQ-NVLG dated 28 February 2018, Resolution No. 28/2018-QD-NVLG dated 9 April 2018 and Resolution No. 34/2018-CV-NVLG dated 23 April 2018, the Company has approved the issuance of shares to increase the share capital in accordance with the private placement plan of 2018 with the number of shares of 52,500,000 shares. The issuing price is VND64,837 per share and the total issuance cost is VND85,217,384,374, so the value of the issued shares is recorded as share capital and the share premium of VND525,000,000,000 and VND2,793,725,115,626 respectively.
- (iv) Under the convertible bond agreement dated 19 April 2018, the bond conversion notification dated 16 November 2018 from bondholders and the Resolution of the Board of Directors No. 87/2018-NQ.HDQT-NVLG dated 27 November 2018, the Company has approved the issuance of 320,746 ordinary shares to convert 5 convertible bonds with a total value of USD1,000,000. The conversion of bonds into shares was calculated according to the exchange rate stipulated in the convertible bond agreement which is VND22,773, so the value of issued shares is recorded as share capital and share premium of VND3,207,460,000 and VND19,565,540,000 respectively.
- (v) According to the Resolution of the Annual General Meeting of Shareholders No. 18/2018-NQ.DHDCD-NVLG dated 26 April 2018 and the Resolution of the Board of Directors No. 75/2018-NQ.HDQT-NVLG dated 24 October 2018, the Company has approved the issuance of 22,670,000 shares under the Employee Stock Ownership Plan ("ESOP") with the issue price of VND10,000 per share. Since the issue price is equal to the par value of VND10,000 per share, the total value of issued shares was recorded as the share capital.

27 NON - CONTROLLING INTERESTS

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

	31/12/2018 VND	31/12/2017 VND
Details:		
Charter capital	828,870,312,041	500,423,132,544
Share premium	(20,938,383)	38,495.00
Other funds	19,720,759	19,705,357
Undistributed earnings	153,852,330,121	145,310,734,972
Non-controlling interests	982,721,424,538	645,753,611,368

27 NON - CONTROLLING INTERESTS (continued)

Movements in non-controlling interests are as below:

	For the year ended 31/12/2018 VND	For the year ended 31/12/2017 VND
Beginning of the year	645,753,611,368	958,421,521,157
Net profit allocated to non-controlling interest for the year	39,961,561,930	28,161,421,934
Increase due to acquisition and establishment of new subsidiaries	453,995,837,235	269,039,884,157
Decrease due to change in ownership of subsidiaries	(144,080,939,285)	(489,372,722,733)
Decrease due to divestment of subsidiaries	115,202	(77,096,396,147)
Decrease due to dividend received	(12,908,761,912)	(43,400,097,000)
End of the year	982,721,424,538	645,753,611,368

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

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

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Net profit attributable to shareholders (VND)	3,239,584,576,636	2,033,481,810,322
Dividend on preference shares (VND)	(20,490,000,000)	(20,490,000,000)
Profit calculation of basic earnings per share (VND)	3,219,094,576,636	2,012,991,810,322
Weighted average number of ordinary shares in issue (shares)	887,112,850	794,745,443
Mandatorily convertible shares (shares)	20,490,000	20,490,000
Weighted average number of ordinary shares including mandatorily convertible shares (shares)	907,602,850	815,235,443
Basic earnings per share (VND)	3,547	2,469

(b) Diluted earnings per share

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

28 EARNINGS PER SHARE (continued)**(b) Diluted earnings per share (continued)**

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Net profit attributable to shareholders (VND)	3,239,584,576,636	2,033,481,810,322
Dividend on preference shares (VND)	(20,490,000,000)	(20,490,000,000)
Adjustment (VND) (*)	129,145,431,230	-
Profit calculation of basic earnings per share (VND)	<u>3,348,240,007,866</u>	<u>2,012,991,810,322</u>
Weighted average number of ordinary shares	887,112,850	794,745,443
Mandatorily convertible shares (shares)	20,490,000	20,490,000
Potential shares (shares) (*)	76,658,408	-
Weighted average number of ordinary shares including potential shares (shares)	<u>984,261,258</u>	<u>815,235,443</u>
Diluted earnings per share (VND)	<u>3,402</u>	<u>2,469</u>

(*) The Company considered each issue or series of potential ordinary shares in determining whether potential ordinary shares are dilutive. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

In the year 2018, these are the adjustments of net profit attributable to shareholders corresponding with the adjustments of potential shares with assumption they will be converted in the future from convertible bonds. In the year 2017, there were potential ordinary shares but they are not dilutive.

29 OFF BALANCE SHEET ITEMS

	31/12/2018	31/12/2017
Gold (tael of gold)	-	2.4
Foreign currencies (USD)	132,996,989	2,053,377

30 REVENUE

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Sales of goods and rendering of services		
Sale of real estate	15,208,973,643,057	11,052,768,852,428
Rendering of services for corporate management, project development and sales consultancy	270,159,443,179	573,152,244,351
Sales from leasing properties	93,784,549,745	88,333,076,089
Others	62,503,652,804	45,139,783,280
	<u>15,635,421,288,785</u>	<u>11,759,393,956,148</u>
Sales deductions		
Trade discounts	(129,713,670,484)	(115,752,929,282)
Sale returns	(215,546,180,923)	(11,304,997,693)
	<u>(345,259,851,407)</u>	<u>(127,057,926,975)</u>
Net revenue from sale of goods and rendering of services		
Net sales of real estate	14,863,713,791,650	10,925,710,925,453
Net sales of rendering of services for corporate management, project development and sales consultancy	270,159,443,179	573,152,244,351
Net sales from leasing properties	93,784,549,745	88,333,076,089
Others	62,503,652,804	45,139,783,280
	<u>15,290,161,437,378</u>	<u>11,632,336,029,173</u>

31 COST OF SALES

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Cost of real estate sold	9,797,344,849,699	7,742,490,495,967
Cost of rendering of services for corporate management, project development and sales consultancy	190,496,577,252	524,448,993,318
Cost of leasing properties	66,488,813,569	76,829,508,148
Others	79,916,164,957	31,736,077,468
	<u>10,134,246,405,477</u>	<u>8,375,505,074,901</u>

32 FINANCIAL INCOME

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Revaluation investments at each business combination stage (*)	803,210,831,450	967,130,690,742
Interest income from deposits at banks	214,248,334,818	206,823,488,341
Interest income from lending	82,178,294,689	191,749,654,634
Interest income from late payment	64,998,281,511	128,106,141,828
Interest income from co-operation contracts	64,553,619,208	100,834,558,219
Gain from divestment of subsidiaries	61,630,398,838	92,463,785,575
Realized foreign exchange gains	2,400,193,750	76,031,931
Unrealised foreign exchange gains	409,545,250	5,881,810,757
Gain on bargain purchase	874,114,025	2,458,392,327
Others	2,181,903,188	999,571,235
	<u>1,296,685,516,727</u>	<u>1,696,524,125,589</u>

(*) This is the revaluation of the initial investment of the Group in Sun City Real Estate Investment & Development Company Limited and Thai Binh Real Estate Trading Joint Stock Company at the acquisition date (Note 3).

33 FINANCIAL EXPENSES

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Interest expenses	1,381,415,871,343	1,205,387,997,120
Borrowings related costs	209,071,781,792	96,991,551,724
Unrealized foreign exchange losses	136,107,740,252	797,896,356
Interest expenses on investment co-operation contracts	66,424,277,992	95,185,121,202
Cost of issuing bonds	60,323,608,358	45,772,375,981
Realized foreign exchange losses	21,523,980,173	4,574,531,071
Payment discount	4,101,055,850	12,516,681,896
Loss on disposal of subsidiaries	-	789,770,893
Others	51,229,938,295	1,293,575,852
	<u>1,930,198,254,055</u>	<u>1,463,309,502,095</u>

34 SHARE OF PROFIT FROM ASSOCIATES

In the year ended 31 December 2018, share of profit from associates included VND1,311,089,626,408 which is the excess of the Group's share of the fair value of identifiable net asset over the cost of the investment in Thai Binh Real Estate Trading Joint Stock Company and Dat Viet Development Joint Stock Company at the investment date (Note 5(b)).

35 SELLING EXPENSES

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Staff costs	29,188,898,116	36,034,631,422
Material, package costs	79,851,600	118,847,858
Tool and supplies	1,720,366,776	902,913,104
Depreciation expense	1,366,951,619	685,652,426
Outside services expenses	191,653,744,956	96,745,923,391
Other cash expenses	155,390,350,048	123,804,428,829
	<u>379,400,163,115</u>	<u>258,292,397,030</u>

36 GENERAL AND ADMINISTRATION EXPENSES

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Staff costs	53,276,750,116	62,917,354,083
Tools and supplies	345,452,957	700,745,057
Stationery expenses	1,498,026,447	3,561,124,297
Depreciation expenses	5,923,595,071	5,777,153,496
Tax and other fees	2,628,120,186	4,239,846,620
Provision	2,530,435,437	(7,545,666,905)
Outside services expenses	124,983,425,076	103,610,834,995
Other cash expenses	126,205,668,654	97,059,860,567
Allocation of goodwill (Note 17)	426,009,024,290	405,872,501,548
	<u>743,400,498,234</u>	<u>676,193,753,758</u>

37 OTHER INCOME

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Collection of penalties on contract violation	65,880,231,420	51,705,401,436
Gains on disposal of tools and scrap	1,187,595,050	4,127,751,204
Gains on disposal of fixed assets	451,323,798	529,135,163
Others	3,557,165,230	6,060,328,215
	<u>71,076,315,498</u>	<u>62,422,616,018</u>

38 OTHER EXPENSES

	For the year ended	
	31/12/2018	31/12/2017
	VND	VND
Penalty expenses on contract violation	56,010,884,822	20,560,400,132
Loss on disposal of fixed assets	15,189,551,130	4,895,131,202
Others	3,273,772,928	16,106,914,136
	<u>74,474,208,880</u>	<u>41,562,445,470</u>

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Movement in deferred income tax is as follows:

	For the year ended	For the year ended
	31/12/2018	31/12/2017
	VND	VND
Deferred tax assets	115,783,534,333	66,869,015,901
Deferred tax liabilities	(1,659,990,918,872)	(1,477,768,084,442)
Beginning of the year	(1,544,207,384,539)	(1,410,899,068,541)
Income statement charge	(443,975,322,918)	283,791,739,656
Business combination during the year (*)	(660,719,779,496)	(421,674,326,488)
Disposal of subsidiaries	-	4,574,270,834
End of the year	<u>(2,648,902,486,953)</u>	<u>(1,544,207,384,539)</u>
In which:		
Deferred tax assets	69,745,274,642	115,783,534,333
Deferred tax liabilities	<u>(2,718,647,761,595)</u>	<u>(1,659,990,918,872)</u>

The deferred income tax assets and liabilities mainly arise from the temporary differences relating to unrealised profits from business combination.

The Group uses tax rate of 20% in year 2018 (2017: 20%) for determining deferred tax assets and deferred tax liabilities.

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

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

39 BUSINESS INCOME TAX (continued)**(b) Business income tax expense**

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

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Net accounting profit before tax	4,718,478,293,166	2,588,499,024,119
Tax calculated at a rate of 20%	943,695,658,633	517,699,804,824
Effect of:		
Allocation of goodwill	85,201,804,858	51,846,323,460
Expenses not deductible for tax purposes	30,460,191,361	8,783,268,783
Income not subject to tax	(780,912,000)	(425,597,168)
Tax loss utilisation	(45,502,649,846)	(12,774,267,142)
Temporary difference from previous years for which deferred tax asset was not recognized	-	(35,167,794)
Tax loss for which no deferred tax asset was recognised	425,583,121,583	219,585,217,475
Difference from share transfer of subsidiaries	(292,488,368)	(18,338,870,057)
Share of profit from associates	(2,236,985,383)	(2,415,885,319)
Gain on subsidiary acquisitions in the year	(174,822,805)	(491,678,465)
Adjustment of tax expense in previous years	2,979,236,567	29,323,733
Adjustment for merger of subsidiaries	-	(236,606,680,467)
Business income tax charge (*)	<u>1,438,932,154,600</u>	<u>526,855,791,863</u>
Charged/(credited) to income statement:		
Business income tax - current	994,956,831,682	810,647,531,519
Business income tax - deferred	443,975,322,918	(283,791,739,656)
	<u>1,438,932,154,600</u>	<u>526,855,791,863</u>

(*) The business income tax charge for the year is based on estimated taxable income including the elimination of the assessable income charge determined by the Group. The records has yet to be audited by the tax authorities.

40 COST OF OPERATION BY FACTOR

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Real estate development costs for selling	15,633,385,322,700	18,164,816,676,192
Labor costs	673,783,996,538	874,350,989,106
Outside services expenses	407,793,154,523	321,671,391,223
Depreciation expense and goodwill allocation	517,926,798,602	466,146,740,507
Other cash expenses	287,867,836,668	230,387,766,332
	<u>17,520,757,109,031</u>	<u>20,057,373,563,360</u>

41 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CASH FLOW STATEMENT

(a) Non-cash transactions affect the cash flow statement:

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Bonus shares issued from share premium	2,023,171,780,000	-
Issuance of ordinary shares for converting debts	22,773,000,000	1,367,400,000,000

(b) Amount of borrowings actually withdrawn during the year

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Proceeds from borrowings following normal borrowing contracts	13,159,007,736,734	12,263,222,658,255
Proceeds from bonds issuance	9,005,201,752,275	4,944,103,000,000

(c) Amount of borrowings actually repaid during the year

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
Repayments for borrowings following normal borrowing contracts	(11,754,563,168,477)	(11,183,500,855,745)
Repayments for bonds	(3,025,000,000,000)	(2,316,000,000,000)

42 RELATED PARTY TRANSACTIONS

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

Relationship	Name
Associate	Sai Gon Electronics and Industrial Service Joint Stock Company
Associate	Ben Thanh Housing Service and Development Joint Stock Company
Associate	Thai Binh Real Estate Trading Joint Stock Company (*)
Associate	Dat Viet Development Joint Stock Company
Associate	Thanh My Loi Joint Stock Company
Company owned by the shareholder	Diamond Properties Joint Stock Company

(a) Related party transactions

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

	For the year ended	
	31/12/2018 VND	31/12/2017 VND
i) Sales of goods and services		
Huy Minh Real Estate Joint Stock Company	-	110,000,003
ii) Purchase of services		
Ben Thanh Housing Service and Development Joint Stock Company	50,947,355,186	18,939,165,316
iii) Interest on lending		
Sai Gon Electronics and Industrial Service Joint Stock Company	-	4,553,310,664
Thanh My Loi Joint Stock Company	5,181,762,538	-
	5,181,762,538	4,553,310,664
iv) Interest on borrowings		
Thai Binh Real Estate Trading Joint Stock Company (*)	5,032,465,753	-
Huy Minh Real Estate Joint Stock Company	-	415,276,875
	5,032,465,753	415,276,875
v) Compensation of key management		
Gross salaries and other benefits	23,726,625,300	35,024,121,743

(*) During the year and as at 31 December 2018, this company became the Group's subsidiary and was consolidated in the consolidated financial statement of the Group.

42 RELATED PARTY TRANSACTIONS (continued)

(b) Ending balances with related parties

	31/12/2018 VND	31/12/2017 VND
i) Trade accounts receivable (Note 6)		
Diamond Properties Joint Stock Company	40,024,130,644	40,024,130,644
Ben Thanh Housing Service and Development Joint Stock Company	149,745,844	159,103,170
	<u>40,173,876,488</u>	<u>40,183,233,814</u>
ii) Short-term lending (Note 8(a))		
Sai Gon Electronics and Industrial Service Joint Stock Company	7,520,000,000	43,420,000,000
Thanh My Loi Joint Stock Company	49,629,003,300	-
	<u>57,149,003,300</u>	<u>43,420,000,000</u>
iii) Other short-term receivables (Note 9(a))		
Ben Thanh Housing Service and Development Joint Stock Company	38,324,741,374	39,827,672,410
Sai Gon Electronics and Industrial Service Joint Stock Company	26,740,105,439	23,907,772,634
Thanh My Loi Joint Stock Company	6,462,414,402	-
	<u>71,527,261,215</u>	<u>63,735,445,044</u>
iv) Other long-term receivables (Note 9(b))		
Dat Viet Development Joint Stock Company	46,000,000,000	-
Ben Thanh Housing Service and Development Joint Stock Company	5,682,317,455	1,398,776,000
	<u>51,682,317,455</u>	<u>1,398,776,000</u>
v) Short-term trade accounts payable (Note 18)		
Ben Thanh Housing Service and Development Joint Stock Company	489,425,295	-
	<u></u>	<u></u>
vi) Short-term accrued expenses (Note 22)		
Ben Thanh Housing Service and Development Joint Stock Company	-	1,574,595,182
	<u></u>	<u></u>

43 COMMITMENTS UNDER OPERATING LEASES

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

	31/12/2018 VND	31/12/2017 VND
Within one year	31,642,142,336	51,798,974,424
From one to five years	52,541,621,124	25,319,743,416
Over five years	268,351,209,756	-
	<u>352,534,973,216</u>	<u>77,118,717,840</u>

44 CAPITAL COMMITMENTS

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

	31/12/2018 VND	31/12/2017 VND
Construction cost of projects	3,579,134,581,403	6,081,197,094,885

45 SEGMENT REPORTING*Business activity segments:*

As the Group's revenue and profit are mainly derived from the business activities of the real estate while other sources of revenue are not material as a whole, the Board of Management accordingly believes that the Group's real estate and supporting activities for real estate are in a sole business segment only.

Geographical segments:

The Group's activities are mainly segmented by domestic activities. The Group does not monitor its operation results, fixed assets, other non-current assets or non-cash major expenses by the geographical areas of customers.

46 COMPARATIVE FIGURES

Certain immaterial comparative figures have been reclassified to conform to the current year's presentation.

47 EVENTS AFTER THE BALANCE SHEET DATE

There has been no significant events occurring after the year ended 31 December 2018 to the date of the consolidated financial statements.

The consolidated financial statements were approved by the Board of Management on 30 January 2019.



Nguyen Ngoc Bang
Preparer



Tran Thi Thanh Van
Chief Accountant



Bui Xuan Huy
General Director
30 January 2019