

Vinhomes Joint Stock Company

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

QUARTER I 2018

Vinhomes Joint Stock Company

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Vinhomes Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Vinhomes Joint Stock Company ("the Company"), previously known as Hanoi Southern City Development Joint Stock Company, is a joint stock company established in Vietnam pursuant to the Business Registration Certificate No. 0103022741 issued by the Hanoi Department of Planning and Investment on 6 March 2008 and the Business Registration Certificate No. 0102671977 dated 5 August 2010 on registration of a shareholding company. According to the 19th amended Business Registration Certificate dated 2 February 2018, the Company's name is changed to Vinhomes Joint Stock Company. The Company subsequently received amended Business Registration Certificates, with the latest amendment being the 22th amended Business Registration Certificate dated 12 April 2018.

The current principal activities of the Company are developing and trading real estate properties, leasing offices, and providing real estate management and related services.

The Company's head office is located at No. 458, Minh Khai street, Vinh Tuy ward, Hai Ba Trung district, Hanoi, Vietnam. The Company's business address is at No. 7, Bang Lang 1 street, Vinhomes Riverside Eco-urban Area, Viet Hung ward, Long Bien district, Hanoi, Vietnam.

BOARD OF DIRECTORS

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

Mr Pham Nhat Vuong	Chairman	Appointed on 21 February 2018
Ms Mai Huong Noi	Chairwoman	Resigned on 21 February 2018
Ms Nguyen Dieu Linh	Member	Appointed on 21 February 2018
Mr Nguyen Viet Quang	Member	Appointed on 21 February 2018
Ms Cao Thi Ha An	Member	Appointed on 21 February 2018
Mr Varun Kapur	Independent Member	Appointed on 21 February 2018
Mr Mueen Uddeen	Independent Member	Appointed on 21 February 2018
Mr Pham Thieu Hoa	Member	Resigned on 21 February 2018
Ms Nguyen Mai Hoa	Member	Resigned on 21 February 2018

SUPERVISORY BOARD

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

Mr Pham Khoi Nguyen	Head of Supervisory Board	Appointed on 21 February 2018
Ms Le Thi Kim Thanh	Head of Supervisory Board	Resigned on 21 February 2018
Ms Doan Thi Thu Mai	Member	Appointed on 21 February 2018
Ms Le Thi Duyen	Member	Appointed on 21 February 2018
Ms Doan Thi Bich Ngoc	Member	Resigned on 21 February 2018
Ms Doan Thi Ha	Member	Resigned on 21 February 2018

MANAGEMENT

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

Ms Nguyen Dieu Linh	Chief Executive Officer	Appointed on 21 February 2018
Mr Nguyen Viet Quang	Chief Executive Officer	Resigned on 21 February 2018
Ms Nguyen Thi Thu Hoai	Deputy Chief Executive Officer	Appointed on 21 February 2018
Mr Douglas John Farrel	Deputy Chief Executive Officer	Appointed on 21 February 2018
Ms Nguyen Ngoc Thuy Linh	Deputy Chief Executive Officer	Appointed on 21 February 2018
Mr Nguyen Duc Quang	Deputy Chief Executive Officer	Appointed on 21 February 2018
Ms Nguyen Mai Hoa	Deputy Chief Executive Officer	Resigned on 21 February 2018
Mr Pham Thieu Hoa	Deputy Chief Executive Officer	
Ms Phi Thi Thuc Nga	Deputy Chief Executive Officer	Resigned on 21 February 2018
Ms Mai Thu Thuy	Deputy Chief Executive Officer	Resigned on 21 February 2018

LEGAL REPRESENTATIVE

The legal representative of the Company from 1 January 2018 to 22 February 2018 is Mr. Nguyen Viet Quang and from 22 February 2018 to the date of this report is Ms. Nguyen Dieu Linh.

Mrs. Le Thi Hai Yen is Chief Financial Officer and also is authorised for signing these financial statements.

Vinhomes Joint Stock Company

REPORT OF MANAGEMENT

Management of Vinhomes Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the Company and its subsidiaries") for Quarter I 2018.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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


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


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

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements for Quarter I 2018.

STATEMENT BY MANAGEMENT

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

For and on behalf of management: 


Mr Hai Yen
Chief Financial Officer

Hanoi, Vietnam
29 April 2018

INTERIM CONSOLIDATED BALANCE SHEET

31 March 2018

Currency: VND

Code	ASSETS	Notes	31 March 2018	31 December 2017
100	A. CURRENT ASSETS		63,034,145,841,192	44,421,050,167,080
110	I. Cash and cash equivalents	4	2,062,432,049,868	1,561,577,770,818
111	1. Cash		1,493,612,044,556	818,341,400,251
112	2. Cash equivalents		568,820,005,312	743,236,370,567
120	II. Short-term investments	5	730,617,271,237	-
123	1. Held-to-maturity investments		730,617,271,237	-
130	III. Trade receivables		17,623,139,609,227	24,774,715,203,806
131	1. Short-term trade receivables	6.1	4,189,458,198,719	11,945,377,777,386
132	2. Short-term advances to suppliers	6.2	3,582,247,903,951	1,695,194,896,147
135	3. Short-term loan receivables	7	6,008,491,012,120	9,477,028,513,431
136	4. Other short-term receivables	8	3,946,714,543,359	1,755,862,686,147
137	5. Provision for doubtful debts		(103,772,048,922)	(98,748,669,305)
140	IV. Inventories	9	25,840,259,374,721	17,006,259,676,992
141	1. Inventories		26,117,747,383,045	17,265,369,555,979
149	2. Provision for obsolete inventories		(277,488,008,324)	(259,109,878,987)
150	V. Other current assets		16,777,697,536,139	1,078,497,515,464
151	1. Short-term prepaid expenses	10	953,206,119,599	786,169,470,464
152	2. Value-added tax deductible	19	126,267,173,166	83,535,446,363
153	3. Tax and other receivables from the State		30,550,540,721	2,214,131,652
155	4. Other current assets	11	15,667,673,702,653	206,578,466,985

INTERIM CONSOLIDATED BALANCE SHEET (continued)
31 March 2018

Currency: VND

Code	ASSETS	Notes	31 March 2018	31 December 2017
200	B. NON-CURRENT ASSETS		31,658,608,878,592	6,882,768,858,975
210	I. Long-term receivables		137,485,652,734	87,738,322,397
215	1. Long-term loan receivables	7	3,257,497,661	3,257,497,661
216	2. Other long-term receivables	8	134,228,155,073	84,480,824,736
219	2. Provision for doubtful long-term receivables		-	-
220	II. Fixed assets		2,742,274,059,718	1,355,894,476,327
221	1. Tangible fixed assets	12	2,719,527,679,947	1,296,934,619,609
222	Cost		2,821,817,314,415	1,451,230,179,505
223	Accumulated depreciation		(102,289,634,467)	(154,295,559,896)
227	2. Intangible fixed assets	13	22,746,379,771	58,959,856,718
228	Cost		33,803,640,318	75,484,179,936
229	Accumulated depreciation		(11,057,260,547)	(16,524,323,218)
230	III. Investment properties	14	2,280,314,604,787	163,038,247,202
231	1. Cost		2,369,208,633,294	196,220,103,795
232	2. Accumulated depreciation		(88,894,028,507)	(33,181,856,593)
240	IV. Long-term assets in progress		17,719,432,437,044	2,462,055,543,041
242	1. Construction in progress	15	17,719,432,437,044	2,462,055,543,041
250	V. Long-term investments	16	208,315,169,556	1,754,972,107,124
252	1. Investments in associates, jointly controlled entities	16.1	-	9,443,697,124
253	2. Investment in other entities	16.2	148,867,327,643	1,695,528,410,000
255	3. Held-to-maturity investments	16	59,447,841,913	50,000,000,000
260	VI. Other long-term assets		8,570,786,954,753	1,059,070,162,884
261	1. Long-term prepaid expenses	10	445,758,969,748	392,514,863,581
262	2. Deferred tax assets	32.3	79,953,177,132	39,743,980,836
268	3. Other long-term assets	11	6,893,336,527,786	-
269	4. Goodwill	17	1,151,738,280,087	626,811,318,467
270	TOTAL ASSETS		94,692,754,719,784	51,303,819,026,055

INTERIM CONSOLIDATED BALANCE SHEET (continued)

31 March 2018

Currency: VND

Code	RESOURCES	Notes	31 March 2018	31 December 2017
300	C. LIABILITIES		56,445,110,719,097	41,180,033,529,612
310	I. Current liabilities		47,588,527,798,620	34,223,057,193,372
311	1. Short-term trade payables	18.1	2,744,685,674,537	925,390,582,708
312	2. Short-term advances from customers	18.2	16,991,759,749,448	16,845,744,264,404
313	3. Statutory obligations	19	915,539,222,862	230,506,823,635
314	4. Payables to employees		36,280,359	3,626,966,610
315	5. Short-term accrued expenses	20	5,107,552,621,167	1,738,436,383,603
318	6. Short-term unearned revenues	21	452,701,361,777	16,617,259,917
319	7. Other short-term payables	22	11,713,959,197,054	5,763,144,422,167
320	8. Short-term loan and finance lease	23	9,554,239,981,916	8,699,590,490,328
321	9. Short-term provision	24	108,053,709,500	-
330	II. Non-current liabilities		8,856,582,920,477	6,956,976,336,240
336	1. Long-term unearned revenues	21	1,920,250,437,841	268,018,281,667
337	2. Other long-term liabilities	22	9,424,645,657	4,453,549,069
338	3. Long-term loans	23	6,843,026,474,853	6,627,686,696,069
342	4. Other long-term provisions	24	83,881,362,126	56,817,809,435

INTERIM CONSOLIDATED BALANCE SHEET (continued)
31 March 2018

Currency: VND

Cod e	RESOURCES	Notes	31 March 2018	31 December 2017
400	D. OWNERS' EQUITY		38,247,644,000,687	10,123,785,496,443
410	i. Capital	25	38,247,644,000,687	10,123,785,496,443
411	1. Contributed share capital		26,796,115,500,000	2,000,000,000,000
411a	- Shares with voting rights		26,796,115,500,000	2,000,000,000,000
420	2. Other funds belonging to owners' equity		1,821,737,678,155	(99,117,851,011)
421	3. Undistributed earnings		5,004,652,644,050	5,003,298,133,184
421a	- Undistributed earnings accumulated to prior year-end		96,018,133,377	2,970,805,560,320
421b	- Undistributed earnings of this period		4,908,634,510,673	2,032,492,572,864
429	4. Non-controlling interests		4,625,138,178,482	3,219,605,214,270
440	TOTAL LIABILITIES AND OWNERS' EQUITY		94,692,754,719,784	51,303,819,026,055

Phung Thi Bich Hong
Preparer

29 April 2018

Bui Thi Ha
Chief Accountant



Le Thi Hai Yen
Chief Financial Officer

Vinhomes Joint Stock Company
 INTERIM CONSOLIDATED INCOME STATEMENT
 Quarter I 2018

B02a-DN

Currency: VND

Code	ITEMS	Notes	Quarter I 2018	Quarter I 2017
1	1. Revenue from sale of goods and rendering of services	26.1	10,534,720,626,555	3,377,586,246,904
2	2. Deductions		-	-
10	3. Net revenue from sale of goods and rendering of services	26.1	10,534,720,626,555	3,377,586,246,904
11	4. Cost of goods sold and services rendered	27	(7,675,976,136,549)	(1,946,904,108,026)
20	5. Gross profit from sale of goods and rendering of services		2,858,744,490,006	1,430,682,138,878
21	6. Finance income	26.2	1,196,041,808,872	99,209,816,610
22	7. Finance expenses	28	(300,576,531,586)	(155,276,041,297)
23	- In which: Interest expenses		(300,307,393,734)	(152,342,221,828)
24	8. Shares of profit of associates, joint-ventures		159,112,549	82,319,949,685
25	9. Selling expenses	29	(530,642,690,729)	(400,040,363,457)
26	10. General and administrative expenses	30	(198,375,240,249)	(138,705,201,262)
30	11. Operating profit		3,025,350,948,863	918,190,299,157
31	12. Other income	31	1,862,239,797,998	10,004,989,651
32	13. Other expenses	31	(18,748,292,441)	(5,562,891,798)
40	14. Other profit/(loss)	31	1,843,491,505,557	4,442,097,853

Vinhomes Joint Stock Company

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INTERIM CONSOLIDATED INCOME STATEMENT (continued)

Quarter I 2018

Currency: VND

Code	ITEMS	Notes	Quarter I 2018	Quarter I 2017
50	15. Accounting profit before tax		4,868,842,454,420	922,632,397,010
51	16. Current corporate income tax expense	32	(909,942,224,273)	(154,489,626,608)
52	17. Deferred tax income		27,413,081,594	-
60	18. Net profit after tax		3,986,313,311,741	768,142,770,402
	<i>In which:</i>			
61	- <i>Net profit after tax attributable to shareholders of the parent</i>		<i>3,906,326,412,106</i>	<i>740,054,995,057</i>
62	- <i>Net profit after tax attributable to non-controlling interests</i>		<i>79,986,899,635</i>	<i>28,087,775,345</i>
70	21. Basic earnings per share		1,994	1,233
71	22. Diluted earnings per share		1,994	1,233

Phung Thi Bich Hong
Preparer

Bui Thi Ha
Chief Accountant



Le Thi Hai Yen
Chief Financial Officer

29 April 2018

INTERIM CONSOLIDATED CASH FLOW STATEMENT
Quarter I 2018

Currency: VND

Code	ITEMS	Notes	Quarter I 2018	Quarter I 2017
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
1	Profit before tax		4,868,842,454,420	922,632,397,010
	<i>Adjustments for:</i>			
2	Depreciation of fixed assets and investment properties and amortisation of intangible fixed assets (including amortization of	12, 13, 14	56,229,027,327	116,913,963,641
3	Reversal of provisions		(93,227,976,711)	(2,259,014,372)
5	Profits from investing activities		(1,201,081,259,498)	(136,433,559,491)
6	Interest expenses	28	292,500,254,316	152,342,221,828
8	Operating profit before changes in working capital		3,923,262,499,854	1,053,196,008,615
9	Decrease in receivables		747,164,883,208	9,693,030,062
10	Decrease in inventories		2,446,130,365,028	7,312,673,086,282
11	(Decrease)/increase in payables (other than interest, corporate income tax)		(6,308,791,856,455)	435,809,198,785
12	Decrease/(Increase) in prepaid expenses		436,643,905,802	(26,790,777,087)
14	Interest paid		(533,011,093,560)	(33,536,222,223)
15	Corporate income tax paid	19	(89,012,472,663)	(381,731,696,245)
20	Net cash flows from operating activities		622,386,231,214	8,369,312,628,190
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets and other long-term assets		(201,372,307,817)	(6,751,118,619,917)
23	Loans to other entities and payments for purchase of debt instruments of other entities		(8,961,629,362,480)	(2,828,000,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		9,503,428,571,429	731,182,462,975
25	Payments for investments in other entities (net of cash hold by entity being acquired)		(29,322,681,585,456)	(18,112,800,000)
26	Proceeds from sale of investments in other entities (net of cash hold by entity being disposed)		13,977,169,514,944	6,408,829,200
27	Interest and dividends received		353,117,106,112	16,886,982,393
30	Net cash flows used in investing activities		(14,651,968,063,268)	(8,842,753,145,349)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)

Quarter I 2018

Currency: VND

Code	ITEMS	Notes	Quarter I 2018	Quarter I 2017
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution and issuance of shares		12,000,000,000,000	-
33	Drawdown of borrowings		10,955,256,601,431	3,175,422,936,893
34	Repayment of borrowings		(7,517,540,490,328)	(2,373,617,515,074)
36	Dividends paid		(907,280,000,000)	
40	Net cash flows from financing		14,530,436,111,103	801,805,421,819
50	Net increase in cash for the period		500,854,279,050	328,364,904,660
60	Cash and cash equivalents at the beginning		1,561,577,770,818	2,802,422,910,160
70	Cash and cash equivalents at the end of the	4	2,062,432,049,868	3,130,787,814,820

Phung Thi Bich Hong
Preparer

Bui Thi Ha
Chief Accountant



Le Thi Hai Yen
Chief Financial Officer

29 April 2018

1. CORPORATE INFORMATION

Vinhomes Joint Stock Company ("the Company"), previously known as Hanoi Southern City Development Joint Stock Company, is a joint stock company established in Vietnam pursuant to the Business Registration Certificate No. 0103022741 issued by the Hanoi Department of Planning and Investment on 6 March 2008 and the Business Registration Certificate No. 0102671977 dated 5 August 2010 on registration of a shareholding company. According to the 19th amended Business Registration Certificate dated 2 February 2018, the Company's name is changed to Vinhomes Joint Stock Company. The Company subsequently received amended Business Registration Certificates, with the latest amendment being the 22th amended Business Registration Certificate dated 12 April 2018.

The current principal activities of the Company are developing and trading real estate properties, leasing offices, and providing real estate management and related services.

The average course of business cycle for the real estate trading activities, from the date of Investment Licenses, land clearance and compensation, construction to completion, is from 12 to 36 months.

The Company and its subsidiaries's normal course of business cycle is 12 months.

As at 31 March 2018, the Company has 14 subsidiaries. The information on these subsidiaries, along with the Company's voting rights and equity interest in each subsidiary are detailed in the Appendix 1.

As at 31 March 2018, the Company hold the investments in associated companies as presented in Note 15.1.

2. BASIS OF PREPARATION**2.1 Accounting standards and system**

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

▶ Decision No. 149/2001/QĐ-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);

▶ Decision No. 165/2002/QĐ-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);

▶ Decision No. 234/2003/QĐ-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);

▶ Decision No. 12/2005/QĐ-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and

▶ Decision No. 100/2005/QĐ-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations

2. BASIS OF PREPARATION (continued)**2.1 Applied accounting documentation system**

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

2.2 Fiscal year

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

2.3 Accounting currency

The separate financial statements are prepared in VND which is also the Company's accounting currency

2.4 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the 31 March 2018.

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Cash and cash equivalents**

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

3.2 Inventories

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

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

Inventory properties

Property acquired or being constructed for sale or to be held for long-term lease that meets the requirements of outright revenue recognition in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value.

Cost of inventory property includes:

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

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

The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of common costs based on the relative size of the inventory property sold.

Provision for obsolete inventories

An inventories provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the separate balance sheet date. Increases and decreases to the provision balance are recorded into the cost of goods sold account in the separate income statement.

3.3 Receivables

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
Quarter I 2018**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

3.5 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating

Where the Company and its subsidiaries is the lessee

Rentals under operating leases are charged to the separate income statement on a straight-line basis over the lease term.

Where the Company and its subsidiaries is the lessor

Assets subject to operating leases are included as the Company's investment properties in the separate balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the separate income statement as incurred.

Lease income is recognized in the separate income statement on a straight-line basis over the lease

3.6 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

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

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

Land use rights

Definite and indefinite land use rights are recorded as intangible fixed assets based on land use right certificates issued by governing bodies.

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and Land use right certificate being issued, are recorded as intangible fixed asset according to Circular No. 45/2013/TT-BTC issued by the Ministry of Finance on 25 April 2013 guiding the management, use and depreciation of fixed assets ("Circular 45").

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
Quarter I 2018**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Depreciation and amortisation**

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

Buildings and structures	8 - 48 years
Machineries and equipment	9 - 10 years
Means of transportation	3 - 12 years
Office equipment	2 - 10 years
Copy right, patent	5 years
Others	3 - 10 years

3.8 Investment properties

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

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

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

Buildings, machinery and equipment	47 years
Others	9 - 10 years

The Company and its subsidiaries does not amortise indefinite land use right.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognised in the interm separate income statement in the year of retirement or disposal.

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

3.9 Borrowing costs

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

Borrowing costs are recorded as expense during the period in which they are incurred, except for the borrowing costs that are capitalised as part of the cost of the respective asset.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
Quarter I 2018**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.10 Prepaid expenses**

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

Long-term prepaid expenses include long-term prepaid land rental, pre-operation expenditure, tools and supplies, and other prepaid expenses that bring future economic benefits for more than one year.

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract signed with the authorities. Such prepaid rental is recognised as a long-term prepaid expense and is amortised to the consolidated income statement over the remaining lease period according to Circular 45.

Substantial expenditure on fixed asset overhaul is recorded as prepaid expense and are amortised to the consolidated income statement.

3.11 Business combinations and goodwill

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

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

Business combinations involving entities or businesses under common control

Business combinations involving entities or businesses under common control are accounted for as follows:

- ▶ The assets and liabilities of the two combined entities are reflected at their carrying amounts on the date of business combination;
- ▶ No goodwill is recognised from the business combination;
- ▶ The consolidated income statement reflects the results of the combined entities from the date of the business combination; and
- ▶ Any difference between the consideration paid and the net assets of the acquiree is recorded in equity.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
Quarter I 2018**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.12 Investments***Investment in associates*

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

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Company and its subsidiaries' share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment by the Company and its subsidiaries. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

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

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

Held-for-trading securities and investments in other entities

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

Provision for diminution in value of investments

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

Held-to-maturity investments

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

3.13 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Payables to construction contractors are recognised for amounts certified by the construction work certificate signed with contractors, whether or not billed to the Company.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
Quarter I 2018**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.14 Foreign currency transactions**

Transactions in currencies other than the Company and its subsidiaries's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

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

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

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

All foreign exchange differences incurred during the period and arising from the revaluation of monetary accounts denominated in foreign currency at period-end are taken to the separate income statement.

3.15 Appropriation of net profits

Net profit after tax (excluding foreign exchange gain due to revaluation of monetary items at the reporting date) is available for appropriation to investors/shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

3.16 Advance from customers

Advance from customers for purchasing apartments in the future, which has not qualified to be recognised as revenue for the period, is recorded to account "Advance from customers" in liability of the separate balance sheet.

Amount received from customers in accordance with loans contract is recorded to account "Other payables" in liability of the separate balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**3.17 Revenue recognition**

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

Revenue from sale of inventory property

Revenue from sale of inventory property is recognised when major risks and rewards accompanying with real estate ownership are transferred to buyers.

Revenue from sale of inventory property also includes long-term lease of inventory property qualified for recognition of outright sales. If the lease-term is greater than 90% of the asset's useful life, the Company and its subsidiaries will recognize the revenue for the entire prepaid lease payment if all of the following conditions are met:

- ▶ Lessee is not allowed to cancel the lease contract during the lease term, and the lessor is not responsible for reimbursing the prepaid lease payments under any circumstances;
- ▶ The prepaid lease payment is not less than 90% of the total estimated lease payment collected under contract over the lease period and lessee must pay all rental within 12 months from the commencement of the lease;
- ▶ Almost all risks and rewards associated with the ownership of leased assets are transferred to the lessee; and
- ▶ Lessor must estimate the full cost of leasing activity.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Income from business cooperation

Income from business cooperation is recognised as shared revenue and determined reliably in accordance with business cooperation agreements.

Rendering of services

Income from rendering service is recognised when service is rendered to customers.

Rental income from leasing investment properties

Rental income arising from operating leases is accounted for on a straight line basis over the terms of the lease.

Interest

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

Dividends

Income is recognised when the Company's entitlement as an investor to receive the dividend is

Income from securities trading and capital transfer

Income from securities trading and capital transfer is identified as difference between selling price and securities cost. This income is recorded on date when transaction arises, that is when the transfer contract is exercised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**3.18 Taxation***Current income tax*

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

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**3.18 Taxation (continued)***Deferred tax (continued)*

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	<i>31 March 2018</i>	<i>Currency: VND 31 December 2017</i>
Cash on hand	1,585,603,029	159,912,175
Cash at banks	1,492,026,441,527	815,874,983,916
Cash in transit	-	2,306,504,160
Cash equivalents	<u>568,820,005,312</u>	<u>743,236,370,567</u>
TOTAL	<u>2,062,432,049,868</u>	<u>1,561,577,770,818</u>

Cash equivalents are bank deposits in VND with term of 1 to 3 months.

Vinhomes Joint Stock Company

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
Quarter I 2018

5. SHORT-TERM INVESTMENTS

5.1 Held to maturity investments

	31 March 2018		31 December 2017	
	Cost	Book value	Cost	Book value
- Term deposit (i)	730,617,271,237	730,617,271,237	-	-
TOTAL	730,617,271,237	730,617,271,237	-	-

(i) Term deposit include bank deposit in VND with term of 6 to 12 months.