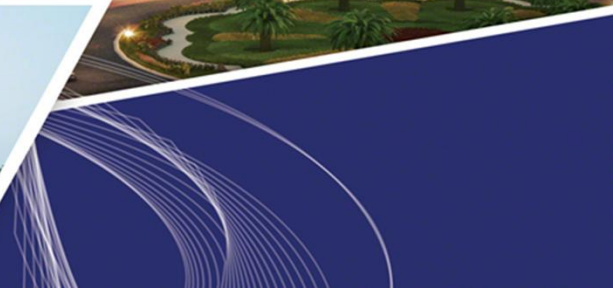




Vinhomes JSC
Bridging VAS to IFRS_31 Dec 2018



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Bridging VAS to IFRS – Statement of Profit or Loss_FY2018

Figures in VND (bn)	VAS FY2018	Adjustments	IFRS FY2018
Sale of inventory properties	35,769	1,316	37,085
Rendering general contractor, construction consultancy and supervision services	986	2,904	3,889
Rendering real estate management and related services	961		961
Retail outlets	8		8
Other revenue	124		124
Rental income			
Leasing of investment property and rendering of related services	816		816
Total revenue	38,664	4,220	42,884
Cost of inventory property	(26,243)	(1,292)	(27,535)
Cost of rendering general contractor, construction consultancy and supervision services	(751)	(2,890)	(3,641)
Cost of rendering real estate management and related services	(955)		(955)
Cost relating to leasing of investment property and rendering of related services	(572)		(572)
Cost of goods sold at retail outlets	(13)		(13)
Others	(69)		(69)
Cost of goods & services	(28,603)	(4,182)	(32,785)
Gross profit	10,061	38	10,099
<i>In which: Gross profit from Sale of inventory properties</i>	<i>9,526</i>	<i>24</i>	<i>9,550</i>

Commentary on Adjustments

Under VAS, advanced payments from customers are presented at cost and no interest was accrued on these advances while under IFRS 15, interest on these advances are recognised and capitalised into inventories. This component is recorded as revenue and cost of sales with the same amount when the inventory properties are handed over.

Recognise revenue and cost of construction over time by percentage of completion in conformity with IFRS 15 instead of certified work at handover point in time under VAS.

Note: Based on VAS and IFRS Audited Consolidated Financial Statements for FY2018

Bridging VAS to IFRS – Statement of Profit or Loss_FY2018

Figures in VND (bn)	VAS FY2018	Adjustments	IFRS FY2018
Selling expenses	(1,381)	20	(1,361)
General and administrative expenses	(1,063)	(229)	(1,291)
Other income	101	12,737	12,838
Other expenses	(108)	(39)	(147)
Finance expenses	(2,457)	(13)	(2,470)
Finance income	14,565	(12,853)	1,712
Profit before tax	19,719	(339)	19,380
Tax expense	(4,942)	109	(4,834)
Profit after tax	14,776	(230)	14,546

Commentary on Adjustments

G&A expenses increase mainly by the allowance for expected credit losses (ECL) in conformity with IFRS 9:

Under VAS, impairment allowances are measured according to an “incurred” loss model wherein the recognition of ECL allowances was triggered by loss events subsequent to the origination.

The new IFRS 9 impairment model requires impairment allowances for all exposures from the time of origination, based on the assessment of credit risk since initial recognition.

Income from BCCs and gains from disposal of equity investments presented as other income under IFRS instead of finance incomes under VAS.

Deferred tax in relation with adjustments of FV of financial instruments, expected credit losses, amortised costs and impairment of investment properties.

Bridging VAS to IFRS – Statement of Financial Position_FY2018

Figures in VND (bn)	VAS 31 Dec 2018	Adjustments	IFRS 31 Dec 2018
NON-CURRENT ASSETS			
Investment property under construction	-	18.120	18.120
Construction in progress	18.363	(18.157)	206
CURRENT ASSETS			
Short-term loans and advances to, trade and other receivables from related parties	-	7.837	7,837
Short-term prepayments and other receivables	35,704	(17.145)	18,559
Financial assets at fair value through profit or loss	-	16.405	16,405
NON-CURRENT LIABILITIES			
Long-term deferred revenue and payables to related parties	-	7.030	7,030
CURRENT LIABILITIES			
Short-term borrowings, deposits from and payables to related parties	-	3.185	3,185
Deposits and down payment from customers	14,207	5.446	19,652

Commentary on Adjustments

Under Local GAAP, investment properties under construction (IPUC) are recognised as Construction in progress while in conformity with IAS 1, investment properties under construction are recognised in a separate line. IPUC includes Long Beach Can Gio, Lemau Golf Course & Villas Cu Chi, Vinhomes Ky Hoa and 9 other projects.

Following the guidance of IAS 24, balances due from related parties are presented in a separate line: (i) deposits for share transfer agreements VND4,270 billion; (ii) trade receivables related to construction contracts VND 3,320 billion; (iii) other receivables and advances to suppliers VND 250 billion.

Under Local GAAP, investments in BCCs are recognised at cost as Other receivables while under IFRS, investments in BCCs are recognised as Financial assets at fair value through profit or loss.

In conformity with IAS 24, Long-term loans and borrowings from related parties; associated loan interest and deferred revenue are recorded in line "Long-term deferred revenue and payables to related parties" (VND 6,350 billion, VND 420 billion and VND 260 billion respectively).

Under IAS 24, Short-term loans and loan interest, advances for construction contracts and other payables from related parties are recorded in line "Short-term borrowings, deposits from and payables to related parties" (VND 1,383 billion and 327 billion; VND 1,000 billion and 475 billion respectively).

Mainly due to the presentation of deposit from customers of as "Other payables" under Local GAAP while under IFRS, it is disclosed as "Deposits and down payment from customers".

