

Nam Long Investment Corporation

Interim separate financial statements

30 June 2017

Nam Long Investment Corporation

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INTERIM SEPARATE BALANCE SHEET
as at 30 June 2017

VND

Code	ASSETS	Notes	30 June 2017	31 December 2016
100	A. CURRENT ASSETS		1,750,874,839,739	1,956,102,996,394
110	I. Cash and cash equivalents	4	58,896,351,843	255,845,852,248
111	1. Cash		43,180,087,076	118,029,587,481
112	2. Cash equivalents		15,716,264,767	137,816,264,767
120	II. Short-term investment		35,225,650,676	25,822,085,285
123	1. Held-to-maturity investments		35,225,650,676	25,822,085,285
130	III. Current accounts receivable		1,306,263,338,921	1,294,884,686,352
131	1. Short-term trade receivables	5	260,019,525,310	335,464,317,008
132	2. Short-term advances to suppliers	6	620,984,876,080	531,634,120,017
135	3. Short-term loan receivables	7	194,274,190,411	210,241,572,411
136	4. Other short-term receivables	8	231,170,508,615	217,730,438,411
137	5. Provision for doubtful debts	5	(185,761,495)	(185,761,495)
140	IV. Inventories	9	333,509,118,865	379,274,858,231
141	1. Inventories		333,509,118,865	379,274,858,231
150	V. Other current assets		16,980,379,434	275,514,278
151	1. Short-term prepaid expenses		1,112,678,863	275,514,278
152	2. Value-added tax deductible		15,867,700,571	-
200	B. NON-CURRENT ASSETS		4,262,361,838,340	3,393,740,537,664
210	I. Long-term receivables		91,562,595,149	158,711,312,338
215	1. Long-term loan receivables	7	-	37,300,000,000
216	2. Other long-term receivables	8	91,562,595,149	121,411,312,338
220	II. Fixed assets		5,117,185,499	5,909,971,853
221	1. Tangible fixed assets		3,716,240,405	4,162,149,713
222	Cost		8,661,332,628	8,622,832,628
223	Accumulated depreciation		(4,945,092,223)	(4,460,682,915)
227	2. Intangible fixed assets		1,400,945,094	1,747,822,140
228	Cost		4,695,194,894	4,695,194,894
229	Accumulated amortisation		(3,294,249,800)	(2,947,372,754)
230	III. Investment properties		-	-
231	1. Cost		816,491,827	816,491,827
232	2. Accumulated depreciation		(816,491,827)	(816,491,827)
250	IV. Long-term investments	10	4,156,784,112,880	3,214,641,902,026
251	1. Investments in subsidiaries	10.1	3,604,784,112,880	3,140,275,472,880
252	2. Investments in a jointly controlled entity	10.2	550,000,000,000	22,400,000,000
253	3. Investment in other entities	10.3	2,000,000,000	51,966,429,146
260	V. Other long-term assets		8,897,944,812	14,477,351,447
261	1. Long-term prepaid expenses		1,957,460,986	7,444,843,686
262	2. Deferred tax assets	11	6,940,483,826	7,032,507,761
270	TOTAL ASSETS		6,013,236,678,079	5,349,843,534,058

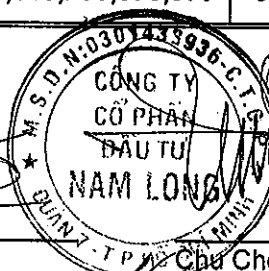
INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2017

VND

Code	RESOURCES	Notes	30 June 2017	31 December 2016
300	C. LIABILITIES		3,750,132,319,721	3,059,992,304,512
310	I. Current liabilities		1,859,745,105,859	1,825,394,664,521
311	1. Short-term trade payables	12	50,376,438,959	183,702,913,747
312	2. Short-term advances from customers	13	264,823,489,292	371,941,791,040
313	3. Statutory obligations	14	41,708,181,988	69,320,278,767
314	4. Payables to employees		855,301,659	13,429,225,659
315	5. Short-term accrued expenses	15	600,218,291,761	563,481,493,526
319	6. Other short-term payables	16	303,468,619,167	327,094,660,211
320	7. Short-term loans	17	574,503,357,296	294,486,468,259
322	8. Bonus and welfare fund		23,791,425,737	1,937,833,312
330	II. Non-current liabilities		1,890,387,213,862	1,234,597,639,991
337	1. Other long-term liabilities	16	2,621,549,515	2,453,549,515
338	2. Long-term loans and debts	17	1,414,475,236,548	762,261,387,000
339	3. Convertible bond	18	466,491,174,402	463,083,450,079
341	4. Deferred tax liabilities		2,696,372,479	2,696,372,479
342	5. Long-term provisions		4,102,880,918	4,102,880,918
400	D. OWNERS' EQUITY		2,263,104,358,358	2,289,851,229,546
410	I. Capital	19	2,263,104,358,358	2,289,851,229,546
411	1. Share capital		1,421,145,100,000	1,421,145,100,000
411a	- Shares with voting rights		1,421,145,100,000	1,421,145,100,000
412	2. Share premium		492,161,147,061	492,161,147,061
413	3. Convertible bond options		40,503,427,830	40,503,427,830
418	4. Investment and development fund		5,940,860,165	5,940,860,165
421	5. Undistributed earnings		303,353,823,302	330,100,694,490
421a	- Undistributed earnings by the end of prior year		271,924,181,500	186,714,027,547
421b	- Net profit after tax of current period		31,429,641,802	143,386,666,943
440	TOTAL LIABILITIES AND OWNERS' EQUITY		6,013,236,678,079	5,349,843,534,058

Pham Thi Duong Lieu
Preparer

Luong Thi Kim Thoa
Chief Accountant



Chu Chee Kwang
General Director

18 July 2017

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

VND

Code	ITEMS	Notes	Quarter 2		Accumulated	
			Current year	Previous year	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	20.1	248,395,839,609	665,709,024,339	443,925,283,556	1,026,954,353,213
02	2. Deductions	20.1	(1,484,466,390)	-	(1,484,466,390)	-
10	3. Net revenues from sale of goods and rendering of services	20.1	246,911,373,219	665,709,024,339	442,440,817,166	1,026,954,353,213
11	4. Costs of goods sold and services rendered	21	(198,010,490,700)	(541,204,322,101)	(364,310,580,292)	(826,543,438,674)
20	5. Gross profit from sale of goods and rendering of services		48,900,882,519	124,504,702,238	78,130,236,874	200,410,914,539
21	6. Finance income	20.2	38,623,807,416	33,459,451,130	88,249,292,785	39,227,533,420
22	7. Finance expenses	22	(45,014,722,390)	(17,736,759,838)	(68,688,220,944)	(24,317,565,058)
23	- In which: Interest expenses		(39,247,636,273)	(12,821,296,936)	(56,233,050,569)	(16,191,130,634)
24	8. Selling expenses		(5,344,661,169)	(48,791,921,194)	(19,517,140,699)	(74,860,538,022)
25	9. General and administration expenses		(24,569,390,641)	(23,574,579,154)	(46,459,452,364)	(43,200,718,801)
30	10. Operating profit		12,595,915,735	67,860,893,182	31,714,715,652	97,259,626,078
31	11. Other income	23	650,079,246	1,778,786,231	1,463,766,410	2,596,031,822
32	12. Other expenses	23	(25,000)	(616)	(758,282)	(865,415)
40	13. Other profit	23	650,054,246	1,778,785,615	1,463,008,128	2,595,166,407
50	14. Accounting profit before tax		13,245,969,981	69,639,678,797	33,177,723,780	99,854,792,485
51	15. Current corporate income tax expense	24	(1,656,058,045)	(12,652,132,263)	(1,656,058,045)	(19,624,416,165)
52	16. Deferred income tax income	24	(92,023,933)	1,138,421,336	(92,023,933)	1,138,421,336
60	17. Net profit after tax		11,497,888,003	58,125,967,870	31,429,641,802	81,368,797,656

Pham Thi Duong Lieu
Preparer

18 July 2017

Luong Thi Kim Thoa
Chief Accountant

Stamp: M.S. N.035.429.041.802
CÔNG TY CỔ PHẦN ĐẦU TƯ NAM LONG
QUAN 7 - T.P. HỒ CHÍ MINH

Chu Chee Kwang
General Director

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

VND

Code	ITEMS	Notes	Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		33,177,723,782	99,854,792,485
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		831,286,354	646,440,534
03	Reversal of provision		-	(142,119,600)
04	Unrealised foreign exchange losses		-	1,625,497,346
05	Profits from investing activities	20.2	(88,249,292,785)	(39,227,533,420)
06	Interest expense	22	56,233,050,569	16,191,130,634
08	Operating losses before changes in working capital		1,992,767,920	78,948,207,979
09	Increase in receivables		(10,593,438,674)	(144,416,742,936)
10	Decrease in inventories		51,099,817,041	366,146,515,293
11	(Increase) in payables		(291,500,507,118)	(380,789,688,223)
12	Decrease (increase) in prepaid expenses		4,650,218,115	(35,177,684,685)
14	Interest paid		(37,826,032,685)	(15,245,752,150)
15	Corporate income tax paid		(32,745,820,402)	(30,528,117,252)
17	Other cash outflows from operating activities		(936,407,575)	(2,639,221,841)
20	Net cash flows (used in) from operating activities		(315,859,403,378)	(163,702,483,815)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		(38,500,000)	(846,165,818)
23	Loans to other entities		(30,000,000,000)	(19,520,940,285)
24	Collections from borrowers		28,664,682,000	-
25	Payments for investments in other entities		(996,286,750,000)	(256,998,161,024)
26	Proceeds from sale of investments in other entities		122,366,429,146	183,583,558,448
27	Interest and dividends received		62,454,958,118	20,286,967,805
30	Net cash flows used in investing activities		(812,839,180,736)	(73,494,740,874)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
33	Drawdown of borrowings		1,108,686,095,000	762,073,227,830
34	Repayment of borrowings		(176,748,643,452)	(138,007,221,000)
36	Dividends paid		(188,367,839)	(65,781,530,906)
40	Net cash flows from financing activities		931,749,083,709	558,284,475,924

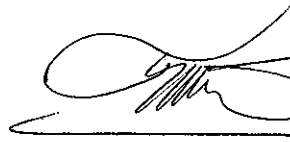
INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2017

VND

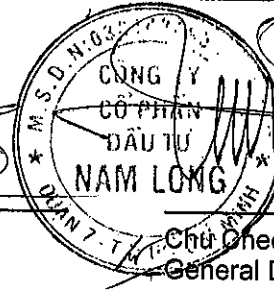
Code	ITEMS	Notes	Current year	Previous year
50	Net decrease in cash and cash equivalents		(196,949,500,405)	321,087,251,235
60	Cash and cash equivalents at beginning of year		255,845,852,248	154,620,194,401
70	Cash and cash equivalents at end of year	4	58,896,351,843	475,707,445,636



Pham Thi Duong Lieu
Preparer



Luong Thi Kim Thoa
Chief Accountant



Chu Chee Kwang
General Director

18 July 2017

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

1. **CORPORATE INFORMATION**

Nam Long Investment Corporation ("the Company") is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No.4103004194 issued by the Ho Chi Minh City Department of Planning and Investment ("DPI") on 27 December 2005, and the fifteenth amendment dated 5 September 2016.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange ("HOSE") with code NLG in accordance with Decision No.14/2013/QD-SGDHCM issued by HOSE on 25 January 2013.

As at 30 June 2017, the Company has fourteen direct subsidiaries and two indirect subsidiaries and one jointly-controlled entity with details as follows:

<i>Company</i>	<i>Location</i>	<i>Business</i>
Subsidiary		
Nam Long Property Management and Development One Member Limited Company ("Nam Long PMD")	Ho Chi Minh City ("HCMC")	Construction and real estate
Nam Long Service Joint Stock Company ("Nam Long Service")	HCMC	Service and construction
Nam Long - Hong Phat Joint Stock Company ("Nam Long - Hong Phat")	HCMC	Construction and real estate
Nguyen Son Real Estate Joint Stock Company ("Nguyen Son")	HCMC	Real estate
Nam Long Apartment Development Corporation ("Nam Long ADC")	HCMC	Construction and real estate
Nam Long Real Estate Transaction Floor One Member Limited Liability Company ("Trading Floor")	HCMC	Real estate trading floor
Nam Khang Construction Investment Development One Member Limited Liability Company ("Nam Khang")	HCMC	Construction and real estate
Nam Vien Construction and Design Consulting Joint Stock Company ("Nam Vien")	HCMC	Service
Nam Khang Construction Materials Trading Company Limited ("Nam Khang Materials")	HCMC	Construction material trading
Nam Long VCD Corporation ("Nam Long VCD")	Long An Province	Construction and real estate
Nam Phan Investment Corporation ("Nam Phan")	HCMC	Construction and real estate
Nguyen Phuc Real Estate Investment and Trading Company Limited ("Nguyen Phuc")	HCMC	Real estate
Thao Nguyen Real Estate Investment and Trading Company Limited ("Thao Nguyen")	HCMC	Real estate
NLG – NNR – HR Fuji Company Limited ("NLG – NNR – HR Fuji")	HCMC	Construction and real estate
NNH Kikyo Flora Company Limited ("Kikyo Flora")	HCMC	Real estate
NNH Kikyo Valora Company Limited ("Kikyo Valora")	HCMC	Real estate
Joint venture		
NNH Mizuki Joint Stock Company ("NNH Mizuki")	HCMC	Real estate

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

1. CORPORATE INFORMATION (continued)

The current principal activities of the Company are civil and industrial construction; housing trade (construction, renovation of houses for sale or lease); ground levelling, construction of drainage systems; installation and repair of electrical systems under 35KV; housing brokerage services; sale and purchase of construction materials; investment in construction and trade of urban areas. Investment in construction, trade, management and lease of: office buildings, supermarkets, schools, swimming pools, hotels, restaurants, golf course, sports facility zones and resorts (outside office premises); project management advisory service; design verification; real estate brokerage services; real estate exchange services; real estate consulting services; real estate advertising services; real estate management services.

The Company's head office is located at 11 Floor, Capital Tower, 6 Nguyen Khac Vien, Tan Phu Ward, District 7, Ho Chi Minh City and one branch in Can Tho City, Vietnam.

2. BASIS OF PREPARATION

2.1 Purpose of preparing the separate financial statements

The Company has subsidiaries as disclosed in Note 11.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the interim consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 30 June 2017.

Users of the interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and interim consolidated cash flows of the Group as a whole.

2.2 Accounting Standards and System

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

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying separate balance sheet, separate income statement, separate cash flow statement and related notes, 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 separate financial position and separate results of operations and separate cash flows of the Company in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

2. BASIS OF PREPARATION (continued)

2.3 Applied accounting documentation system

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

2.4 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.

2.5 Accounting currency

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

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 (3) 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 comprise development projects undertaken by the Company which are in the work in progress stage and including mainly apartments, town houses and villas for sale under construction and land held for sale.

Apartments, town houses and villas for sale under construction are carried at the lower of cost and net realizable value. Costs include all expenditures including borrowing costs, directly attributable to the development and construction of the apartments, town houses and villas. Net realizable value represents current selling price less estimated cost to complete apartments, town houses and villas, and estimated selling and marketing expenses.

Land held for constructing apartments, town houses and villas which is presented as part of "Inventories" is carried at the lower of cost and net realizable value. Costs include all expenditures including borrowing costs directly related to the acquisition, site clearance, land compensation and infrastructure construction. Net realizable value represents estimated current selling price less anticipated cost of disposal.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases or 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, along with the provision for doubtful debts.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 *Fixed assets*

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and amortisation.

The cost of a fixed asset comprises its purchase price and any directly attributable costs of bringing the 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 fixed assets are sold or retired, any gain or loss resulting from their disposal is (the difference between the net disposal proceeds and the carrying amount) included in the separate income statement.

Land use rights ("LURs")

LURs are recorded as intangible fixed assets if the land is held for use in the production or business, for rental to others by the enterprise and when the Company receives the LUR certificate. The cost of LUR comprises any directly attributable costs of preparing the land for its intended use. LUR with indefinite useful life is not amortised.

The advance payment for land rental, of which the land lease contracts have effectiveness prior to 2003 and the land use rights certificate being issued are recorded as intangible 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"). The land use right is amortized over the useful life, except for land use right having indefinite useful life is not amortised.

3.5 *Leased assets*

Where the Company 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 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 recognised in the separate income statement on a straight-line basis over the lease term.

3.6 *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:

Machinery and equipment	5 - 12 years
Buildings and structures	25 years
Motor vehicles	6 - 8 years
Office equipment	4 - 8 years
Computer software	5 years

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *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 to the Company.

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

Buildings and structures	6 - 25 years
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LUR with indefinite useful life is not amortised.

Investment properties are derecognised in the separate balance sheet 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 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.

3.8 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

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

3.9 *Prepaid expenses*

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

The following types of expenses are recorded as long-term prepaid expense and are amortised to the separate income statement over 2 to 5 years:

- ▶ Tools and consumables with large value issued into construction and can be used for more than one year;
- ▶ Show houses; and
- ▶ Commission fee.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Investments*

Investments in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Interests in joint ventures

Investments in joint ventures over which the Company has joint control with the other venture are carried at cost.

Distributions from accumulated net profits of the joint ventures arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for investments

Provision is made for any diminution in value of the investments in capital of other entities at the interim balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 26 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.

3.11 *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.

3.12 *Accrual for severance pay*

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being in service for more than 12 months up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the reporting date. Any increase to the accrued amount will be taken to the separate income statement.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Foreign currency transactions*

Transactions in currencies other than the Company'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; and
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction 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; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All exchange differences are taken to the separate income statement.

3.14 *Appropriation of net profit*

Net profit after tax is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

▶ *Investment and development fund*

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

▶ *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the separate balance sheet.

3.15 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

Sale of villas, town houses and apartments

For villas, town houses and apartments sold after completion of construction, the revenue and associated costs are recognised when the significant risks and rewards of ownership of the villas, town houses or apartments have passed to the buyers.

Sale of residential plots and related infrastructure

Revenue from the sale of residential plots and related infrastructures are recorded at the total consideration received when residential plots and related infrastructures are transferred to the customers.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue recognition (continued)

Rendering of other services

Revenue is recognised when services have been rendered and completed.

Interest

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

Dividends

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

Rental income

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

3.16 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior years 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 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 offset 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 income tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred income 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.

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 income 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.

The carrying amount of deferred tax assets is reviewed at each 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 income tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Taxation (continued)

Deferred income tax (continued)

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

3.17 Convertible bond

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or other financial assets) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost. This amount is classified as a financial liability measured at amortised cost (net of issuance costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are amortised during the lifetime of the bond. At initial recognition, issuance costs are deducted from the liability component of the bond.

3.18 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influences over the Company, key management personnel, including directors and officers of the Company and close members of the families of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

4. CASH AND CASH EQUIVALENTS

	VND	
	30 June 2017	31 December 2016
Cash on hand	92,187,321	1,302,019,948
Cash in banks	43,087,899,755	116,727,567,533
Cash equivalents	<u>15,716,264,767</u>	<u>137,816,264,767</u>
TOTAL	<u>58,896,351,843</u>	<u>255,845,852,248</u>

Cash equivalents comprised bank deposits with maturity of less than three months and earn interest at the rate of from 5.2% to 6.5% per annum.

5. SHORT TERM TRADE RECEIVABLES

	VND	
	30 June 2017	31 December 2016
Trade receivables from other customers	172,205,240,212	256,789,333,126
Trade receivables from related parties (Note 25)	<u>87,814,285,098</u>	<u>78,674,983,882</u>
TOTAL	<u>260,019,525,310</u>	<u>335,464,317,008</u>
Provision for short-term doubtful debts	<u>(185,761,495)</u>	<u>(185,761,495)</u>
NET	<u>259,833,763,815</u>	<u>335,278,555,513</u>

6. SHORT TERM ADVANCES TO SUPPLIERS

	VND	
	30 June 2017	31 December 2016
Advances to buy land and real estate projects	556,779,640,531	477,481,353,363
- Hoang Nam Company Limited	501,000,000,000	471,000,000,000
- Binh Duong Trade and Tourism Joint Stock Company	50,000,000,000	-
- Others	5,779,640,531	6,481,353,363
Advances to subcontractors	56,168,234,322	49,606,220,537
- Dien Quang Nguyen Construction Joint Stock Company	12,245,492,231	9,715,513,304
- Others	43,922,742,091	39,890,707,233
Advances to related parties (Note 25)	<u>8,037,001,227</u>	<u>4,546,546,117</u>
TOTAL	<u>620,984,876,080</u>	<u>531,634,120,017</u>

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

7. LOAN RECEIVABLES

	VND	
	30 June 2017	31 December 2016
Loans to related parties (Note 25)	<u>194,274,190,411</u>	<u>247,541,572,411</u>
<i>In which :</i>		
Short-term loan	194,274,190,411	210,241,572,411
Long-term loan	-	37,300,000,000

Details of the loan receivables are as follows:

<i>Borrower</i>	30 June 2017	Due date	Interest rate
	VND		% p.a
<i>Nam Long VCD Corporation</i>			
Loan Agreement dated 1 January 2016 (Note 25)	146,974,190,411	31 December 2017	10.5
Loan Agreement dated 25 May 2016 (Note 25)	<u>47,300,000,000</u>	25 May 2018	10.0
	<u>194,274,190,411</u>		

Loan receivables represented the loans to related parties to support their working capital needs.

8. OTHER RECEIVABLES

	VND	
	30 June 2017	31 December 2016
Short-term		
Loan interest receivable	96,878,929,869	85,708,856,176
Staff advances for land compensation purpose	74,806,665,000	91,518,062,566
Receivable from disposal of investment in Business Cooperation Contracts ("BCC")	38,506,113,376	24,210,353,467
Prepayment of corporate income tax based on payment progress of customers	5,500,156,333	5,332,277,840
Staff advances for other purposes	4,215,428,724	3,436,578,197
Others	11,263,215,313	7,524,310,165
	<u>231,170,508,615</u>	<u>217,730,438,411</u>
Long-term		
Investments in BCC projects (i)	87,264,530,680	117,264,530,680
Deposit, mortgages or collaterals	2,317,770,595	2,169,883,275
Others	1,980,293,874	1,976,898,383
	<u>91,562,595,149</u>	<u>121,411,312,338</u>
TOTAL	<u>322,733,103,764</u>	<u>339,141,750,749</u>
<i>In which:</i>		
Other receivables	201,078,694,928	229,119,415,606
Other receivables from related parties (Note 25)	121,654,408,836	110,022,335,143

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

8. OTHER RECEIVABLES (continued)

- (i) This amount mainly represented the BCC with 21 Century Joint Stock Company in 2015 to develop Lot 9B7 Residential Area on an area of 5.9 hectares in Nam Sai Gon Urban Area. The Company has 60% interest in this BCC.

9. INVENTORIES

	VND	
	30 June 2017	31 December 2016
Inventory properties under development (i)	277,900,425,875	334,136,771,077
Engineering Procurement Contracts ("EPC") services (ii)	49,924,087,047	39,624,145,207
Work in progress	5,684,605,943	5,513,941,947
TOTAL	333,509,118,865	379,274,858,231
(i) Inventory properties under development:		
<i>Phuoc Long B Project - extension</i>	74,825,698,409	72,484,697,580
<i>Tan Thuan Dong Project</i>	59,298,342,406	62,498,691,311
<i>Hoang Nam Residence Project (*)</i>	58,735,146,240	35,642,626,256
<i>Can Tho Project (*)</i>	56,840,049,116	53,785,486,674
<i>Go O Moi Project</i>	13,399,490,788	12,561,986,261
<i>Long An projects (*)</i>	12,008,620,408	72,812,161,417
<i>E.Home West Saigon Project ("Ehome 3 Project")</i>	-	22,776,201,587
<i>Other projects</i>	2,793,078,508	1,574,919,991
(ii) Engineering Procurement Contracts services:		
<i>Nguyen Son Project</i>	18,296,352,188	8,820,304,900
<i>Camelia Project</i>	17,051,661,875	17,149,989,506
<i>Phu Huu Project</i>	13,971,381,334	13,430,592,654
<i>Other projects</i>	604,691,650	223,258,147

- (*) The following land use rights have been mortgaged to secure the Company's outstanding borrowings (Note 17):

- Land use right in Hung Thanh Ward, Cai Rang District, Can Tho City;
- Land use right in An Thanh Ward, Ben Luc District, Long An Province; and
- Land use right in An Lac Ward, Binh Tan District, Ho Chi Minh City.

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

10. LONG-TERM INVESTMENTS

	VND	
	30 June 2017	31 December 2016
Investments in subsidiaries (Note 10.1)	3,604,784,112,880	3,140,275,472,880
Investments in a jointly-controlled entity (Note 10.2)	550,000,000,000	22,400,000,000
Other long-term investments (Note 10.3)	2,000,000,000	51,966,429,146
TOTAL	<u>4,156,784,112,880</u>	<u>3,214,641,902,026</u>

10.1 Investments in subsidiaries

Investments in subsidiaries as at the interim balance sheet date comprise the following:

Subsidiary	30 June 2017		31 December 2016	
	Interest	Cost of investment	Interest	Cost of investment
	%	VND	%	VND
Nam Long VCD	90.40	1,008,544,090,000	90.40	970,322,200,000
Nguyen Son	87.30	687,034,822,800	87.30	687,034,822,800
Nam Phan	99.96	611,686,896,717	99.96	321,686,896,717
NLG – NNR – HR Fuji	50.00	355,214,839,707	50.00	355,214,839,707
Nam Long ADC	97.14	286,698,033,000	97.14	286,698,033,000
Kikyo Valora	50.00	215,927,250,000	50.00	99,000,000,000
Nam Khang	100	201,981,690,000	100	201,981,690,000
Nam Long PMD	100	77,872,707,656	100	77,872,707,656
Kikyo Flora	50.00	64,000,000,000	50.00	25,410,500,000
Nam Long - Hong Phat	75.25	47,782,500,000	75.25	47,782,500,000
Thao Nguyen	50.00	28,483,116,500	50.00	28,483,116,500
Nguyen Phuc	50.00	12,043,166,500	50.00	32,043,166,500
Trading Floor	100	6,000,000,000	100	6,000,000,000
Nam Long Service	100	1,515,000,000	71.29	745,000,000
TOTAL		<u>3,604,784,112,880</u>		<u>3,140,275,472,880</u>

10.2 Investments in a jointly-controlled entity

Jointly controlled entity	Business	30 June 2017		31 December 2016	
		Interest	Cost of investment	Interest	Cost of investment
		%	VND	%	VND
NNH Mizuki	Real Estate	50	550,000,000,000	-	-
Gamuda - Nam Long Development Limited Liability Company	Real Estate	-	-	30	22,400,000,000
			<u>550,000,000,000</u>		<u>22,400,000,000</u>

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

10. LONG-TERM INVESTMENTS (continued)

10.3 Other long-term investments

	VND	
	30 June 2017	31 December 2016
Bac Trung Nam Housing Development Joint Stock Company	2,000,000,000	2,000,000,000
Can Tho – Hong Phat Project	-	49,966,429,146
TOTAL	<u>2,000,000,000</u>	<u>51,966,429,146</u>

(i) This investment are to finance the working capital to Nam Long - Hong Phat Joint Stock Company ("NLHP") for project developments in these entities.

11. LONG-TERM PREPAID EXPENSES

	VND	
	30 June 2017	31 December 2016
Commission fee	53,149,866	5,414,690,046
Tools and supplies	1,904,311,120	2,030,153,640
TOTAL	<u>1,957,460,986</u>	<u>7,444,843,686</u>

12. SHORT-TERM TRADE PAYABLES

	VND	
	30 June 2017	31 December 2016
Trade payables to related parties (Note 25)	39,050,539,662	161,639,968,148
Trade payables to other suppliers	11,325,899,297	22,062,945,599
TOTAL	<u>50,376,438,959</u>	<u>183,702,913,747</u>

13. SHORT-TERM ADVANCES FROM CUSTOMERS

This amount represented advances from customers for apartments, town houses, villas and land purchases which are not yet handed over.

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

14. STATUTORY OBLIGATIONS

	VND	
	30 June 2017	31 December 2016
Corporate income tax	22,224,519,013	54,221,741,237
Value-added tax	17,644,401,445	12,234,754,276
Personal income tax	1,836,772,087	2,861,293,811
Other tax	2,489,443	2,489,443
TOTAL	<u>41,708,181,988</u>	<u>69,320,278,767</u>

15. SHORT TERM ACCRUED EXPENSES

	VND	
	30 June 2017	31 December 2016
Cost-to-complete of projects that revenues have been recognised	502,945,300,187	479,602,212,283
Interest expense payables	57,018,648,821	40,869,556,031
Warranty expenses for projects	18,782,765,744	19,242,885,409
Other operating costs	21,471,577,009	23,766,839,803
TOTAL	<u>600,218,291,761</u>	<u>563,481,493,526</u>

16. OTHER PAYABLES

	VND	
	30 June 2017	31 December 2016
Short-term		
Profit shared to BCC partners		
– Ehome 3 project	53,859,686,205	112,542,714,427
– Ehome 4 project	26,045,130,000	26,045,130,000
Investment contributions received for BCCs	105,446,942,190	104,968,306,716
Maintenance and warranty expenses	56,963,868,027	51,681,142,811
Dividends payable	35,449,680,253	1,293,638,876
Borrowings from individuals	17,160,000,000	17,160,000,000
Other payables	8,543,312,492	13,403,727,381
	<u>303,468,619,167</u>	<u>327,094,660,211</u>
Long-term		
Deposits for rental office	2,621,549,515	2,453,549,515
TOTAL	<u>306,090,168,682</u>	<u>329,548,209,726</u>
<i>In which:</i>		
Other payables to other parties	143,033,908,340	91,268,750,247
Other payables to related parties (Note 25)	163,056,260,342	238,279,459,479

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

17. LOANS

	VND	
	30 June 2017	31 December 2016
Short-term		
Short-term loans from related parties <i>(Notes 17.1 and 25)</i>	204,110,795,000	28,000,000,000
Short-term loans from individuals <i>(Note 17.1)</i>	14,354,947,000	56,052,601,000
Short-term loan from a bank <i>(Note 17.1)</i>	13,000,000,000	13,000,000,000
Current portion of long-term loans <i>(Note 17.2)</i>	304,053,819,000	97,743,358,000
Current portion of bonds	38,983,796,296	99,690,509,259
	<u>574,503,357,296</u>	<u>294,486,468,259</u>
Long-term		
Loans from banks <i>(Note 17.2)</i>	384,682,745,000	402,004,745,000
<i>Current portion</i>	127,553,819,000	97,743,358,000
<i>Non-current portion</i>	257,128,926,000	304,261,387,000
Bonds <i>(Note 17.3)</i>	38,983,796,296	99,690,509,259
<i>Current portion</i>	38,983,796,296	99,690,509,259
Loans from related parties <i>(Notes 17.2 and 25)</i>	1,333,846,310,548	458,000,000,000
	<u>1,414,475,236,548</u>	<u>762,261,387,000</u>
TOTAL	<u>1,988,978,593,844</u>	<u>1,056,747,855,259</u>

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

17. LOANS (continued)

17.1 Short-term loans

	30 June 2017 VND	Maturity date	Purpose	Interest rate (% p.a.)	Description of collateral
Short-term loans from individuals					
Short-term loans from individuals	14,354,947,000	9 December 2017	Support working capital needs	8.5 - 10.5	Unsecured
Short-term loans from related parties					
Nam Long ADC	29,110,795,000	28 September 2017	Support working capital needs	8.0	Unsecured
Nam Phan - Loan 1	115,000,000,000	3 September 2018	Support working capital needs	7.0	Unsecured
Nam Phan - Loan 2	40,000,000,000	24 April 2018	Support working capital needs	6.0	Unsecured
Nam Long Hong Phat	20,000,000,000	28 September 2017	Support working capital needs	7.0	Unsecured
TOTAL	<u>204,110,795,000</u>				
Short-term loans from a bank					
Ho Chi Minh City Housing Development Bank	13,000,000,000	18 November 2017	Support working capital needs	9.5	LUR for 2,574 square meters and associated assets in Can Tho City; and LUR for 2,818 square meters in Long An Province

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

17. LOANS (continued)

17.2 Long-term loans

Details of the long-term loan are as follows:

<i>Lender</i>	<i>30 June 2017</i>	<i>Maturity date</i>	<i>Purpose</i>	<i>Interest rate</i>	<i>Description of collaterals</i>
	<i>VND</i>			<i>(%/p.a.)</i>	<i>(Note 10)</i>
Long-term loans from related parties					
Nguyen Son - Loan 1	267,346,310,548	27 December 2018	Support working capital needs	7.0	Unsecured
Nguyen Son - Loan 2	600,000,000,000	28 April 2019	Support working capital needs	6.0	Unsecured
Nam Phan - Loan 1	176,500,000,000	24 May 2018	Support working capital needs	8.0	Unsecured
Nam Phan - Loan 2	290,000,000,000	15 May 2019	Support working capital needs	6.0	Unsecured
TOTAL	<u>1,333,846,310,548</u>				
<i>In which :</i>					
<i>Current portion</i>	<i>176,500,000,000</i>				
<i>Long-term loan</i>	<i>1,157,346,310,548</i>				
Long-term loans from banks					
Orient Commercial Joint Stock Bank - Loan 1	84,682,745,000	From 26 September 2016 to 6 May 2018	Support working capital needs	10.2	LUR for 1,064,307 square meters and future associated assets of Long An VCD project
Orient Commercial Joint Stock Bank - Loan 2	300,000,000,000	From 12 October 2017 to 12 October 2022	Purchase Hoang Nam project	9.9	Guaranteed by Hoang Nam Construction Trading Limited
TOTAL	<u>384,682,745,000</u>				
<i>In which :</i>					
<i>Current portion</i>	<i>127,553,819,000</i>				
<i>Long-term loan</i>	<i>257,128,926,000</i>				

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

17. LOANS (continued)

17.3 Bond

On 28 July 2014, the Company issued 350 non-convertible bonds to Orient Commercial Joint Stock Bank at par value of VND 1,000,000,000 per bond and at interest rate of 8.78% per annum for the first half year, paid on issuance date, and of 2.5% plus average interest rate of 12 month deposits at Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Investment and Development of Vietnam and Orient Commercial Joint Stock Bank, for the following years. The bonds will expire on 28 July 2017, and are used to finance working capital and for Ehome projects. During the period, the Company repaid VND 61,000,000,000. Amount of VND 38,983,796,296 will be paid on 28 July 2017.

The bond is mortgaged by 59 LURs at An Thanh residential compound, An Thanh, Ben Luc, Long An (Note 9).

17.4 Movements of loans and bond during the period

	Loans	Bonds	VND Total
31 December 2016	957,057,346,000	99,690,509,259	1,056,747,855,259
Drawdown from borrowings	1,453,186,095,000	-	1,453,186,095,000
Repayment from borrowings	(460,248,643,452)	(61,000,000,000)	(521,248,643,452)
Cost of issuing bonds	-	293,287,037	293,287,037
30 June 2017	<u>1,949,994,797,548</u>	<u>38,983,796,296</u>	<u>1,988,978,593,844</u>

18. CONVERTIBLE BOND

On 8 April 2016, the Board of Directors approved a detailed plan to execute the issuance of the convertible bonds amounting to VND 500,000,000,000 to Ibeworth Pte. Ltd, a wholly-owned subsidiary of Keppel Land Ltd. in accordance with the terms and conditions stipulated in the shareholders' resolution No. 01/2016/NQ/ĐHĐCĐ/NLGs dated 18 March 2016. On 15 April 2016, the Company issued VND 500,000,000,000 convertible bonds at par value of VND 1,000,000,000 per unit. The bonds will be converted into equity at the bond holder's option upon maturity and interest is charged from the purchase date at 7% per annum. Interest since the Interest Payment date last preceding the relevant Conversion date is waived if conversion option is exercised at a conversion price of VND 23,500 per share which is subject to adjustments for dilutive events if any.

The equity and liability component of the convertible bond are presented as below:

	30 June 2017
Value of convertible bond	500,000,000,000
Equity component (Note 19.1)	<u>(40,503,427,830)</u>
Liability component at initial recognition	459,496,572,170
Liability component at 31 December 2016	463,083,450,079
Add: Amortisation in period	<u>3,407,724,323</u>
Liability component at 31 June 2017	<u>466,491,174,402</u>

Nam Long Investment Corporation

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

19. OWNERS' EQUITY

	Share capital	Share premium	Investment and development fund	Equity component of convertible bond	Undistributed earnings	Total	VND
For the six-month period ended 30 June 2016							
31 December 2015	1,415,721,570,000	492,337,147,061	5,940,860,165	-	266,837,657,808	2,180,837,235,034	
Issuance of convertible bond	-	-	-	40,503,427,830	-	40,503,427,830	
Dividends declared	-	-	-	-	(66,963,630,261)	(66,963,630,261)	
Net profit for the period	-	-	-	-	81,368,797,655	81,368,797,655	
Appropriation of net profit	-	-	-	-	(13,160,000,000)	(13,160,000,000)	
30 June 2016	<u>1,415,721,570,000</u>	<u>492,337,147,061</u>	<u>5,940,860,165</u>	<u>40,503,427,830</u>	<u>268,082,825,202</u>	<u>2,222,585,830,258</u>	
For the six-month period ended 30 June 2017							
31 December 2016	1,421,145,100,000	492,161,147,061	5,940,860,165	40,503,427,830	330,100,694,490	2,289,851,229,546	
Dividends declared	-	-	-	-	(35,386,512,990)	(35,386,512,990)	
Net profit for the period	-	-	-	-	31,429,641,802	31,429,641,802	
Appropriation of net profit	-	-	-	-	(22,790,000,000)	(22,790,000,000)	
30 June 2017	<u>1,421,145,100,000</u>	<u>492,161,147,061</u>	<u>5,940,860,165</u>	<u>40,503,427,830</u>	<u>303,353,823,302</u>	<u>2,263,104,358,358</u>	

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

20. REVENUES

20.1 Revenues from sale of goods and rendering of services

	VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Gross revenues	443,925,283,556	1,026,954,353,213
<i>In which:</i>		
Revenue from Engineering Procurement Contracts	209,307,375,000	145,787,440,000
Sale of land, apartments, town houses and villas	182,791,349,941	877,255,667,127
Rendering of services	51,826,558,615	3,605,772,040
Rental income from investment properties	-	305,474,046
Less		
Sale deduction	(1,484,466,390)	-
Net revenues	442,440,817,166	1,026,954,353,213
<i>In which:</i>		
Revenue from Engineering Procurement Contracts	209,307,375,000	145,787,440,000
Sale of land, apartments, town houses and villas	181,306,883,551	877,255,667,127
Rendering of services	51,826,558,615	3,605,772,040
Rental income from investment properties	-	305,474,046

20.2 Finance income

	VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Dividends income and gain from investment	75,871,594,558	17,685,983,000
Interest income from loan to a related party	11,054,518,137	10,833,234,649
Gains from disposals of investment	-	7,608,718,741
Interest income from bank deposits	1,323,180,090	3,099,597,030
TOTAL	88,249,292,785	39,227,533,420

21. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	For the six-month period ended 30 June 2017	For the six-month period ended 30 June 2016
Cost of Engineering Procurement Contracts	195,519,909,208	137,606,934,968
Cost of land, apartments, town houses and villas	123,871,519,801	686,845,612,094
Cost of rendering of services	44,919,151,283	1,847,698,221
Operating costs of investment property	-	243,193,392
TOTAL	364,310,580,292	826,543,438,675

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

22. FINANCE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Interest expense	56,233,050,569	16,191,130,634
Share profit to BCC partners	12,117,045,289	7,815,705,099
Other finance expenses	338,125,086	310,729,325
TOTAL	<u>68,688,220,944</u>	<u>24,317,565,058</u>

23. OTHER INCOME AND EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2017</i>	<i>For the six-month period ended 30 June 2016</i>
Other income	1,463,766,410	2,596,031,822
Penalties received from contract violation	1,119,603,745	1,718,525,175
Others	344,162,665	877,506,647
Other expenses	(758,282)	(865,415)
Others	(758,282)	(865,415)
NET	<u>1,463,008,128</u>	<u>2,595,166,407</u>

24. CORPORATE INCOME TAX

The statutory corporate income tax ("CIT") rate applicable to the Company is 20% of taxable profits.

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

	VND	
	<i>For the six- month period ended 30 June 2017</i>	<i>For the six- month period ended 30 June 2016</i>
Current CIT expense	1,656,058,045	19,624,416,165
Deferred income tax expenses	92,023,933	(1,138,421,336)
TOTAL	<u>1,748,081,978</u>	<u>18,485,994,829</u>

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

25. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties were as follows:

Related party	Relationship	Transaction	VND	
			Current year	Previous year
Nam Long PMD	Subsidiary	Office rental service fee and meal voucher	2,954,508,100	3,452,410,328
		Commissioned rental	480,048,638	-
		Water and electricity services and meal voucher	707,330,424	-
Nam Long Service	Subsidiary	Management services fee	5,584,271,294	2,012,728,748
		Capital contribution	770,000,000	-
Nam Long ADC	Subsidiary	Profit shared to of a Ehome	8,303,585,050	7,815,705,099
		Management services fee	4,333,540,000	42,616,055,184
		Loan interests	1,731,825,000	4,570,284,590
		Dividends income	17,485,983,000	-
Nam Khang	Subsidiary	Construction services expenses	74,649,261,409	106,142,615,165
		Purchasing of ownership in other entities	2,488,210,000	-
		Profit sharing	7,550,073,511	-
Trading Floor	Subsidiary	Commission expense	13,330,862,495	28,378,798,360
		Management consultant service fee	173,294,705	-
		Receipt Dividend	28,000,000,000	-
Nguyen Phuc	Subsidiary			
Nam Vien	Indirect subsidiary	Construction service expenses	458,554,545	1,205,192,639
		Interest income	10,975,351,470	10,833,234,649
Nam Long VCD	Subsidiary	Loan to	30,000,000,000	5,800,000,000
		Rent office	826,034,000	311,000,000
		Revenue from consultant services	17,186,300,000	-
		Resettlement service	37,416,400,000	-
		Interest expenses	14,719,115,136	-
Nguyen Son	Subsidiary	Loan drawdown	2,653,689,452	-
		Management consultant service fee	4,581,445,992	-
		Loan to	433,500,000,000	80,000,000,000
Nam Phan	Subsidiary	Interest expenses	11,949,805,554	688,055,556
		Capital contribution	290,000,000,000	64,055,000,000
		Management consultant service fee	4,375,518,400	-
		Ehome S Management consultant service fee Phu Huu	9,464,266,504	-
		Interest income	10,975,351,470	10,833,234,649
		Loan to	30,000,000,000	5,800,000,000

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

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related parties were as follows: (continued)

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>Current year</i>	<i>VND</i> <i>Previous year</i>
Nam Long Hong Phat	Subsidiary	Loan drawdown	40,000,000,000	-
		Loan repayment	20,000,000,000	-
		Interest payable	475,555,555	-
		Interest income	79,166,667	-
NLG – NNR – HR Fuji	Subsidiary	Revenue from EPC services	123,702,955,000	-
Kikyo Valora	Subsidiary	Capital contribution	116,927,250,000	-
		Revenue from EPC services	85,604,420,000	-
Kikyo Flora	Subsidiary	Capital contribution	38,589,500,000	-
Mizuki	Joint venture	Capital contribution	550,000,000,000	-
		Services fee	462,000,000	-

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

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties were as follows:

Related party	Relationship	Transaction	VND	
			30 June 2017	31 December 2016
Trade receivables (Note 5)				
NLG – NNR – HR Fujii	Subsidiary	EPC services fee	-	52,213,562,500
Nam Long VCD	Subsidiary	Management consultant service fee	9,599,599,723	9,599,599,723
		Management consultant service fee Long An	60,062,970,000	-
Nam Khang	Subsidiary	Management consultant service fee	-	6,215,923,491
Nguyen Phuc	Subsidiary	Receipt of interest on late payment	-	4,926,000,000
		EPC services fee	-	2,881,109,110
Trading floor	Subsidiary	Management consultant service fee	-	1,009,840,840
Nam Phan	Subsidiary	Consultant service fee	5,420,569,154	-
Nam Long Service	Subsidiary	Management consultant service fee	733,212,590	733,212,590
		Office rental service fee	618,529,275	618,529,275
Ms Ngo Thi Ngoc Lieu	Related party	Sale of apartment	110,005,097	110,005,097
Ms Nguyen Thi Bich Ngoc	Related party	Sale of apartment	231,750,000	231,750,000
Nam Long Hong Phat	Subsidiary	Management consultant service fee	11,037,649,259	135,451,256
			87,814,285,098	78,674,983,882
Advance to suppliers (Note 6)				
Trading Floor	Subsidiary	Management service	7,785,802,227	4,362,622,817
Nam Vien	Subsidiary	Management service	69,182,000	-
Nam Long PMD	Subsidiary	Management service	182,017,000	183,923,300
			8,037,001,227	4,546,546,117
Loan receivables (Note 7)				
Nam Long VCD	Subsidiary	Loan	194,274,190,411	218,876,890,411
Nam Long Hong Phat	Subsidiary	Loan	-	28,664,682,000
			194,274,190,411	247,541,572,411

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

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties were as follows: (continued)

Related party	Relationship	Transaction	VND	
			30 June 2017	31 December 2016
Other receivables (Note 8)				
Nam Long VCD	Subsidiary	Loan interest	95,520,318,757	84,544,967,287
		Disposal of tools	2,197,028,413	2,197,028,413
Nam Phan	Subsidiary	BCC capital withdrawal receivable	18,000,000,000	18,000,000,000
Nguyen Son	Subsidiary	Advance for land purchasing	2,079,195,184	2,079,195,184
Nam Long PMD	Subsidiary	Deposit for rental	1,431,051,275	1,431,051,275
Nam Long Hong Phat	Subsidiary	Loan interest	1,358,611,112	1,163,888,889
Mizuki	Joint venture	Payment on behalf	462,000,000	-
Nam Long Service	Subsidiary	Dividend receivable	327,800,000	327,800,000
		Disposal of fixed assets	165,000,000	165,000,000
NLG – NNR – HR Fuji	Subsidiary	Payment on behalf	113,404,095	113,404,095
			121,654,408,836	110,022,335,143
Trade payables (Note 12)				
Nam Khang	Subsidiary	Construction service expenses	17,229,520,292	140,995,936,077
Nam Long ADC	Subsidiary	Management service expenses	20,986,975,449	17,305,773,199
Nam Long Service	Subsidiary	Management service expenses	834,043,921	2,989,058,872
Nam Long VCD	Subsidiary	Office rental	-	206,910,000
Nam Vien	Indirect subsidiary	Construction service fee	-	142,290,000
			39,050,539,662	161,639,968,148

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

25. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties were as follows: (continued)

Related party	Relationship	Transaction	VND	
			30 June 2017	31 December 2016
Other payables (Note 16)				
Nam Long ADC	Subsidiary	Investment contribution received for BCC - Ehome Project	81,393,726,134	81,393,726,134
		Profit share for Ehome Project	79,904,816,205	138,587,844,427
Nam Khang	Subsidiary	Investment contribution received for BCC - Long An Project	-	15,671,000,000
		Purchasing of ownership	-	2,488,210,000
		Dividend payable	1,619,039,085	-
Nam Phan	Subsidiary	Investment contribution received for BCC	138,678,918	138,678,918
			163,056,260,342	238,279,459,479
Loans (Note 17)				
Nguyen Son	Subsidiary	Loan	867,346,310,548	270,000,000,000
Nam Phan	Subsidiary	Loan	621,500,000,000	188,000,000,000
Nam Long ADC	Subsidiary	Loan	29,110,795,000	28,000,000,000
Nam Long Hong Phat	Subsidiary	Loan	20,000,000,000	-
			1,537,957,105,548	486,000,000,000

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


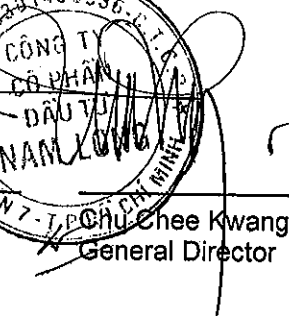
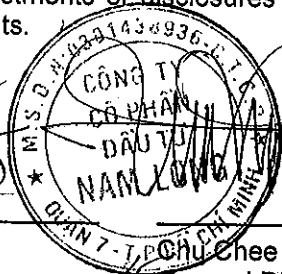
26. EVENTS AFTER THE BALANCE SHEET DATE

On 17 July 2017, the Company received the Official letter No. 4964/UBCK-QLCB from the State Securities Commission acknowledging the receipt of documents submitted by the Company relating to the registration of 15,111,899 shares (which issued 14,153,739 shares to pay dividends and and 958,160 new shares to the executives in accordance with the Executive Stock Grant program). This issuance was appropriated from bonus and welfare fund and undistributed earnings, which in accordance with the Resolution of Shareholders No. 01/2017/NQ/DHDCD/NLG dated 22 April 2017.

Except for the above event, there have been no other significant events occurring after the interim balance sheet date which would require adjustments or disclosures to be made in the accompanying interim separate financial statements.



Pham Thi Duong Lieu
Preparer

Luong Thi Kim Thoa
Chief Accountant

Chu Chee Kwang
General Director

18 July 2017

Nam Long Investment Corporation

EXPLANATION OF THE SEPARATE INCOME STATEMENT IN QUARTER 2 - 2017

To implement disclosure requirement of listed organization in Ho Chi Minh City Stock Exchange, Nam Long Investment Corporation explains revenue and net profit after tax of the Company in Quarter 2.2017 are as follows:

No.	Items	Quarter 2.2017 (VND)	Quarter 2.2016 (VND)	Variance
A	B	(1)	(2)	(3) = [(1) - (2)] / (2)
1	Net revenue	246,911,373,219	665,709,024,339	-63%
2	Net profit after tax	11,497,888,003	58,125,967,869	-80%

Net profit of Quarter 2.2017 is reduced gradually when compared with the same quarter of 2016 mainly due to Net revenue decreases.

Net revenue in Quarter 2.2017 is 246 billion VND, decreasing 63% equivalent to 418 billion VND in comparison with the same period of 2016 because new projects have been in construction, old projects have been nearly completed handover process in 2016. Revenue in this quarter is mainly contributed by EPC services fee (occupied about 68% in total revenue) from Flora Fuji and Kikyo Valora project, with amounting to 76 billion VND, 85 billion VND respectively in Quarter 2.2017.

Besides, revenue from other services fee is 41 billion VND, occupied about 17% in total revenue.



Chu Chee Kwang
General Director

18 July 2017

