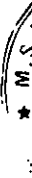


# **Nam Long Investment Corporation**

Interim separate financial statements

30 Sep 2017



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INTERIM SEPARATE BALANCE SHEET  
as at 30 September 2017

VND


Code	ASSETS	Notes	30 September 2017	31 December 2016
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,806,898,175,486</b>	<b>1,956,102,996,394</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>203,318,966,300</b>	<b>255,845,852,248</b>
111	1. Cash		147,909,143,432	118,029,587,481
112	2. Cash equivalents		55,409,822,868	137,816,264,767
<b>120</b>	<b>II. Short-term investment</b>	<b>5</b>	<b>-</b>	<b>25,822,085,285</b>
123	1. Held-to-maturity investments		-	25,822,085,285
<b>130</b>	<b>III. Current accounts receivable</b>		<b>1,271,055,115,913</b>	<b>1,294,884,686,352</b>
131	1. Short-term trade receivables	6	184,447,381,099	335,464,317,008
132	2. Short-term advances to suppliers	7	669,203,173,293	531,634,120,017
135	3. Short-term loan receivables	8	146,974,190,411	210,241,572,411
136	4. Other short-term receivables	9	270,616,132,605	217,730,438,411
137	5. Provision for doubtful debts		(185,761,495)	(185,761,495)
<b>140</b>	<b>IV. Inventories</b>	<b>10</b>	<b>330,438,353,597</b>	<b>379,274,858,231</b>
141	1. Inventories		330,438,353,597	379,274,858,231
<b>150</b>	<b>V. Other current assets</b>		<b>2,085,739,676</b>	<b>275,514,278</b>
151	1. Short-term prepaid expenses		2,069,345,529	275,514,278
152	2. Value-added tax deductible		16,394,147	-
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>4,469,614,844,842</b>	<b>3,393,740,537,664</b>
<b>210</b>	<b>I. Long-term receivables</b>		<b>95,594,492,985</b>	<b>158,711,312,338</b>
215	1. Long-term loan receivables	8	50,000,000,000	37,300,000,000
216	2. Other long-term receivables	9	45,594,492,985	121,411,312,338
<b>220</b>	<b>II. Fixed assets</b>		<b>4,710,975,100</b>	<b>5,909,971,853</b>
221	1. Tangible fixed assets		3,483,468,529	4,162,149,713
222	Cost		8,661,332,628	8,622,832,628
223	Accumulated depreciation		(5,177,864,099)	(4,460,682,915)
227	2. Intangible fixed assets		1,227,506,571	1,747,822,140
228	Cost		4,695,194,894	4,695,194,894
229	Accumulated amortisation		(3,467,688,323)	(2,947,372,754)
<b>230</b>	<b>III. Investment properties</b>		<b>-</b>	<b>-</b>
231	1. Cost		816,491,827	816,491,827
232	2. Accumulated depreciation		(816,491,827)	(816,491,827)
<b>250</b>	<b>IV. Long-term investments</b>	<b>11</b>	<b>4,357,809,112,880</b>	<b>3,214,641,902,026</b>
251	1. Investments in subsidiaries	11.1	3,605,809,112,880	3,140,275,472,880
252	2. Investments in a jointly controlled entity	11.2	750,000,000,000	22,400,000,000
253	3. Investment in other entities	11.3	2,000,000,000	51,966,429,146
<b>260</b>	<b>V. Other long-term assets</b>		<b>11,500,263,877</b>	<b>14,477,351,447</b>
261	1. Long-term prepaid expenses		3,920,502,300	7,444,843,686
262	2. Deferred tax assets		7,579,761,577	7,032,507,761
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,276,513,020,328</b>	<b>5,349,843,534,058</b>


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

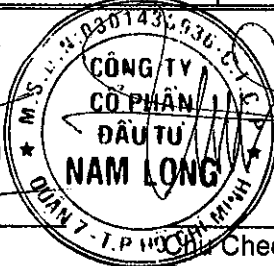
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Code	RESOURCES	Notes	30 September 2017	31 December 2016
<b>300</b>	<b>C. LIABILITIES</b>		<b>3,562,335,633,630</b>	<b>3,059,992,304,512</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,705,280,408,252</b>	<b>1,816,633,725,857</b>
311	1. Short-term trade payables	12	39,360,392,451	183,702,913,747
312	2. Short-term advances from customers	13	350,996,988,131	371,941,791,040
313	3. Statutory obligations	14	18,993,147,750	69,320,278,767
314	4. Payables to employees		7,425,668,510	13,429,225,659
315	5. Short-term accrued expenses	15	604,477,891,652	544,238,608,117
319	6. Other short-term payables	16	259,255,495,369	337,576,606,956
320	7. Short-term loans	17	411,482,897,107	294,486,468,259
322	8. Bonus and welfare fund		13,287,927,282	1,937,833,312
<b>330</b>	<b>II. Non-current liabilities</b>		<b>1,857,055,225,378</b>	<b>1,243,358,578,655</b>
337	1. Other long-term liabilities		2,877,546,955	2,453,549,515
338	2. Long-term loans and debts	17	1,369,814,236,548	762,261,387,000
339	3. Convertible bond	18	468,918,550,314	463,083,450,079
341	4. Deferred tax liabilities		2,696,372,479	2,696,372,479
342	5. Long-term provisions		12,748,519,082	12,863,819,582
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>2,714,177,386,698</b>	<b>2,289,851,229,546</b>
<b>410</b>	<b>I. Capital</b>	<b>19</b>	<b>2,714,177,386,698</b>	<b>2,289,851,229,546</b>
411	1. Share capital		1,572,264,090,000	1,421,145,100,000
411a	- Shares with voting rights		1,572,264,090,000	1,421,145,100,000
412	2. Share premium		492,051,147,061	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		603,417,861,642	330,100,694,490
421a	- Undistributed earnings by the end of prior year		130,386,791,500	186,714,027,547
421b	- Net profit after tax of current period		473,031,070,142	143,386,666,943
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>6,276,513,020,328</b>	<b>5,349,843,534,058</b>

  
Pham Thi Duong Lieu  
Preparer

  
Luong Thi Kim Thoa  
Chief Accountant

  
Chee Kwang  
General Director

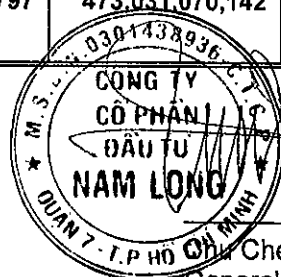
  
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NAM LONG  
QUẬN 7 - TP. HỒ CHÍ MINH

18 October 2017

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

VND

Code	ITEMS	Notes	Quarter 3		Accumulated	
			Current year	Previous year	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	20.1	242,872,389,636	283,558,243,911	686,797,673,192	1,310,512,597,124
02	2. Deductions	20.1	-	-	(1,484,466,390)	-
10	3. Net revenues from sale of goods and rendering of services	20.1	242,872,389,636	283,558,243,911	685,313,206,802	1,310,512,597,124
11	4. Costs of goods sold and services rendered	21	(212,897,981,704)	(225,477,765,015)	(577,208,561,996)	(1,057,201,857,881)
20	5. Gross profit from sale of goods and rendering of services		29,974,407,932	58,080,478,896	108,104,644,806	253,310,739,243
21	6. Finance income	20.2	474,780,269,077	42,339,681,934	563,029,561,862	81,567,215,354
22	7. Finance expenses	22	(36,995,718,768)	(49,553,460,576)	(105,683,939,712)	(73,871,025,634)
23	- In which: Interest expenses		(37,376,082,970)	(11,352,606,611)	(93,013,979,539)	(27,543,737,245)
24	8. Selling expenses		(2,094,423,442)	(21,303,037,786)	(21,611,564,141)	(96,163,575,808)
25	9. General and administration expenses		(23,367,883,158)	(20,342,221,854)	(69,827,335,522)	(63,542,940,655)
30	10. Operating profit		442,296,651,641	9,221,440,614	474,011,367,293	101,300,412,500
31	11. Other income		512,474,258	1,083,279,597	1,976,240,668	3,679,311,419
32	12. Other expenses		(33,454,341)	(3,636,809)	(34,212,623)	(172,374,605)
40	13. Other profit		479,019,917	1,079,642,788	1,942,028,045	3,506,936,814
50	14. Accounting profit before tax		442,775,671,558	10,301,083,402	475,953,395,338	104,807,349,314
51	15. Current corporate income tax expense	23	(1,813,520,969)	(1,299,515,815)	(3,469,579,014)	(18,725,539,990)
52	16. Deferred income tax income	23	639,277,751	1,506,588,210	547,253,818	3,061,453,896
60	17. Net profit after tax		441,601,428,340	10,508,155,797	473,031,070,142	89,143,263,220



Pham Thi Duong Lieu  
Preparer

Luong Thi Kim Thoa  
Chief Accountant

Chee Kwang  
General Director

18 October 2017

INTERIM SEPARATE CASH FLOW STATEMENT  
for the nine-month period ended 30 September 2017

VND

Code	ITEMS	Notes	For the nine-month period ended 30 September 2017	For the nine-month period ended 30 September 2016
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>475,953,395,338</b>	<b>104,807,349,314</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		1,237,496,753	943,110,756
03	Reversal of provision		-	(142,119,600)
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency		-	1,625,497,346
05	Profits from investing activities		(563,029,561,862)	(81,567,215,354)
06	Interest expense	22	93,013,979,539	27,543,737,245
08	<b>Operating profit before changes in working capital</b>		<b>7,175,309,768</b>	<b>53,210,359,707</b>
09	Decrease (increase) in receivables		185,391,918,159	(348,623,461,801)
10	Decrease in inventories		35,662,950,592	367,651,482,317
11	Decrease in payables		(327,680,960,496)	(363,240,634,402)
12	Decrease in prepaid expenses		1,232,661,247	6,900,489,631
14	Interest paid		(53,735,493,106)	(21,776,859,634)
15	Corporate income tax paid		(42,374,410,516)	(33,456,309,759)
16	Other cash inflows from operating activities		428,997,440	-
17	Other cash outflows from operating activities		(1,575,360,575)	(3,644,726,611)
20	<b>Net cash flows used in operating activities</b>		<b>(195,474,387,487)</b>	<b>(342,979,660,552)</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets		(38,500,000)	(1,886,699,751)
23	Loans to other entities		(34,559,000,000)	(40,300,000,000)
24	Collections from borrowers and proceeds from sale of debt instruments of other entities		28,664,682,000	1,984,043,120
25	Payments for investments in other entities		(1,197,311,750,000)	(502,301,774,937)
26	Proceeds from sale of investments in other entities		158,366,429,146	222,025,671,424
27	Interest and dividends received		312,494,683,940	45,707,554,827
30	<b>Net cash flows used in investing activities</b>		<b>(732,383,454,914)</b>	<b>(274,771,205,317)</b>
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Issuance of convertible bond		-	40,503,427,830
33	Drawdown of borrowings		1,165,763,336,107	761,324,515,916
34	Repayment of borrowings		(254,709,643,452)	(183,932,530,000)
36	Dividends paid		(35,722,736,202)	(65,891,165,768)
40	<b>Net cash flows from financing activities</b>		<b>875,330,956,453</b>	<b>552,004,247,978</b>

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

VND

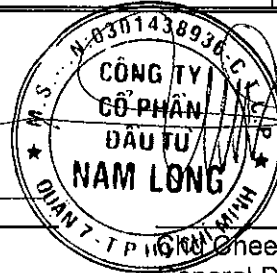
Code	ITEMS	Notes	For the nine-month period ended 30 September 2017	For the nine-month period ended 30 September 2016
50	Net (decrease) increase in cash and cash equivalents		(52,526,885,948)	(65,746,617,891)
60	Cash and cash equivalents at beginning of period		255,845,852,248	154,620,194,401
70	Cash and cash equivalents at end of period	4	203,318,966,300	88,873,576,510



Pham Thi Duong Lieu  
Preparer



Luong Thi Kim Thoa  
Chief Accountant




Chee Kwang  
General Director

18 October 2017

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS  
as at and for the nine-month period ended 30 Sep 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, as amended.

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/QĐ-SGDHCM issued by HOSE on 25 January 2013.

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

<i>Company</i>	<i>Location</i>	<i>Business</i>
<b>Subsidiaries</b>		
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")	Can Tho City	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
NLG – NNR – HR Fuji Limited Liability Company ("NLG – NNR – HR Fuji")	HCMC	Construction and real estate
Nguyen Phuc Real Estate Trading and Investment Company Limited ("Nguyen Phuc")	HCMC	Real estate
Thao Nguyen Real Estate Business and Investment Company Limited ("Thao Nguyen")	HCMC	Real estate
NNH Kikyo Flora Company Limited ("Kikyo Flora")	HCMC	Real estate
NNH Kikyo Valora Company Limited ("Kikyo Valora")	HCMC	Real estate
<b>Joint venture</b>		
NNH Mizuki Joint Stock Company ("NNH Mizuki")	HCMC	Real estate



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the nine-month period ended 30 Sep 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 interim separate financial statements**

The Company has subsidiaries as disclosed in Note 11.1. The Company prepared these interim 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 nine-month period ended 30 September 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 interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

**2.2 Accounting Standards and System**

The interim separate financial statements of the Company expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System, Vietnamese Accounting Standard No. 27 – Interim Financial Reporting 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 interim separate balance sheet, interim separate income statement, interim 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 interim separate financial position and interim separate results of operations and interim 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 nine-month period ended 30 Sep 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 interim 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 at 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 value of inventories owned by the Company, based on appropriate evidence of impairment available at the interim balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold account in the interim separate income statement.

**3.3 Receivables**

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

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

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the nine-month period ended 30 Sep 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 interim 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 interim 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 interim 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 interim separate balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the interim separate income statement as incurred.

Lease income is recognised in the interim 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 nine-month period ended 30 Sep 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
--------------------------	--------------

LURs with indefinite useful life are not amortised.

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

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

#### **3.8 *Borrowing costs***

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

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

#### **3.9 *Prepaid expenses***

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim 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 interim separate income statement:

- ▶ 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 nine-month period ended 30 Sep 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 interim 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 interim 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 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expense in the interim 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 interim 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 period for all employees who have been 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. Increases or decreases to the accrued amount other than actual payment to employee will be taken to the interim 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 nine-month period ended 30 Sep 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 period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the interim 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 foreign exchange differences are taken to the interim 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 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 interim 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 nine-month period ended 30 Sep 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 periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the interim balance sheet date.

Current income tax is charged or credited to the interim 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 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 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 interim balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each interim 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 nine-month period ended 30 Sep 2017

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.16 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 is realised or the liability is settled based on tax rates and tax laws that have been enacted at the interim balance sheet date.

Deferred tax is charged or credited to the interim 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 periods.

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 nine-month period ended 30 Sep 2017

4. CASH AND CASH EQUIVALENTS

	VND	
	30 September 2017	31 December 2016
Cash on hand	542,725,922	1,302,019,948
Cash at banks	137,366,417,510	116,727,567,533
Cash in transit	10,000,000,000	-
Cash equivalents	55,409,822,868	137,816,264,767
<b>TOTAL</b>	<b><u>203,318,966,300</u></b>	<b><u>255,845,852,248</u></b>

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

5. SHORT-TERM INVESTMENTS

Held-to-maturity investments represented the term deposits at the commercial banks with the original maturity of six months and earned the interest at the rates ranging from 6.2% to 6.5% p.a.

6. SHORT TERM TRADE RECEIVABLES

	VND	
	30 September 2017	31 December 2016
Trade receivables from other customers	107,971,314,414	256,789,333,126
Trade receivables from related parties (Note 24)	76,476,066,685	78,674,983,882
<b>TOTAL</b>	<b><u>184,447,381,099</u></b>	<b><u>335,464,317,008</u></b>

7. SHORT TERM ADVANCES TO SUPPLIERS

	VND	
	30 September 2017	31 December 2016
Advances for purchases of land use rights	586,401,332,531	477,481,353,363
- Hoang Nam Company Limited	531,000,000,000	471,000,000,000
- Others	55,401,332,531	6,481,353,363
Advances to subcontractors	68,190,079,490	49,606,220,537
- Dien Quang Nguyen Construction Joint Stock Company	12,137,084,331	9,715,513,304
- Others	56,052,995,159	39,890,707,233
Advances to related parties (Note 24)	14,611,761,272	4,546,546,117
<b>TOTAL</b>	<b><u>669,203,173,293</u></b>	<b><u>531,634,120,017</u></b>

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

8. LOAN RECEIVABLES

	VND	
	30 September 2017	31 December 2016
Loans to related parties (Note 24)	<u>196,974,190,411</u>	<u>247,541,572,411</u>
<i>In which :</i>		
Short-term loan	146,974,190,411	210,241,572,411
Long-term loan	50,000,000,000	37,300,000,000

Details of the loan receivables are as follows:

Borrower	30 September 2017	Due date	Interest rate	Purpose
	VND		% p.a	
<b>Nam Long VCD Corporation</b>				
Loan 1	146,974,190,411	31 December 2017	10.5	Support their working capital needs
Loan 2	<u>50,000,000,000</u>	25 May 2019	10.0	
	<u><b>196,974,190,411</b></u>			

9. OTHER RECEIVABLES

	VND	
	30 September 2017	31 December 2016
<b>Short-term</b>		
Loan interest receivable	101,903,814,529	85,708,856,176
Staff advances for land compensation and legal purpose	77,171,997,000	91,518,062,566
Receivable from investment in Business Cooperation Contracts ("BCC")	68,741,108,872	24,210,353,467
Prepayment of corporate income tax based on payment progress of customers	5,613,326,824	5,332,277,840
Staff advances for other purposes	4,675,376,815	3,436,578,197
Others	12,510,508,565	7,524,310,165
	<u>270,616,132,605</u>	<u>217,730,438,411</u>
<b>Long-term</b>		
Investments in BCC projects (i)	41,063,090,180	117,264,530,680
Deposit	2,551,108,931	2,169,883,275
Others	1,980,293,874	1,976,898,383
	<u>45,594,492,985</u>	<u>121,411,312,338</u>
<b>TOTAL</b>	<u><b>316,210,625,590</b></u>	<u><b>339,141,750,749</b></u>
<i>In which:</i>		
Due from third parties	187,584,332,094	229,119,415,606
Due from related parties (Note 24)	128,626,293,496	110,022,335,143

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

9. 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 South Sai Gon Urban Area. The Company has 60% interest in this BCC. As at 30 September 2017, this project was under completion stage and hand over.

10. INVENTORIES

	VND	
	30 September 2017	31 December 2016
Inventory properties under development (i)	304,153,196,086	334,136,771,077
Engineering Procurement Contracts services (ii)	20,426,909,717	39,624,145,207
Work in progress	5,858,247,794	5,513,941,947
<b>TOTAL</b>	<b><u>330,438,353,597</u></b>	<b><u>379,274,858,231</u></b>
(i) Inventory properties under development:		
<i>Phuoc Long B Project - extension</i>	75,564,689,898	72,484,697,580
<i>Tan Thuan Dong Project</i>	67,071,262,569	62,498,691,311
<i>Binh Duong Project</i>	1,708,357,500	-
<i>Hoang Nam Residence Project (*)</i>	82,780,769,327	35,642,626,256
<i>Can Tho Project</i>	46,697,785,635	53,785,486,674
<i>Go O Moi Project</i>	15,264,278,732	12,561,986,261
<i>Long An projects (*)</i>	11,776,693,547	72,812,161,417
<i>E.Home West Saigon Project</i>		
( <i>"Ehome 3 Project"</i> )	-	22,776,201,587
<i>Other projects</i>	3,289,358,878	1,574,919,991
(ii) Engineering Procurement Contracts ("EPC") services:		
<i>Nguyen Son Project</i>	-	8,820,304,900
<i>Camelia Project</i>	19,746,976,856	17,149,989,506
<i>Phu Huu Project</i>	-	13,430,592,654
<i>Other projects</i>	679,932,861	223,258,147

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

- 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 nine-month period ended 30 Sep 2017

**11. LONG-TERM INVESTMENTS**

	VND	
	30 September 2017	31 December 2016
Investments in subsidiaries (Note 11.1)	3,605,809,112,880	3,140,275,472,880
Investments in a jointly-controlled entity (Note 11.2)	750,000,000,000	22,400,000,000
Other long-term investments (Note 11.3)	2,000,000,000	51,966,429,146
<b>TOTAL</b>	<b>4,357,809,112,880</b>	<b>3,214,641,902,026</b>

**11.1 Investments in subsidiaries**

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

Subsidiary	30 September 2017		31 December 2016	
	Interest	Cost of investment	Interest	Cost of investment
	%	VND	%	VND
Nam Long VCD	(i) 90.40	1,008,544,090,000	90.40	970,322,200,000
Nguyễn Sơn	(i) 87.30	687,034,822,800	87.30	687,034,822,800
NLG – NNR – HR Fuji	50.00	355,214,839,707	50.00	355,214,839,707
Nam Phan	99.96	611,686,896,717	99.96	321,686,896,717
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 – Hồng Phát	75.25	47,782,500,000	75.25	47,782,500,000
Thảo Nguyễn	(i) 50.00	28,483,116,500	50.00	28,483,116,500
Nguyễn Phúc	50.00	12,043,166,500	50.00	32,043,166,500
SGD Nam Long	100	6,000,000,000	100	6,000,000,000
Dịch vụ Nam Long	100	2,540,000,000	71.29	745,000,000
<b>TOTAL</b>		<b>3,605,809,112,880</b>		<b>3,140,275,472,880</b>

(i) These subsidiaries are still under construction phase as at 30 September 2017 and up to the date of these interim separate financial statements.

**11.2 Investments in a jointly-controlled entity**

Jointly controlled entity	Business	30 September 2017		31 December 2016	
		Interest	Cost of investment	Interest	Cost of investment
		%	VND	%	VND
NNH Mizuki	Real Estate	50	750,000,000,000	-	-
Gamuda - Nam Long Development Limited Liability Company	Real Estate	-	-	30	22,400,000,000
			<b>750,000,000,000</b>		<b>22,400,000,000</b>

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

11. LONG-TERM INVESTMENTS (continued)

11.3 Other long-term investments

	VND	
	30 September 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
<b>TOTAL</b>	<b><u>2,000,000,000</u></b>	<b><u>51,966,429,146</u></b>

12. SHORT-TERM TRADE PAYABLES

	VND	
	30 September 2017	31 December 2016
Trade payables to related parties (Note 24)	31,820,523,718	161,639,968,148
Trade payables to other suppliers	7,539,868,733	22,062,945,599
<b>TOTAL</b>	<b><u>39,360,392,451</u></b>	<b><u>183,702,913,747</u></b>

13. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	30 September 2017	31 December 2016
Advances from other suppliers (*)	260,996,988,131	371,941,791,040
Advances from a related party (Note 24)	90,000,000,000	-
<b>TOTAL</b>	<b><u>350,996,988,131</u></b>	<b><u>371,941,791,040</u></b>

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

14. STATUTORY OBLIGATIONS

	VND	
	30 September 2017	31 December 2016
Corporate income tax	13,503,141,823	54,221,741,237
Value- added tax	4,255,260,539	12,234,754,276
Personal income tax	1,234,745,388	2,861,293,811
Other tax	-	2,489,443
<b>TOTAL</b>	<b><u>18,993,147,750</u></b>	<b><u>69,320,278,767</u></b>

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

**15. SHORT TERM ACCRUED EXPENSES**

	VND	
	30 September 2017	31 December 2016
Cost-to-complete of projects that revenues have been recognised	512,532,380,506	479,602,212,283
Interest expense payables	72,108,586,715	40,869,556,031
Other operating costs	19,836,924,431	23,766,839,803
<b>TOTAL</b>	<b>604,477,891,652</b>	<b>544,238,608,117</b>
<i>In which:</i>		
<i>Accrued expenses to other parties</i>	546,779,662,295	538,842,651,561
<i>Accrued expenses to related parties (Note 24)</i>	57,698,229,357	5,395,956,556

**16. OTHER SHORT-TERM PAYABLES**

	VND	
	30 September 2017	31 December 2016
Investment contributions received for BCCs	105,446,942,190	104,968,306,716
Profit shared to BCC partners	63,404,816,205	138,587,844,427
Maintenance and warranty expenses	64,938,713,399	62,163,089,556
Dividends payable	1,057,415,664	1,293,638,876
Borrowings from individuals	17,160,000,000	17,160,000,000
Deposits received	777,385,000	665,385,000
Others	6,470,222,911	12,738,342,381
<b>TOTAL</b>	<b>259,255,495,369</b>	<b>337,576,606,956</b>
<i>In which:</i>		
<i>Other payables to related parties (Note 24)</i>	144,937,221,257	238,279,459,479
<i>Other payables to other parties</i>	114,318,274,112	99,297,147,477

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

17. LOANS

	VND	
	30 September 2017	31 December 2016
<b>Short-term</b>		
Short-term loans from related parties (Notes 17.1 and 24)	214,110,795,000	28,000,000,000
Short-term loans from individuals (Note 17.1)	14,054,947,000	56,052,601,000
Short-term loan from a bank (Note 17.1)	55,763,336,107	13,000,000,000
Current portion of long-term loans (Note 17.2)	127,553,819,000	97,743,358,000
Current portion of bonds	-	99,690,509,259
	<b><u>411,482,897,107</u></b>	<b><u>294,486,468,259</u></b>
<b>Long-term</b>		
Loans from banks (Note 17.2)	363,521,745,000	402,004,745,000
Current portion	127,553,819,000	97,743,358,000
Non-current portion	235,967,926,000	304,261,387,000
Current portion of bonds	-	99,690,509,259
Loans from related parties (Notes 17.2 and 24)	1,133,846,310,548	458,000,000,000
Current portion	176,500,000,000	-
Non-current portion	957,346,310,548	458,000,000,000
	<b><u>1,369,814,236,548</u></b>	<b><u>762,261,387,000</u></b>
<b>TOTAL</b>	<b><u>1,781,297,133,655</u></b>	<b><u>1,056,747,855,259</u></b>

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

17. **LOANS** (continued)

17.1 **Short-term loans**

Details of the short-term loans are as follows:

	30 September 2017 VND	Maturity date	Purpose	Interest rate (% p.a.)	Description of collateral
<b>Short-term loans from individuals</b>					
Short-term loans from individuals	14,054,947,000	9 December 2017	Support working capital needs	8.5 - 10.5	Unsecured
<b>Short-term loans from related parties</b>					
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	9 March 2018		7.0	
Nam Phan - Loan 2	40,000,000,000	24 April 2018		6.0	
Nam Phan - Loan 3	10,000,000,000	7 October 2017		6.0	
Nam Long Hong Phat	20,000,000,000	28 September 2017		7.0	
<b>TOTAL</b>	<b><u>214,110,795,000</u></b>				
<b>Short-term loans from a bank</b>					
Ho Chi Minh City Housing Development Bank	55,763,336,107	June 2018	Support working capital needs	7.5	LUR and associated assets in in Long An Province



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

17. **LOANS** (continued)

17.2 **Long-term loans**

Details of the long-term loan are as follows:

<i>Lender</i>	<i>30 September 2017</i>	<i>Maturity date</i>	<i>Purpose</i>	<i>Interest rate (%/p.a.)</i>	<i>Description of collaterals (Note 10)</i>
	<i>VND</i>				
<b>Long-term loans from related parties</b>					
Nguyen Son - Loan 1	267,346,310,548	27 December 2018	Support working capital needs	7.0	Unsecured
Nguyen Son - Loan 2	400,000,000,000	28 April 2019		6.0	
Nam Phan - Loan 1	176,500,000,000	24 May 2018		8.0	
Nam Phan - Loan 2	290,000,000,000	15 May 2019		6.0	

**TOTAL** **1,133,846,310,548**

*In which :*

<i>Current portion</i>	176,500,000,000
<i>Long-term loan</i>	957,346,310,548

**Long-term loans from banks**

Orient Commercial Joint Stock Bank - Loan 1	63,521,745,000	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** **363,521,745,000**

*In which :*

<i>Current portion</i>	127,553,819,000
<i>Long-term loan</i>	235,967,926,000

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

**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:

	VND
	<i>30 September 2017</i>
Value of convertible bond	500,000,000,000
Equity component ( <i>Note 19.1</i> )	<u>(40,503,427,830)</u>
<b>Liability component at initial recognition</b>	<b>459,496,572,170</b>
<i>Add: Accumulated amortisation</i>	<u>9,421,978,144</u>
<b>Liability component as at 30 September 2017</b>	<b><u>468,918,550,314</u></b>

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

19. OWNERS' EQUITY

	Share capital	Share premium	Investment and development fund	Equity component of convertible bond	Undistributed earnings	VND Total
<b>For the nine-month period ended 30 September 2016</b>						
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 new shares	5,423,530,000	(176,000,000)	-	-	-	5,247,530,000
Issuance of convertible bond	-	-	-	40,503,427,830	-	40,503,427,830
Net profit for the period	-	-	-	-	89,143,263,220	89,143,263,220
Dividends declared	-	-	-	-	(66,963,630,261)	(66,963,630,261)
Appropriation of net profit	-	-	-	-	(13,160,000,000)	(13,160,000,000)
30 September 2016	1,421,145,100,000	492,161,147,061	5,940,860,165	40,503,427,830	275,857,290,767	2,235,607,825,823
<b>For the nine-month period ended 30 September 2017</b>						
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
Issuance of new shares	9,581,600,000	(110,000,000)	-	-	-	9,471,600,000
Issuance of new shares	141,537,390,000	-	-	-	(141,537,390,000)	-
Net profit for the period	-	-	-	-	473,031,070,142	473,031,070,142
Dividends declared	-	-	-	-	(35,386,512,990)	(35,386,512,990)
Appropriation of net profit	-	-	-	-	(22,790,000,000)	(22,790,000,000)
30 September 2017	1,572,264,090,000	492,051,147,061	5,940,860,165	40,503,427,830	603,417,861,642	2,714,177,386,698

(\*) On 24 August 2017, the Company issued of 14,153,739 shares as dividends to existing shareholders at ratio 9.96% and 958,160 new shares to the executives in accordance with the Executive Stock Grant program. This issuance was appropriated from undistributed earnings as at 31 December 2016 and bonus and welfare fund as at 25 April 2017, respectively, which in accordance with the Resolution of Shareholders No. 01/2017/NQ/DHDCD/NLG dated 22 April 2017.

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

20. REVENUES

20.1 Revenues from sale of goods and rendering of services

	VND	
	For the nine-month period ended 30 September 2017	For the nine-month period ended 30 September 2016
<b>Gross revenues</b>	<b>686,797,673,192</b>	<b>1,310,512,597,124</b>
<i>In which:</i>		
Revenue from Engineering Procurement Contracts ("EPC")	411,486,753,136	145,787,440,000
Sale of land, apartments, town houses and villas	214,628,571,423	1,157,122,330,691
Rendering of services	60,682,348,633	7,264,625,115
Rental income from investment properties	-	338,201,318
<b>Less</b>		
Sale deduction	(1,484,466,390)	-
<b>Net revenues</b>	<b><u>685,313,206,802</u></b>	<b><u>1,310,512,597,124</u></b>
<i>In which:</i>		
Revenue from Engineering Procurement Contracts ("EPC")	411,486,753,136	145,787,440,000
Sale of land, apartments, town houses and villas	213,144,105,033	1,157,122,330,691
Rendering of services	60,682,348,633	7,264,625,115
Rental income from investment properties	-	338,201,318

20.2 Finance income

	VND	
	For the nine-month period ended 30 September 2017	For the nine-month period ended 30 September 2016
Dividends income and gain from investment	545,270,389,489	51,880,923,000
Interest income from loan to a related party	16,194,958,353	16,853,296,839
Interest income from bank deposits	1,564,214,020	5,224,276,774
Gains from disposals of investment	-	7,608,718,741
<b>TOTAL</b>	<b><u>563,029,561,862</u></b>	<b><u>81,567,215,354</u></b>

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

**21. COST OF GOODS SOLD AND SERVICES RENDERED**

	<i>VND</i>	
	<i>For the nine-month period ended 30 September 2017</i>	<i>For the nine-month period ended 30 September 2016</i>
Cost of Engineering Procurement Contracts services	388,538,746,767	137,606,934,968
Cost of land, apartments, town houses and villas	135,180,272,156	913,972,386,830
Cost of rendering of services	53,489,543,073	5,158,342,691
Operating costs of investment property	-	464,193,392
<b>TOTAL</b>	<b><u>577,208,561,996</u></b>	<b><u>1,057,201,857,881</u></b>

**22. FINANCE EXPENSES**

	<i>VND</i>	
	<i>For the nine-month period ended 30 September 2017</i>	<i>For the nine-month period ended 30 September 2016</i>
Interest expense	93,013,979,539	27,543,737,245
Share profit to BCC partners	12,117,045,289	36,295,566,792
Other finance expenses	552,914,884	10,031,721,597
<b>TOTAL</b>	<b><u>105,683,939,712</u></b>	<b><u>73,871,025,634</u></b>

**23. 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 interim separate financial statements could change at a later date upon final determination by the tax authorities.

	<i>VND</i>	
	<i>For the nine-month period ended 30 September 2017</i>	<i>For the nine-month period ended 30 September 2016</i>
Current CIT expense	3,469,579,014	18,725,539,990
Deferred income tax income	(547,253,818)	(3,061,453,896)
<b>TOTAL</b>	<b><u>2,922,325,196</u></b>	<b><u>15,664,086,094</u></b>

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

**24. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties were as follows:

Related party	Relationship	Transaction	VND	
			For the nine-month period ended 30 September 2017	For the nine-month period ended 30 September 2016
Nam Long Service	Subsidiary	Management services fee	7,617,176,956	4,259,933,623
		Buy shares	1,795,000,000	-
Nam Long ADC	Subsidiary	Loan drawdown	131,110,795,000	4,002,641,000
		Loan repayment	130,000,000,000	20,000,000,000
		Profit sharing to of as Ehome	8,303,585,050	36,295,566,792
		Dividend income	17,485,983,000	17,485,983,000
		Management services fee	5,405,865,400	46,458,395,637
		Payable interest	1,731,825,000	1,265,090,000
Nam Khang	Subsidiary	Construction services expenses	151,245,165,898	226,897,168,278
		BCC Capital repayment	23,221,073,511	-
		Profit shared	22,360,000,000	-
		Profit sharing to of a Ehome	7,550,073,511	-
		Payable dividend	1,619,039,085	-
Trading Floor	Subsidiary	Commission expenses	23,156,590,807	38,082,970,258
		Profit divided	1,000,000,000	-
Nguyen Phuc	Subsidiary	Dividend income	28,000,000,000	-
		Capital withdrawal	20,000,000,000	65,000,000,000
Nam Long VCD	Subsidiary	Collection loan	54,602,700,000	-
		Capital contribution	38,221,890,000	2,943,400,000
		Loan to	32,700,000,000	10,300,000,000
		Revenue from consultant services	17,186,300,000	-
		Interest income	16,115,791,686	16,353,296,839
Nguyen Son	Subsidiary	Loan drawdown	658,000,000,000	-
		Loan interest	23,368,739,552	-
		Revenue from management consultant service fee	38,604,324,579	-
		Dividend income	400,479,040,000	-
Nam Phan	Subsidiary	Loan drawdown	605,000,000,000	80,000,000,000
		Capital contribution	290,000,000,000	64,055,000,000
		Loan repayment	171,500,000,000	20,000,000,000
		Revenue from management consultant service fee	12,101,784,904	-
		Loan interest	22,559,361,109	-

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

24. **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>For the nine-month period ended 30 September 2017</i>	<i>For the nine-month period ended 30 September 2016</i>
Nam Long Hong Phat	Subsidiary	Loan drawdown	40,000,000,000	30,000,000,000
		Loan repayment	20,000,000,000	-
		Payable interest	1,166,666,667	-
		BCC Capital repayment	49,966,429,146	-
NLG – NNR – HR Fuji	Subsidiary	Revenue from EPC services	205,004,545,000	-
Kikyo Flora	Subsidiary	Capital contribution	38,589,500,000	-
		Revenue from EPC services	49,480,470,000	-
Kikyo Valora	Subsidiary	Capital contribution	116,927,250,000	-
		Revenue from EPC services	129,566,580,000	-
Nam Long PMD	Subsidiary	Office rental service	4,431,762,150	4,407,313,517
		Conference room service, electricity and water	1,595,863,845	337,984,845
NNH Mizuki	Joint venture	Capital contribution	750,000,000,000	-

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>30 September 2017</i>	<i>31 December 2016</i>
<b>Trade receivables (Note 6)</b>				
Nam Long VCD	Subsidiary	Construction service expenses	60,062,970,000	-
		Management consultant service fee	9,599,599,723	9,599,599,723
Nam Long Hong Phat	Subsidiary	Management consultant service fee	-	135,451,256
Nguyễn Sơn	Subsidiary	Management consultant service fee	5,120,000,000	-
Nam Long Service	Subsidiary	Management consultant service fee	733,212,590	733,212,590
		Office rental service fee	618,529,275	618,529,275

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

**24. TRANSACTIONS WITH RELATED PARTIES** (continued)

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>30 September 2017</i>	<i>VND 31 December 2016</i>
<b>Trade receivables (Note 6)</b>				
Ms Nguyen Thi Bich Ngoc	Shareholder	Sale of apartment	231,750,000	231,750,000
Ms Ngo Thi Ngoc Lieu	Shareholder	Sale of apartment	110,005,097	110,005,097
NLG – NNR – HR Fujii	Subsidiary	EPC services fee	-	52,213,562,500
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
			<b>76,476,066,685</b>	<b>78,674,983,882</b>
<b>Advance to suppliers (Note 7)</b>				
Trading Floor	Subsidiary	Management service	14,206,767,272	4,362,622,817
Nam Long PMD	Subsidiary	Management service	191,367,000	183,923,300
Nam Vien	Indirect subsidiary	Construction service expenses	213,627,000	-
			<b>14,611,761,272</b>	<b>4,546,546,117</b>
<b>Loan receivables (Note 8)</b>				
Nam Long VCD	Subsidiary	Loan	196,974,190,411	218,876,890,411
Nam Long Hong Phat	Subsidiary	Loan	-	28,664,682,000
			<b>196,974,190,411</b>	<b>247,541,572,411</b>



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

**24. TRANSACTIONS WITH RELATED PARTIES** (continued)

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

Related party	Relationship	Transaction	VND	
			30 September 2017	31 December 2016
<b>Other receivables (Note 9)</b>				
Nam Long VCD	Subsidiary	Loan interest	100,660,758,973	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 Hong Phat	Subsidiary	Loan interest	1,243,055,556	1,163,888,889
NNH Mizuki	Joint venture	Payment on behalf	550,000,000	-
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
Nguyen Phuc	Subsidiary	Borrow	1,859,000,000	-
Nam Long PMD	Subsidiary	Deposit for rental	1,431,051,275	1,431,051,275
			<b>128,626,293,496</b>	<b>110,022,335,143</b>
<b>Advance from a customer (Note 13)</b>				
Kikyo Valora	Subsidiary	Advance for EPC services	90,000,000,000	-
<b>Trade payables (Note 12)</b>				
Nam Khang	Subsidiary	Construction service expenses	11,449,004,177	140,995,936,077
Nam Long ADC	Subsidiary	Management service expenses	18,260,402,149	17,305,773,199
Nam Long Service	Subsidiary	Management service expenses	2,111,117,392	2,989,058,872
Nam Long VCD	Subsidiary	Office rental	-	206,910,000
Nam Vien	Indirect subsidiary	Construction service fee	-	142,290,000
			<b>31,820,523,718</b>	<b>161,639,968,148</b>

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

24. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related party	Relationship	Transaction	VND	
			30 September 2017	31 December 2016
<b>Other payables (Note 16)</b>				
Nam Long ADC	Subsidiary	Investment contribution received for BCC - Ehome Project	81,393,726,134	81,393,726,134
		Profit share for Ehome Project	63,404,816,205	138,587,844,427
Nam Khang	Subsidiary	Dividends	-	-
		Investment contribution received for BCC - Long An Project	-	15,671,000,000
		Purchasing of ownership	-	2,488,210,000
Nam Phan	Subsidiary	Investment contribution received for BCC	138,678,918	138,678,918
			<b>144,937,221,257</b>	<b>238,279,459,479</b>
<b>Loans (Note 17)</b>				
Nguyen Son	Subsidiary	Loan	667,346,310,548	270,000,000,000
Nam Phan	Subsidiary	Loan	631,500,000,000	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	-
			<b>1,347,957,105,548</b>	<b>486,000,000,000</b>
<b>Accrual (Note 15)</b>				
Nam Phan	Subsidiary	Loan interest	27,132,833,332	4,573,472,223
Nguyen Son	Subsidiary	Loan interest	28,323,976,914	233,333,333
Nam Long Hong Phat	Subsidiary	Loan interest	1,051,111,111	-
Nam Long ADC	Subsidiary	Loan interest	1,190,308,000	589,151,000
			<b>57,698,229,357</b>	<b>5,395,956,556</b>

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

**25. CORRESPONDING FIGURES**

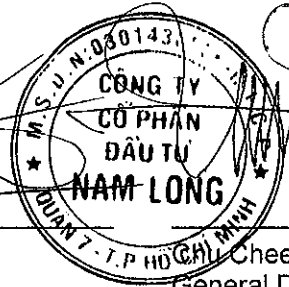


Certain corresponding figures on the separate financial statements for the year ended 31 December 2016 have been reclassified to reflect the presentation of the current period's separate financial statements.

**26. EVENT AFTER THE INTERIM BALANCE SHEET DATE**

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

Chee Kwang  
General Director

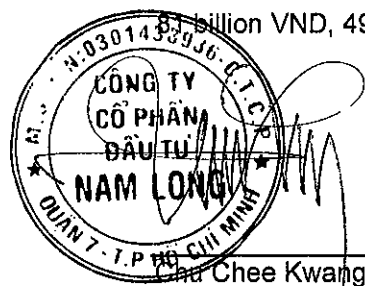
18 October 2017

INTERIM SEPARATE BALANCE SHEET (continued)  
as at 30 September 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 3.2017 are as follows:

No.	Items	Quarter 3.2017 (VND)	Quarter 3.2016 (VND)	Variance
A	B	(1)	(2)	(3) = [(1) - (2)] / (2)
1	Net revenue	242,872,389,636	283,558,243,911	-14%
2	Net profit after tax	441,601,428,340	10,508,155,797	4102%

Net profit of Quarter 3.2017 is increased gradually when compared with the same quarter of 2016 mainly due to financial income increases. Net revenue in Quarter 3.2017 is 242 billion VND, decreasing 14% equivalents to 40 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 83% in total revenue) from Flora Fuji, Kikyo Flora, Kikyo Valora and Mizuki Park project, with amounting to 57 billion VND, 49 billion VND, 43 billion VND, 27 billion VND respectively in Quarter 3.2017.



Chu Chee Kwang  
General Director

18 October 2017

