

**HUDLAND REAL ESTATE INVESTMENT
AND DEVELOPMENT JOINT STOCK COMPANY**

REVIEWED INTERIM FINANCIAL STATEMENTS
For the period from 01/01/2016 to 30/06/2016



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STATEMENTS OF THE BOARD OF DIRECTORS

The Board of Directors of HUDLAND Real Estate Investment and Development Joint Stock Company presents this report together with the Company's reviewed interim financial statements for the period from 01/01/2016 to 30/06/2016.

THE COMPANY

HUDLAND Real Estate Investment and Development Joint Stock Company ("the Company") is established under the Business Registration Certificate ("BRC") of Joint Stock Company No. 0103018988 issued by Hanoi Department of Planning and Investment on 10 August 2007 and the fourth amendment of BRC No. 0102340326 was on 15 April 2014.

Business name: HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

Abbreviated name: HUDLAND., JSC

Registered office at: 5th Floor HUD Building, 430 Ngo Gia Tu str., Duc Giang ward, Long Bien district, Hanoi

The company is listed on the Hanoi Stock Exchange. Stock : HLD

THE BOARDS OF MANAGEMENT AND DIRECTORS

| | | |
|----------------------------|-----------------------|---------------|
| Board of Management | Mr Bui Duc Thinh | Chairman |
| | Ms Dinh Thi Minh Hang | Vice Chairman |
| | Mr Pham Cao Son | Member |
| | Mr Le Anh Vu | Member |
| | Ms Nguyen Thanh Huong | Member |

Members of Board of Directors who held the Company during the year and at the date of this report are as follows:

| | | |
|---------------------------|----------------------|------------------|
| Board of Directors | Mr Pham Cao Son | General Director |
| | Mr. Nguyen Thanh Tu | Deputy Director |
| | Mr. Vu Tuan Linh | Deputy Director |
| | Mr. Nguyen Nam Cuong | Deputy Director |

SUBSEQUENT EVENTS

According to the Board of Directors, in the material respects, there have been no significant events occurring after the balance sheet date, affecting the financial position and operation of the Company which would require adjustments or disclosures to be made in the interim financial statements for the period from 01/01/2016 to 30/6/2016.

AUDITOR

CPA VIETNAM Auditing Company Limited (CPA VIETNAM) - An independent member firm of Moore Stephens International Limited, has reviewed the interim financial statements for the period from 01/01/2016 to 30/6/2016.

No. 523/2016/BCSX-BCTC/CPA VIETNAM

**REPORT ON REVIEW OF INFORMATION
IN THE INTERIM FINANCIAL STATEMENTS**

To: **The Boards of Management and Directors
HUDLAND Real Estate Investment and Development Joint Stock Company**

We have reviewed the accompanying interim financial statements of HUDLAND Real Estate Investment and Development Joint Stock Company as set out on pages 04 to pages 31, which prepared on 04 August 2016 comprise the Interim Balance sheet as at 30/06/2016, and the Interim Statement of income, and Interim Statement of Cash flows for 6 months, and Notes to the interim financial statements.

The Board of Directors' responsibility

The Board of Directors' are responsible for the preparation and presentation of these interim financial statements comply with Vietnamese Standards on Accounting, Vietnamese Accounting System and relevant legal regulations in preparing and financial statements and for such internal control as the Board of Director determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial statements based on the results of our review. We conducted our review in accordance with Vietnam Standards of service contract No. 2410 review - Review of interim financial information by the Company's independent auditors.

The review of interim financial information includes the interviews of persons who are responsible for the financial and accounting matters, and perform analytical procedures and other review procedures. Basically, a review has a narrower scope in comparison with an audit in accordance with the Vietnam Auditing Standards. Consequently, we are unable to achieve comprehensive assurance to all key issues that can be detected in an audit. Accordingly, we do not express an audit opinion.

Auditor's conclusions

According to our review, the accompanying financial statements gives a true and fair view of, all material respects, the financial position of the Company as at 30 June 2016 and the results of its operations and its cash flows for the period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam on interim financial statements

**Bui Thi Thuy****Deputy General Director**

Certificate of Registration of Auditing Practice

No. 0580-2015-137-1

For and on behalf of,

CPA VIETNAM AUDITING COMPANY LIMITED**An Independent member firm of Moore Stephens International Limited**

Hanoi, 04 August 2016

INTERIM BALANCE SHEET

As at 30 June 2016

| ASSETS | Code | Note | 30/06/2016 VND | 01/01/2016 VND |
|---|------------|------|------------------------|------------------------|
| A. CURRENT ASSETS (100 = 110+120+130+140+150) | 100 | | 659.142.576.268 | 634.420.503.038 |
| I. Cash and cash equivalents | 110 | 5.1 | 205.955.750.324 | 216.017.498.993 |
| 1. Cash | 111 | | 9.094.574.685 | 1.896.702.515 |
| 2. Cash equivalents | 112 | | 196.861.175.639 | 214.120.796.478 |
| II. Short-term financial investments | 120 | | 34.652.463.333 | 31.393.930.000 |
| 3. Investments held to maturity | 123 | 5.2 | 34.652.463.333 | 31.393.930.000 |
| III. Short-term receivables | 130 | | 204.560.961.943 | 179.862.670.916 |
| 1. Short-term trade accounts receivable | 131 | 5.3 | 176.380.923.816 | 159.348.280.582 |
| 2. Short-term advances to suppliers | 132 | 5.4 | 23.098.504.968 | 15.246.092.943 |
| 6. Other short-term receivables | 136 | 5.5 | 5.081.533.159 | 5.268.297.391 |
| IV. Inventories | 140 | | 213.942.684.172 | 206.778.161.218 |
| 1. Inventories | 141 | 5.6 | 213.942.684.172 | 206.778.161.218 |
| V. Other current assets | 150 | | 30.716.496 | 368.241.911 |
| 2. Deductible VAT | 152 | 5.7 | - | 368.241.911 |
| 3. Taxes and other revenues to the state | 153 | 5.7 | 30.716.496 | - |
| B. NON-CURRENT ASSETS (200 = 210+220+240+250+260) | 200 | | 110.163.156.017 | 102.589.099.844 |
| I. Long - terms receivables | 210 | | - | - |
| II. Fixed assets | 220 | | 1.358.155.283 | 1.667.732.267 |
| 1. Tangible fixed assets | 221 | 5.8 | 1.336.488.619 | 1.635.232.267 |
| - Cost | 222 | | 5.021.082.089 | 5.021.082.089 |
| - Accumulated Depreciation | 223 | | (3.684.593.470) | (3.385.849.822) |
| 3. Intangible fixed assets | 227 | 5.9 | 21.666.664 | 32.500.000 |
| - Cost | 228 | | 65.000.000 | 65.000.000 |
| - Accumulated Depreciation | 229 | | (43.333.336) | (32.500.000) |
| III. Investment property | 230 | | - | - |
| IV. Long-term assets in progress | 240 | | 105.961.529.742 | 97.942.924.621 |
| 2. Construction in progress | 242 | 5.10 | 105.961.529.742 | 97.942.924.621 |
| V. Long-term financial investments | 250 | | 2.500.000.000 | 2.500.000.000 |
| 2. Investments in joint ventures and associates | 252 | 5.11 | 2.500.000.000 | 2.500.000.000 |
| VI. Other long-term assets | 260 | | 343.470.992 | 478.442.956 |
| 1. Long-term prepaid expenses | 261 | 5.12 | 343.470.992 | 478.442.956 |
| TOTAL ASSETS (270 = 100+200) | 270 | | 769.305.732.285 | 737.009.602.882 |

INTERIM BALANCE SHEET (Continued)
As at 30 June 2016

| RESOURCES | Code | Note | 30/06/2016 VND | 01/01/2016 VND |
|---|------------|------|------------------------|------------------------|
| C. LIABILITIES (300 = 310+330) | 300 | | 328,053,294,952 | 283,457,420,539 |
| I. Current liabilities | 310 | | 220,294,736,928 | 178,356,646,577 |
| 1. Short-term trade accounts payable | 311 | 5.13 | 10,433,696,609 | 38,261,434,626 |
| 2. Short-term advances from customers | 312 | 5.14 | 1,502,430,195 | 395,836,296 |
| 3. Taxes and other payables to State | 313 | 5.15 | 4,007,015,101 | 3,378,562,438 |
| 4. Short-term payables to employees | 314 | | - | 2,656,062,345 |
| 5. Short-term accrued expenses | 315 | 5.16 | 65,113,856,178 | 65,113,856,178 |
| 9. Other current payables | 319 | 5.17 | 61,040,087,182 | 26,490,353,017 |
| 10. Short-term loans and financial leases | 320 | 5.18 | 68,441,258,254 | 34,638,291,268 |
| 12. Bonus and welfare funds | 322 | | 9,756,393,409 | 7,422,250,409 |
| II. Long - term liabilities | 330 | | 107,758,558,024 | 105,100,773,962 |
| 8. Long-term loans and financial leases | 338 | 5.18 | 107,758,558,024 | 105,100,773,962 |
| D. EQUITY (400 = 410+430) | 400 | | 441,252,437,333 | 453,552,182,343 |
| I. Owner's equity | 410 | 5.19 | 441,252,437,333 | 453,552,182,343 |
| 1. Paid-in capital | 411 | | 200,000,000,000 | 200,000,000,000 |
| - <i>Voting ordinary shares</i> | 411a | | 200,000,000,000 | 200,000,000,000 |
| 8. Investment and development fund | 418 | | 210,832,092,113 | 197,232,092,113 |
| 11. Undistributed post-tax profits | 421 | | 30,420,345,220 | 56,320,090,230 |
| - <i>Undistributed post-tax profits accumulated by the end of the previous period</i> | 421a | | 10,155,750,230 | - |
| - <i>Undistributed post-tax profits of current period</i> | 421b | | 20,264,594,990 | 56,320,090,230 |
| II. Other resources and funds | 430 | | - | - |
| TOTAL RESOURCES (440 = 300+400) | 440 | | 769,305,732,285 | 737,009,602,882 |

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hanoi, 04 August 2016

General Director



Pham Cao Son

INTERIM INCOME STATEMENT
For the period from 01/01/2016 to 30/6/2016

| ITEMS | Code | Note | The period | The period |
|--|-----------|------|----------------------------------|----------------------------------|
| | | | from 01/01/2016 to 30/06/2016 | from 01/01/2015 to 30/06/2015 |
| | | | VND | VND |
| 1. Gross sales of merchandise and services | 01 | 5.20 | 72,870,970,785 | 185,042,909,998 |
| 2. Deductions | 02 | | - | - |
| 3. Net sales of merchandise and services (10 = 01-02) | 10 | 5.20 | 72,870,970,785 | 185,042,909,998 |
| 4. Cost of goods sold | 11 | 5.21 | 43,940,122,756 | 147,779,670,742 |
| 5. Gross profit from sales of merchandise and services (20 = 10-11) | 20 | | 28,930,848,029 | 37,263,239,256 |
| 6. Financial income | 21 | 5.22 | 4,843,397,196 | 2,642,564,175 |
| 7. Financial expenses | 22 | 5.22 | 1,801,071,294 | 540,655,175 |
| <i>In which: Interest expenses</i> | 23 | | - | - |
| 8. Selling expenses | 24 | 5.23 | 858,533,424 | 386,160,183 |
| 9. General and administration expenses | 25 | 5.23 | 5,763,266,179 | 5,144,619,357 |
| 10. Operating profit {30 = 20+(21-22)-(24+25)} | 30 | | 25,351,374,328 | 33,834,368,716 |
| 11. Other income | 31 | 5.24 | 481,327 | 1,616,112 |
| 12. Other expenses | 32 | 5.24 | 21,111,917 | 951,703 |
| 13. Profit (Loss) from other activities (40=31-32) | 40 | | (20,630,590) | 664,409 |
| 14. Accounting profit (loss) before tax (50=30+40) | 50 | | 25,330,743,738 | 33,835,033,125 |
| 15. Current tax expense | 51 | 5.25 | 5,066,148,748 | 7,443,707,289 |
| 16. Deferred tax income/(expense) | 52 | | - | - |
| 17. Net profit (loss) after income tax (60=50-51-52) | 60 | | 20,264,594,990 | 26,391,325,836 |
| 18. Basic earnings per share | 70 | 5.26 | 1,013 | 1,320 |
| 19. Diluted earnings per share | 71 | | - | - |

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hanoi, 04 August 2016
General Director



Pham Cao Son

1. GENERAL INFORMATION

1.1 Structure of ownership

HUDLAND Real Estate Investment and Development Joint Stock Company (“the Company”) is official established under the Business Registration Certificate (“BRC”) of Joint Stock Company No. 0103018988 issued by Hanoi Department of Planning and Investment on 10 August 2007 and the fourth amendment of BRC No. 0102340326 was on 15 April 2014

Business Name:: HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY.

Abbreviated Name: HUDLAND., JSC.

Registered office at: 5th Floor HUD Building, 430 Ngo Gia Tu str., Duc Giang ward, Long Bien district, Hanoi.

Total charter capital recorded in the BRC is of VND 200,000,000,000, which is divided into 20,000,000 shares with par value of VND10,000/ share. The Company’s legal capital is of VND 6,000,000,000.

1.2 Operating industry and principal activities

- Construction of other civil: Construction and renovation house; construction of commercial centers, supermarkets, service, office, sports center, warehouses, factories, markets; construction of economic zones and industrial parks; construction and installation of civil, industrial, transport, irrigation, telecommunications, urban infrastructure works, industrial, transmission lines and power station under 35KV;
- Architectural engineering and consult: Investment consultancy in construction house and urban infrastructure;
- Business construction materials, interior and exterior decoration, construction machinery and equipment;
- Wholesale trade machinery, equipment and spare parts: Business specialized machinery construction;
- Agents, brokers, auction: Purchase agent, dealer, consignment;
- Business real estate, land use rights of the owner, the owner or lessee uses: Investment residential development, new urban areas;
- Export and import construction materials, interior and exterior decoration, construction machinery and equipment.

The principal activity of the Company is investment in residential development and new urban areas.

1.3 Business struture

As at 30/06/2016, the Company has subsidiaries, associates and affiliated units as follows:

| | Main activities | Share of capital contribution | Voting right |
|-------------------------------|------------------------|--------------------------------------|---------------------|
| Associates | | | |
| Hudland trade and service JSC | Supplying services | 30,5% | 30,5% |

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting period

The Company's financial year begins on 1 January and ends on 31 December. The interim financial statements are prepared for the period from 01 January 2016 to 30 June 2016.

Monetary unit in accounting

The accompanying financial statements are expressed in Vietnam Dong (VND).

3. APPLIED ACCOUNTING STANDARDS AND ACCOUNTING SYSTEM

Applied Accounting Standards and Accounting System

The Company applied Vietnamese Enterprise Accounting System promulgated under Circulars No.200/2012/TT-BTC dated 22 December 2014 issued by the Ministry of Finance.

Statements for the compliance with Accounting Standards and System

The Company's Board of Directors confirmed to completely comply with Vietnamese Accounting Standards and System promulgated and taken effect relating to preparation and presentation of the interim financial statements for the period from 01/01/2016 to 30/06/2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation interim financial statements

The interim financial statements attached are expressed in Vietnam Dong (VND), under the historical cost convention and in accordance with Vietnam accounting standards, corporate accounting regime applicable Vietnam and regulations legal concerning the preparation and presentation of consolidated interim financial statements.

Cash and cash equivalents Recognition

Cash: Including cash, cash in bank (call deposits) and cash in transit.

Cash, bank deposits are recognized on the basics of actual transaction.

Cash equivalents

Including short-term investments, time deposits whose recovery period or maturity not exceeding 3 months from the date of investment, deposits could be liquidated into particular amount and have no liquidation risk as at reporting time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Held to maturity investments

Held to maturity investments includes: term deposits (including treasury bills, promissory notes), bonds, preference shares which the issuer is required to re-buy them in a certain time in the future and held to maturity loans to earn profits periodically and other held to maturity investments.

Held to maturity investments shall be stated at the historical cost and determined according to fair value upon recovery abilities.

All of held to maturity investments classified accounts derived from foreign currencies shall be revaluated according to actual transaction exchange rate at the date of the financial.

Investments in subsidiaries, joint ventures, associates and other investments

- Investments in joint ventures, associates: Investments in joint ventures, associates that the company obtains control right are stated at historical cost in the financial statements.

Distributions from profits that the Company received from the accumulated profits of the subsidiaries after the date the Company obtains control are recognized in income statement of the company. Other distributions are considered a recovery of investment and are deducted from the investment value.

Receivables

The receivables shall be kept records in details according to period receivables, entities receivables, kind of currency receivable and other factors according to requirements for management

The amounts receivable includes trade receivables and other receivables following rules below:

- Trade receivables include commercial receivables generating from purchase-sale related transactions between enterprises and buyers (independent unit against buyers, including receivables between parent companies and subsidiary companies or joint-venture companies). The trade receivables are recognized in accordance with the standards of the time revenue recognition based on invoices.
- Other receivables includes of non-commercial receivables.

Accounts receivable are classified as short and long term on the balance sheet, the consolidated accounting basis for the remaining period of the accounts receivable at the date of the consolidated financial statements.

Provision for doubtful debts: is made for doubtful debts based on the time of overdue payment of principal under the original debt commitments (excluding debt extending between the parties), or expected losses that may occur under the guidance in Circular 228/2009 / TT-BTC dated 07/12/2009.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost of inventories within the Company is calculated using the weighted average method and inventory recording method is specific identification method.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations, which allow provisions to be made for obsolete, damaged, or sub-standard inventories which have a book value higher than net realisable value as at the balance sheet date.

Tangible fixed assets and depreciation

Company manage, use and allocate depreciation of fixed assets in accordance with the guidance in Circular 45/2013/TT-BTC dated 25 April 2013

a. Rules for accounting

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The historical cost of the tangible fixed assets comprises its purchase price and all direct attributable costs of bringing the assets to its working condition and location for its intended use.

When fixed assets are sold or disposed, their cost and accumulated depreciation are eliminated and any gain or loss (if any) arising from the disposal are allocated in other income or other expenses in the period.

Intangible fixed assets: Computer software is are initially recognized at buying cost and stated at cost less accumulated depreciation.

b. Method of depreciation

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

| | <u>Years</u> |
|--------------------------|--------------|
| Buildings and structures | 07 |
| Machinery and equipment | 05 - 07 |
| Office equipment | 07 |
| Motor vehicles | 05 |

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting principles in prepaid expenses

Prepaid expenses reflect the actual costs incurred, but the results are relevant to business and production activities of many accounting periods and the associated transfer costs into the cost of production and business subsequent accounting periods.

Prepaid expenses are stated at cost and are classified under short-term and long-term on the balance sheet, the consolidated accounting period based on the prepayment of each contract.

Long-term prepaid expenses relating to tools and equipment are stated at the historical cost and allocated gradually for within 03 years in line method.

Payables

The payables are monitored in detail by maturity terms, subjects, kind of currency and other factors according to management demand of the Company.

The payables include payable to suppliers and other payables which are determined almost certainly about the recorded value and duration which are not less than the obligation payable, they are classified as follows:

- Trade payables: includes commercial payables arising from the purchase of goods, services and assets between the Company and the seller (the independent unit of the Company, including amounts between the Holding company and its subsidiaries, joint ventures, affiliate). These payables include amounts payable arising due to importing through trustees (in trust import transactions);
- Other payables includes of non-commercial payables, non-related transactions of purchasing and selling of goods and services.

Loans and finance lease liabilities

Including loans, finance lease liabilities, except loans under the forms of issuance of bonds or preference shares with provisions requiring the issuer to repurchase at a certain time in the future.

The loans and finance lease liabilities are kept records in details according to entities, and classified into short-term receivables or long-term receivables according to their payment periods.

Borrowing expenses directly related to the loans shall be accounted for in financial expenses. Where these expenses arise from loans for purposes of investment, construction or production of assets in progress, they shall be capitalized according to "Borrowing cost" accounting standard.

Recognition and capitalization of borrowing cost

All borrowing costs should be recognized into Income Statement in the period in which they are incurred, unless they are capitalized according to provisions of "Borrowing cost" accounting standard

During the year interest expense was capitalized to assets in progress of the Company is 5,273,210,414 VND

Accrued expenses

Expenses that have not actually been incurred but are pre-recorded to operating expenses during the year to ensure that when these expenses actually occurs, they will not have a significant influence on operating expenses based on matching principle between income and expenses.

The Company records accrued expenses as following: Employee, materials expenses would be accrued according to quantity of finished work.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Owner's equity

Share capital is recognized as the actual capital contributed to the Company.

Share premium is recognised by the difference between the actual price and face value of the shares when firstly issued, additionally issued or when the Company reissue treasury share.

Treasury shares are shares issued by companies and bought-back by the companies which issued shares. Actual value of Treasury shares shall be recorded a decrease in owner's capital in Balance Sheet.

Undistributed profit shall be determined on the basis of income after tax and the distribution of profits or settlement of losses of the Company.

Profit after tax shall be distributed dividends to shareholders after being approved by the Board of Shareholders at the Annual General Meeting and after being allocated to the reserve fund in accordance with the Company's charter.

Dividends that would be paid depend on estimated profit. In the following year, dividends would be declared and paid officially from undistributed profit under agreement of Members' Council in Annual Meeting.

Funds under owner's equity shall be set up according to Company's charters as below:

- + Development investment fund would be deducted 52,79% from profit after tax.
- + Bonus and welfare fund and executive board bonus fund: 4,57% from profit after tax.

Revenue recognition

For manufacturing and trading company

Revenue from sale of goods shall be recognized if it simultaneously meets the following five (5) conditions:

- a/ The Company has transferred to the buyer the significant risks and reward of ownership of the goods;
- b/ The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c/ The amount of revenue can be measured reliably;
- d/ It is probable that the economic benefits associated with the transaction will flow to the Company; and ;
- e/ The cost incurred or to be incurred in respect of transaction can be measured reliably.

For services company

Sales of services are recognized by reference to the stage of completion of the service at the balance sheet date The outcome of a service provision transaction shall be determined only when it satisfies all the four (4) conditions below:

- a/ the amount of revenue can be measured reliably;
- b/ It is probable that the economic benefits associated with the transaction will flow to the Company;
- c/ The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- d/ The costs incurred for the transaction and the costs to complete transaction can be measured reliably.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the interest rate applicable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Turnovers from properties

Revenue will be recognized if material risks and ownership had been transferred to the buyer, usually upon the unconditional transfer of contracts. For conditional transfer, revenue shall be recognized if all of material conditions are met.

Construction contract

Where a construction contract stipulates that the contractor is allowed to make payments according to the value of performed work volume, and when the contract performance result is reliably determined and certified by customers, the revenues and costs related to such contract shall be recognized by reference to the completed work volume certified by the customers in the period and reflected in the billed invoices.

When the outcome of a construction contract cannot be estimated reliably and the Corporation can recover the expenses of the contract, the revenue is recognized to the level of withdrawable expenses. Therefore, there is no profit that is recognized, even when the total expenses of contract may exceed the total revenue of the contract.

Cost of goods sold

Cost of goods sold including of cost of products, goods and services, real estate sold in the period (including depreciation, repair expenses, other expense for real estate leasing under the form of operating lease, real estate investment liquidation expense...) are recognized in accordance with revenue in the period.

Current corporate income tax and deferred tax expenses

Income tax expense (tax income): is the aggregate amount of current income tax expense (income) and deferred income tax expense (income) included in the determination of profit or loss for the period.

- Current income tax expenses are income tax payables computed on taxable income during year and current income tax rate.

Taxable income is different from accounting profit caused by the adjustment of the difference between accounting profit and taxable income under current tax policies.

- Deferred income tax expenses are income taxes payables in the future, arising from: Recognising deferred income tax payables during the year; Reversing deferred tax assets which were recorded in previous years; Not recognising deferred tax assets or deferred tax liabilities arising from the transaction recorded directly in owner's equity.

Company is obliged to pay corporate income tax with rate of tax at 20% of taxable income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of interim financial statements in conformity with Vietnamese Standards on Accounting, Vietnamese Enterprise Accounting System and other prevailing accounting regulations in Vietnam requires The Board of Directors to make estimates and assumptions that affect the reported amounts of liabilities, assets and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates and assumptions.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, the financial assets are recognized under historical cost plus transaction cost directly relating to procuring those financial assets.

The Company's financial assets include cash on hand, short-term deposit, short-term receivables and other receivables, deposits.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized under historical cost plus transaction cost directly relating to issuing those financial liabilities.

The Company's financial liabilities include trade accounts payable, other payables, debts.

Revaluation after initial recognition

At present, there are no regulations on revaluation of the financial instruments after initial recognition.

Earnings per share

Basic earnings per share for the common stock is calculated by dividing profit or loss attributable to common equity holders for the weighted average number of outstanding ordinary shares during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders holding ordinary shares and the weighted average number of outstanding common shares due to the influence of potential impairment of common stocks (including convertible bonds and stock options).

Related parties

Parties considered as related parties are enterprises that include Subsidiaries of Holding Company - Housing and Urban Development Corporation, individuals owning, directly or indirectly through one or more intermediaries, control over the Company or under control with the Company. Associations, individuals possess directly or indirectly voting right of the Company that considerably influence the Company. Key management that include Directors, Officers of the Company and closed members of families of these individuals or associations or companies in association with these individuals are considered as related parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FORM B 09a - DN

5. SUPPLEMENTAL INFORMATION ABOUT ITEMS ON THE BALANCE SHEET AND INCOME STATEMENT

5.1 Cash and cash equivalents

| | 30/06/2016 | 01/01/2016 |
|---------------------|------------------------|------------------------|
| | VND | VND |
| Cash on hand | 421,708,823 | 55,479,310 |
| Cash in bank | 8,672,865,862 | 1,841,223,205 |
| Cash equivalents(*) | 196,861,175,639 | 214,120,796,478 |
| Total | 205,955,750,324 | 216,017,498,993 |

(*) The deposits with maturity less than 3 months deposited at VP Finance Company and BIDV, SHB, PVCOMBANK.

5.2 Held to maturity investments

| | 30/06/2016 | | 01/01/2016 | |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Historical cost | Book value | Historical cost | Book value |
| Short-term | 34,652,463,333 | 34,652,463,333 | 31,393,930,000 | 31,393,930,000 |
| PVcomBank | 28,332,463,333 | 28,332,463,333 | 25,073,930,000 | 25,073,930,000 |
| - Hanoi Branch | 6,320,000,000 | 6,320,000,000 | 6,320,000,000 | 6,320,000,000 |
| BIDV - Hanoi Branch | - | - | - | - |
| Long-term | - | - | - | - |
| Total | 34,652,463,333 | 34,652,463,333 | 31,393,930,000 | 31,393,930,000 |

Held to maturity investments are deposited with terms from 3 months to 1 year deposit in banks.

5.3 Trade receivables

| | 30/06/2016 | 01/01/2016 |
|---|------------------------|------------------------|
| | VND | VND |
| Short-term | 176,380,923,816 | 159,348,280,582 |
| CT17 Building Project in Viet Hung urban area | 123,916,241,703 | 94,878,992,813 |
| HH05 Project in Viet Hung urban area | 46,238,494,856 | 51,602,122,707 |
| Le Thai To Townhouse Project, Bac Ninh | 180,310,599 | 1,943,522,687 |
| Le Thai To Project, Bac Ninh | 2,794,937,903 | 4,907,160,209 |
| Van Canh Project | 3,142,858,079 | 6,005,709,918 |
| Others | 108,080,676 | 10,772,248 |
| Long-term | - | - |
| Total | 176,380,923,816 | 159,348,280,582 |

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5.4 Advances to suppliers

| | 30/06/2016 VND | 01/01/2016 VND |
|---|-----------------------|-----------------------|
| Tan Hoang Minh trading investment and services company Ltd. | 8,566,004,477 | 2,855,334,881 |
| Thanh Nam Investment and Constructor JSC | 2,394,763,850 | 1,000,000,000 |
| Others | 12,137,736,641 | 11,390,758,062 |
| Total | 23,098,504,968 | 15,246,092,943 |

5.5 Other receivables

| | 30/06/2016 VND | | 01/01/2016 VND | |
|------------------------------------|----------------------|-----------|----------------------|-----------|
| | Book value | Provision | Book value | Provision |
| Short-term | 5,081,533,159 | - | 5,268,297,391 | - |
| Health insurance, social insurance | 12,158,705 | - | 2,841,419 | - |
| Customer service charges | 1,309,377,000 | - | 1,432,467,000 | - |
| Money paid red book | 179,868,811 | - | 267,831,961 | - |
| Customer deposits | 20,000,000 | - | - | - |
| - Other receivables | 3,502,128,643 | - | 3,509,157,011 | - |
| - Advances | 58,000,000 | - | 56,000,000 | - |
| Long-term | - | - | - | - |
| Total | 5,081,533,159 | - | 5,268,297,391 | - |

5.6 Inventories

| | 30/06/2016 VND | | 01/01/2016 VND | |
|------------------|------------------------|-----------|------------------------|-----------|
| | Historical Cost | Provision | Historical Cost | Provision |
| Work in progress | 213,253,041,649 | - | 206,366,822,980 | - |
| Purchase costs | 689,642,523 | - | 411,338,238 | - |
| Total | 213,942,684,172 | - | 206,778,161,218 | - |

5.7 Deductible VAT and receivables from the State

| | 01/01/2016 VND | The deductible / Payable in the period VND | The deductible / Paid in the period VND | 31/12/2016 VND |
|---------------------|--------------------|--|---|-------------------|
| | Value added tax | 368,241,911 | 5,349,607,304 | 5,717,849,215 |
| Personal income tax | - | 30,716,496 | - | 30,716,496 |
| Total | 368,241,911 | 5,380,323,800 | 5,717,849,215 | 30,716,496 |

5.8 Tangible fixed assets

Unit: VND

| Period from 01/01/2016 to 30/06/2016 | Buildings and Structures | Machinery and Equipment | Motor Vehicles | Office equipment | Total |
|--|-----------------------------|----------------------------|----------------------|---------------------|----------------------|
| Cost | | | | | |
| As at 01/01 | 727,255,454 | 277,156,365 | 3,512,653,988 | 504,016,282 | 5,021,082,089 |
| Increase | - | - | - | - | - |
| Decrease | - | - | - | - | - |
| As at 30/06 | <u>727,255,454</u> | <u>277,156,365</u> | <u>3,512,653,988</u> | <u>504,016,282</u> | <u>5,021,082,089</u> |
| Accumulated depreciation | | | | | |
| As at 01/01 | 662,783,661 | 225,612,946 | 2,273,415,460 | 224,037,755 | 3,385,849,822 |
| Increase | 16,117,950 | 24,401,688 | 220,063,284 | 38,160,726 | 298,743,648 |
| Depreciation | 16,117,950 | 24,401,688 | 220,063,284 | 38,160,726 | 298,743,648 |
| Decrease | - | - | - | - | - |
| As at 30/06 | <u>678,901,611</u> | <u>250,014,634</u> | <u>2,493,478,744</u> | <u>262,198,481</u> | <u>3,684,593,470</u> |
| Net book value | | | | | |
| As at 01/01 | <u>64,471,793</u> | <u>51,543,419</u> | <u>1,239,238,528</u> | <u>279,978,527</u> | <u>1,635,232,267</u> |
| As at 30/06 | <u>48,353,843</u> | <u>27,141,731</u> | <u>1,019,175,244</u> | <u>241,817,801</u> | <u>1,336,488,619</u> |

Cost of fixed assets fully depreciated which are still in use as at 30/06/2016 is VND 984,902,598.

5.9 Intangible assets

Unit: VND

| | Use land right | Computer software | Total |
|---------------------------------|----------------|-------------------|-------------------|
| Cost | | | |
| As at 01/01 | - | 65,000,000 | 65,000,000 |
| Increase | - | - | - |
| Decrease | - | - | - |
| As at 30/06 | <u>-</u> | <u>65,000,000</u> | <u>65,000,000</u> |
| Accumulated depreciation | | | |
| As at 01/01 | - | 32,500,000 | 32,500,000 |
| Increase | - | 10,833,336 | 10,833,336 |
| Depreciation | - | 10,833,336 | 10,833,336 |
| Decrease | - | - | - |
| As at 30/06 | <u>-</u> | <u>43,333,336</u> | <u>43,333,336</u> |
| Net book value | | | |
| As at 01/01 | - | 32,500,000 | 32,500,000 |
| As at 30/06 | <u>-</u> | <u>21,666,664</u> | <u>21,666,664</u> |

5.10 Construction in progress

| | 30/06/2016 VND | 01/01/2016 VND |
|--|------------------------|-----------------------|
| Construction in progress | 105,961,529,742 | 97,942,924,621 |
| - Construction: Office Building Lot A - CC7 | 105,961,529,742 | 97,942,924,621 |
| Total | <u>105,961,529,742</u> | <u>97,942,924,621</u> |

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5.11 Investments in associates

Unit: VND

| | Rate | | 30/06/2016 | | | 01/01/2016 | | |
|--|---------------|--------------|----------------------|----------------------|-----------|----------------------|----------------------|-----------|
| | Capital owned | Voting right | Historical Cost | Fair value | Provision | Historical Cost | Fair value | Provision |
| Investments in joint ventures or associates | | | 2,500,000,000 | 2,640,731,436 | - | 2,500,000,000 | 2,500,000,000 | - |
| Hudland Trade and Service JSC | 50.72% | 50.72% | 2,500,000,000 | 2,640,731,436 | - | 2,500,000,000 | 2,500,000,000 | - |
| Total | | | 2,500,000,000 | | - | 2,500,000,000 | | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.12 Prepaid expenses

| | 30/06/2016 VND | 01/01/2016 VND |
|---|--------------------|--------------------|
| Short-term | - | - |
| Long-term | 343,470,992 | 478,442,956 |
| - Tools and equipment awaiting allocation | 343,470,992 | 478,442,956 |
| Total | 343,470,992 | 478,442,956 |

5.13 Trade payables

| | 30/06/2016 VND | | 01/01/2016 VND | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Book value | Amount can be paid | Book value | Amount can be paid |
| a. Short-term | 10,433,696,609 | 10,433,696,609 | 38,261,434,626 | 38,261,434,626 |
| HUD2 Housing and Urban development JSC | - | - | 17,922,477,000 | 17,922,477,000 |
| Thanh Nam Construction and Investment JSC | - | - | 13,362,811,966 | 13,362,811,966 |
| Vietnam Construction JSC No.2 | 2,957,454,555 | 2,957,454,555 | 2,957,454,555 | 2,957,454,555 |
| Branch of No1 Construction JSC | 1,421,407,504 | 1,421,407,504 | 1,421,407,504 | 1,421,407,504 |
| Other suppliers | 6,054,834,550 | 6,054,834,550 | 20,519,760,601 | 20,519,760,601 |
| b. Long term | - | - | - | - |
| Total | 10,433,696,609 | 10,433,696,609 | 38,261,434,626 | 38,261,434,626 |

In which: Payables to related parties

| | | | | |
|--|-------------|-------------|----------------|----------------|
| Thanh Nam Construction and Investment JSC | - | - | 13,362,811,966 | 13,362,811,966 |
| HUD1 Construction and Investment JSC | 455,798,041 | 455,798,041 | 1,460,393,490 | 1,460,393,490 |
| HUD2 Housing and Urban development JSC | - | - | 17,922,477,000 | 17,922,477,000 |
| Housing and Urban Services Company Ltd.-HUDS | 459,727,217 | 459,727,217 | 1,007,309,217 | 1,007,309,217 |
| HUDLANDTS., JSC | - | - | 2,646,393,123 | 2,646,393,123 |

5.14 Advances from customers

| | 30/06/2016 VND | 01/01/2016 VND |
|---|----------------------|--------------------|
| a. Short-term | 1,502,430,195 | 395,836,296 |
| DACT17 - CT17 Viet Hung Project | 42,477,129 | 164,984,358 |
| DALKBN - Le Thai To Townhouse Project, Bac Ninh | 1,097,924,776 | 197,868,856 |
| Electronic cash receivables | 293,067,502 | - |
| Other customers | 68,960,788 | 32,983,082 |
| b. Long-term | - | - |
| Total | 1,502,430,195 | 395,836,296 |

5.15 Taxes and payables to the State

| | 01/01/2016 VND | Amount to be paid VND | Amount paid VND | 31/12/2016 VND |
|----------------------------------|----------------------|--------------------------|-----------------------|----------------------|
| Value added tax | - | 7,286,953,086 | 6,519,909,293 | 767,043,793 |
| Corporate income tax | 3,288,113,043 | 5,066,148,748 | 5,114,290,483 | 3,239,971,308 |
| Personal income tax | 90,449,395 | 270,518,290 | 360,967,685 | - |
| Housing tax, land rental charges | - | 318,425,230 | 318,425,230 | - |
| Other taxes | - | 3,000,000 | 3,000,000 | - |
| Total | 3,378,562,438 | 12,945,045,354 | 12,316,592,691 | 4,007,015,101 |

5.16 Accrued expenses payables

| | 30/06/2016 VND | 01/01/2016 VND |
|--|-----------------------|-----------------------|
| Short-term | 65,113,856,178 | 65,113,856,178 |
| Multi project 05, Viet Hung urban area | 4,157,838,756 | 4,157,838,756 |
| Accrued expenses for DACT17 | 60,956,017,422 | 60,956,017,422 |
| Long term | - | - |
| Total | 65,113,856,178 | 65,113,856,178 |

5.17 Other payables

| | 30/06/2016 VND | 01/01/2016 VND |
|---|-----------------------|-----------------------|
| Short-term | 61,040,087,182 | 26,490,353,017 |
| Trade Union fee | 8,494,858 | 6,781,486 |
| Social insurance, health insurance | 8,918,509 | - |
| Unemployment insurance | 3,741,140 | 3,342,360 |
| Dividends paid | 30,059,137,500 | 119,215,500 |
| Maintenance costs paid under the contract | 24,557,015,556 | 18,746,844,110 |
| Deposit to make the Red document, service fees, and deposits under Contract | 6,402,779,619 | 7,614,169,561 |
| Long-term | - | - |
| Total | 61,040,087,182 | 26,490,353,017 |

HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

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5.18 Loans and finance lease liabilities

Unit: VND

| | 30/06/2016 | | In period | | 01/01/2016 | |
|---------------------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
| | Value | Amount can be paid | Increase | Decrease | Value | Amount can be paid |
| Shor-term | 68,441,258,254 | 68,441,258,254 | 53,973,052,486 | 20,170,085,500 | 34,638,291,268 | 34,638,291,268 |
| BIDV - Hanoi Branch (1) | 55,245,678,324 | 55,245,678,324 | 40,777,472,556 | 10,170,085,500 | 24,638,291,268 | 24,638,291,268 |
| Pvcombank - Hanoi Branch (2) | 13,195,579,930 | 13,195,579,930 | 13,195,579,930 | 10,000,000,000 | 10,000,000,000 | 10,000,000,000 |
| Long-term | 107,758,558,024 | 107,758,558,024 | 2,657,784,062 | - | 105,100,773,962 | 105,100,773,962 |
| Pvcombank - Hanoi Branch (3) | 76,427,935,797 | 76,427,935,797 | 1,427,935,797 | - | 75,000,000,000 | 75,000,000,000 |
| Personal loans (4) | 31,330,622,227 | 31,330,622,227 | 1,229,848,265 | - | 30,100,773,962 | 30,100,773,962 |
| Total | 176,199,816,278 | 176,199,816,278 | 56,630,836,548 | 20,170,085,500 | 139,739,065,230 | 139,739,065,230 |

(1) Credit limit contract No. 01/2016/1906164/HĐTD on 8/6/2016. Credit limit granted: VND 175,000,000,000; purpose of borrowing: temporarily support supplement working capital to projects: investment in construction of new urban area on Le Thai To Street, Bac Ninh (Villas and townhouses), investment in construction of condominiums CT17 – new Viet Hung urban area, Hanoi. Loan term: 12 months from the date contract signed. Interest rate and term are specified in each particular credit contract. Measures to ensure: Mortgage accounts receivable has been established and will shape in future that arises from home sales contracts and entire rights arising under home sales contracts of CT17 Project, new Viet Hung urban area, Hanoi; mortgage Toyota Camry car - License Plate of 31F-6178 under property mortgage contract No. 01/2014/HĐTCTS, notaries number: 271/2014/HĐTC on 24/2/2014 and amended documents attached.

(2) Contract of granting credit limit No. 2611/2015/HĐHM-DN.HN on 26/11/2015. Credit limit VND 100,000,000,000; the purpose: supplement capital to business activities of HUDLAND. Credit term: 12 months, provide loans according to loans, maximum term is not exceeding 09 months, specified in Lending bonds. Interest rate is under the provision of bank and adjusted once each month. Measures to ensure: Mortgage deposit contract guaranting minimum of 30% short-term credit balance, profit from TNT housing project of Bac Ninh project, Linh Dam building project, remaining debt claims from HH05 project; other measures to ensure under agreement between the Bank and client or third party (if any).

5.18 Loans and finance lease liabilities (Continued)

(3) The credit contract No. 2906/2015/HDCVDA-DN.HN dated 26/06/2015: the maximum credit amount is of VND 83,000,000,000; the purpose: performing asset purchase agreement attached to the leased land use rights certificate number of 543/2015 / SC , Vol 1 / TP / CC / HDGD signed on 19/05/2015 at Ba Dinh District Notary Office between HUD2 Investment Development Joint Stock Company and HUDLAND Real Estate Investment and Development Joint Stock Company. The loan term is 8 years. The interest rate is investment credit interest rate of Viet Nam Public Bank - Ha Noi Branch provisions in each period. Measures to ensure : Mortgage entire project office building in Lot A - CC7 of general resort and housing Linh Dam Lake was formed in the future.

(4) Personal loans with a duration of 36 months and interest rate at 10 % / year

5.19 Owner's equity

a. Reconciliation of movements in owners' equity

Unit: VND

| | Owner's equity | Development Fund | Financial reserve fund | Profit after tax Undistributed | Total |
|--------------------------|------------------------|------------------------|------------------------|--------------------------------|------------------------|
| As at 01/01/2015 | 200,000,000,000 | 151,122,092,113 | - | 87,346,340,386 | 438,468,432,499 |
| Increase | - | 46,110,000,000 | - | 51,268,832,344 | 97,378,832,344 |
| Profit after tax | - | - | - | 51,267,324,844 | 51,267,324,844 |
| Allocation to funds | - | 46,110,000,000 | - | - | 46,110,000,000 |
| Others | - | - | - | 1,507,500 | 1,507,500 |
| Decrease | - | - | - | 82,295,082,500 | 82,295,082,500 |
| Remuneration to BOM, BOS | - | - | - | 692,082,500 | 692,082,500 |
| Allocation to funds | - | - | - | 49,603,000,000 | 49,603,000,000 |
| Dividend paid in 2014 | - | - | - | 32,000,000,000 | 32,000,000,000 |
| As at 31/12/2015 | 200,000,000,000 | 197,232,092,113 | - | 56,320,090,230 | 453,552,182,343 |
| As at 01/01/2016 | 200,000,000,000 | 197,232,092,113 | - | 56,320,090,230 | 453,552,182,343 |
| Increase | - | 13,600,000,000 | - | 20,264,594,990 | 33,864,594,990 |
| Profit after tax | - | - | - | 20,264,594,990 | 20,264,594,990 |
| Allocation to funds | - | 13,600,000,000 | - | - | 13,600,000,000 |
| Decrease | - | - | - | 46,164,340,000 | 46,164,340,000 |
| Remuneration to BOM, BOS | - | - | - | 105,340,000 | 105,340,000 |
| Allocation to funds | - | - | - | 16,059,000,000 | 16,059,000,000 |
| Dividend paid in 2015 | - | - | - | 30,000,000,000 | 30,000,000,000 |
| As at 30/06/2016 | 200,000,000,000 | 210,832,092,113 | - | 30,420,345,220 | 441,252,437,333 |

b. Details of owner's equity

| Share holders | Share | Amount | Rate | Equity recorded |
|---|-------------------|------------------------|----------|------------------------|
| | Number | VND | % | 30/06/2016 VND |
| Housing and urban development Corporation | 10,200,000 | 102,000,000,000 | 51.00% | 102,000,000,000 |
| Ms.Dinh Thi My Hang | 1,900,000 | 19,000,000,000 | 9.50% | 19,000,000,000 |
| Mr.Kenneth Ruby Kamon | 1,406,000 | 14,060,000,000 | 7.03% | 14,060,000,000 |
| Mr.Kenneth Ruby Kamon | 1,204,700 | 12,047,000,000 | 6.02% | 12,047,000,000 |
| Thanh Nam Construction and Investment JSC | 629,400 | 6,294,000,000 | 3.15% | 6,294,000,000 |
| Others | 248,000 | 2,480,000,000 | 1.24% | 2,480,000,000 |
| Others | 4,411,900 | 44,119,000,000 | 22.06% | 44,119,000,000 |
| Total | 20,000,000 | 200,000,000,000 | - | 200,000,000,000 |

5.19 Owner's equity (Cont.)

c. Capital transactions with owners and dividends distribution

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|---------------------------------|---|---|
| - Owner's equity | | |
| As at 01/01 | 200,000,000,000 | 200,000,000,000 |
| Increase | - | - |
| Decrease | - | - |
| As at 31/12 | 200,000,000,000 | 200,000,000,000 |
| - Dividends, profit paid | 60,078,000 | 31,859,856,000 |

d. Shares

| | The period from 01/01/2016 to 30/06/2016 Shares | The period from 01/01/2015 to 30/06/2015 Shares |
|--|--|--|
| - Number of shares registered to sell | 20,000,000 | 20,000,000 |
| - Number of shares sold in public | 20,000,000 | 20,000,000 |
| + Ordinary share | 20,000,000 | 20,000,000 |
| + Preferred share | - | - |
| - Number of outstanding shares | 20,000,000 | 20,000,000 |
| Ordinary share | 20,000,000 | 20,000,000 |

Par value of shares outstanding: VND 10.000 /Share

e. Funds

| | 30/06/2016 VND | 01/01/2016 VND |
|-----------------------------|------------------------|------------------------|
| Development investment fund | 210,832,092,113 | 197,232,092,113 |
| Total | 210,832,092,113 | 197,232,092,113 |

5.20 Sales of merchandise and services

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|-------------------------------|---|---|
| Sales of real estate projects | 72,789,088,735 | 184,877,168,095 |
| Other revenue | 81,882,050 | 165,741,903 |
| Total | 72,870,970,785 | 185,042,909,998 |

5.21 Cost of goods sold

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|-----------------------------------|---|---|
| Cost of real estate projects sold | 43,858,240,706 | 147,613,928,839 |
| Other | 81,882,050 | 165,741,903 |
| Total | 43,940,122,756 | 147,779,670,742 |

5.22 Financial income and Financial expenses

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|--|---|---|
| <i>Financial income</i> | | |
| Bank interest | 4,843,397,196 | 2,642,564,175 |
| Total | 4,843,397,196 | 2,642,564,175 |
| <i>Financial expenses</i> | | |
| Interest expenses | 1,801,071,294 | - |
| Payment discounts, deferred sales rate | | 521,655,175 |
| Others | - | 19,000,000 |
| Total | 1,801,071,294 | 540,655,175 |
| Profit (Loss) from financial activities | 3,042,325,902 | 2,101,909,000 |

5.23 Selling expenses and General and administration expenses

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|--|---|---|
| Selling expenses | 858,533,424 | 386,160,183 |
| Outsourcing expenses | 836,583,424 | 90,251,093 |
| Other expenses in cash | 21,950,000 | 295,909,090 |
| General and administration expenses | 5,763,266,179 | 5,144,619,357 |
| Administrative staffs | 3,908,793,641 | 3,078,180,563 |
| Fixed asset depreciation | 447,721,675 | 382,964,889 |
| Taxes, fees and charges | 200,536,813 | 252,446,888 |
| Outsourcing expenses | 1,206,214,050 | 1,259,582,017 |
| Other expenses in cash | - | 171,445,000 |
| Total | 6,621,799,603 | 5,530,779,540 |

5.24 Other income/ Other expenses

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|--|---|---|
| Other income | | |
| Others | 481,327 | 1,616,112 |
| Total | 481,327 | 1,616,112 |
| Other expenses | | |
| Other | 21,111,917 | 951,703 |
| Total | 21,111,917 | 951,703 |
| Profit (Loss) from other activities | (20,630,590) | 664,409 |

5.25 Current corporate income tax expenses

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|--|---|---|
| Total accounting profit before tax | 25,330,743,738 | 33,835,033,125 |
| <i>Profit from usual business activities</i> | <i>25,330,743,738</i> | <i>33,835,033,125</i> |
| Taxable profit from usual business activities | 25,330,743,738 | 33,835,033,125 |
| Current tax rate | 20% | 22% |
| Current corporate income tax expense | 5,066,148,748 | 7,443,707,289 |

5.26 Basic earning per share

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|--|---|---|
| Accounting profit after tax | 20,264,594,990 | 26,391,325,836 |
| Net profit/ or loss attributable to ordinary equity holders for basic earning (VND) | 20,264,594,990 | 26,391,325,836 |
| Weighted average number of ordinary shares | 20,000,000 | 20,000,000 |
| Earnings per share (VND/share) | 1,013 | 1,320 |

5.27 Business and production cost by factors

| | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|----------------------------|---|---|
| Employee expenses | 4,268,512,303 | 4,424,437,038 |
| Depreciation expenses | 447,721,675 | 382,964,889 |
| Cost of services purchased | 52,513,008,930 | 28,031,349,821 |
| Other expenses in cash | 21,950,000 | 467,354,090 |
| Total | 57,251,192,908 | 33,306,105,838 |

6. OTHER INFORMATION

6.1 Related party transactions and balances

| Related parties | Relationship | Nature of transactions | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|---|----------------------|---------------------------|---|---|
| Purchase transaction | | | | |
| Housing and urban development Corporation | Parents Corporation | Electronic fee Transfer | - | 22,691,636 |
| | | Infrastructure | - | 117,465,686 |
| HUD1 Construction and Investment JSC | In same Corporation | Construction project | - | 6,220,738,182 |
| HUD10 Construction and Investment JSC | In same Corporation | Construction project | - | 422,516,364 |
| Thanh Nam Construction and Investment JSC | Capital contributors | Construction project | 34,988,701,304 | 11,443,542,294 |
| HUDLANDTS., JSC | Associate | Service charge Service | - | - |
| | | | - | 4,890,000,000 |

6.1 Related party transactions and balances (Continued)

Balances with related parties as at 30/06/2016:

| Related parties | Relationship | Nature of transactions | 30/06/2016 VND | 01/01/2016 VND |
|--|----------------------|------------------------|------------------------------|-----------------------|
| Receivables | | | | |
| Housing and urban development Corporation | Parents Corporation | Advances to suppliers | 4,569,764,750 684,024,400 | 7,449,526,500 - |
| Thanh Nam Construction and Investment JSC | Capital contributors | Advances to suppliers | 2,386,418,350 | 1,000,000,000 |
| HUDLANDTS., JSC | Associate | Advances to suppliers | 1,499,322,000 | 1,043,690,900 |
| HUD10 Construction and Investment JSC | In same Corporation | Advances to suppliers | - | 4,858,253,600 |
| Service of Housing and Urban Area JSC - HUDS | In same Corporation | Advances to suppliers | - | 547,582,000 |
| Payables | | | 915,525,258 | 23,036,572,830 |
| Housing and urban services Company Ltd. - HUDS | In same Corporation | Trade payables | 459,727,217 | 1,007,309,217 |
| HUD1 Construction and Investment JSC | In same Corporation | Trade payables | 455,798,041 | 1,460,393,490 |
| HUD2 Construction and Investment JSC | In same Corporation | Trade payables | - | 17,922,477,000 |
| HUDLANDTS., JSC | Associate | Trade payables | - | 2,646,393,123 |

Transactions with key personnel and shareholders in 2016:

| Related parties | Nature of transactions | The period from 01/01/2016 to 30/06/2016 VND | The period from 01/01/2015 to 30/06/2015 VND |
|---|------------------------|---|---|
| Board of Managements and Board of Directors | Remuneration | 1,296,593,023 | 1,953,016,532 |

6.2 Financial instruments - Risk management

Capital risk management

The Company managed capital resource to ensure that the Company can operate continuously and maximize benefits of shareholders under optimizing balances of capital resources and liabilities.

Capital structure of the Company includes liabilities (cash and cash equivalents) and owners' equity of shareholders of the Company including contribution capital, reserved funds and retained earnings.

Significant accounting policies

Details of significant accounting policies and methods are applied by the Company (including the criteria for recognition, the basis of valuation and the basis of recognition of income and expenses) for each type of financial assets, financial liabilities and equity instruments are detailed in Note 5

6.2 Financial instruments - Risk management (Cotinued)

Financial instruments

| | 30/06/2016 | 01/01/2016 |
|---|------------------------|------------------------|
| | VND | VND |
| Financial assets | | |
| Cash and cash equivalents | 205.955.750.324 | 216.017.498.993 |
| Trade receivables and other receivables | 181.462.456.975 | 164.616.577.973 |
| Short-term investments | 34.652.463.333 | 31.393.930.000 |
| Long-term investments | 2.500.000.000 | 2.500.000.000 |
| Total | 424.570.670.632 | 414.528.006.966 |
| Financial liabilities | | |
| Borrowings | 176.199.816.278 | 139.739.065.230 |
| Trade payables and other payables | 71.473.783.791 | 64.751.787.643 |
| Accured expenses | 65.113.856.178 | 65.113.856.178 |
| Total | 312.787.456.247 | 269.604.709.051 |

The Company has not yet evaluated fair-value of financial assets and financial liabilities as at the date ended accounting period because Circular 210 as well as prevailing regulations do not have detailed guidance on determination of fair-value of financial assets and financial liabilities. Circular 210 requires to apply International Financial Report Standards on presentation of the financial statements and Notes of information to financial instruments, but not provide equivalent guidance for information evaluation and recognition of financial instruments including fair-value application in accordance with International Financial Report Standards.

Objective of financial risk management

Financial risks include market risks (including exchange rate risks, interest rate risk and price risk) credit risk, liquidity risk and interest rate risk of cash flow. business activities

Market risks

The Company's business activities mainly suffer from risks when having changes in foreign exchange rate and interest rate. The Company does not implement prevention methods of these risks due to the shortage of markets purchasing financial instruments.

Management of interest rate risk

The Company suffers from material interest rate arising from signed borrowings with interest rate. These risks will be managed by maintaining borrowings at the reasonable level, under floating interest rate and fixed interest rate.

Credit risk

Credit risks accrued when a client or partner cannot meet obligations in contract leading to financial loss for the Company. The Company has suitable credit policy and regularly observe situation to evaluate whether the Company suffers from credit risks. The Company does not have any material credit risks with the clients or partners because receivables come from large number of clients who operate in different fields and allocates in different geography areas.

6.2 Financial instruments – Risk management (Continued)

Management of liquidity risk

Purpose of liquidity risk management is to ensure adequate capital source to meet financial obligations at present and in the future. Liquidity is also managed by the Company to ensure addition level between liabilities due to date and assets due to date in the period at controllable level to capital believed to create in that period by the Company. The Company's policy is to observe regularly requirements on liquidity at present and in the future to ensure that the Company maintain adequate prevision for cash on hand, borrowings and capital source that shareholders commit to contribute to meet regulations on more short-term and long-term liquidity.

| | Under 1 year VND | From 1-5 years VND | Total VND |
|-----------------------------------|---------------------|-----------------------|-----------------|
| 30/06/2016 | | | |
| Borrowings | 68,441,258,254 | 107,758,558,024 | 176,199,816,278 |
| Trade payables and other payables | 71,473,783,791 | - | 71,473,783,791 |
| Accured expenses | 65,113,856,178 | - | 65,113,856,178 |
| 01/01/2016 | | | |
| Borrowings | 34,638,291,268 | 105,100,773,962 | 139,739,065,230 |
| Trade payables and other payables | 64,751,787,643 | - | 64,751,787,643 |
| Accured expenses | 65,113,856,178 | - | 65,113,856,178 |

The Board of Directors believe to create money source to meet financial obligations due to date.

The following table presents in detail of maturity level of non-arising financial assets. The table is made on the basics of maturity level under contract that has not yet been discounted of financial assets including interest from these assets, if any. The presentation of non-arising financial assets information is necessary to understand liquidity risk management of the Company when liquidity is managed on the basics of liabilities and net assets.

| | Under 1 year VND | From 1-5 years VND | Total VND |
|---|---------------------|-----------------------|-----------------|
| 30/06/2016 | | | |
| Cash and cash equivalents | 205,955,750,324 | - | 205,955,750,324 |
| Trade receivables and other receivables | 181,462,456,975 | - | 181,462,456,975 |
| Long-term investments | - | 2,500,000,000 | 2,500,000,000 |
| 01/01/2016 | | | |
| Cash and cash equivalents | 216,017,498,993 | - | 216,017,498,993 |
| Trade receivables and other receivables | 164,616,577,973 | - | 164,616,577,973 |
| Long-term investments | - | 2,500,000,000 | 2,500,000,000 |

6.3 Comparative figures

The figures are which in financial statements of the Company for the financial year ended 31/12/2015 have been audited and results of business activities for the period from 01/01/2015 to 30/06/2015 have been audited by CPA VIETNAM Auditing Company Limited - An Independent Member Firm of Moore Stephens International Limited.

Ha Noi, 04 August 2016

Preparer

Chief Accountant

General Director

Tran Thanh Thanh Huyen

Le Quoc Chung

Pham Cao Son