



LƯU CPA VIETNAM
HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT
JOINT STOCK COMPANY

REVIEWED INTERIM FINANCIAL STATEMENTS
For the period 6 months ended 30 June 2019

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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 6 months ended 30 June 2019.

THE COMPANY

Hudland Real Estate Investment and Development Joint Stock Company ("the Company") is established under the Business Registration Certificate of Joint Stock Company No. 0102340326 issued by Hanoi Department of Planning and Investment on 10 July 2007, sixth amendment on 12 December 2018.

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

Abbreviated name: HUDLAND., JSC

Registered office at: 12th Floor, Hudland Tower Building, ACC7 Lot, Linh Dam General Service, Hoang Liet Ward, Hoang Mai District, Ha Noi, Vietnam.

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

THE BOARDS OF MANAGEMENT AND DIRECTORS

Board of Management	Mr. Pham Cao Son	Chairman
	Mr. Nguyen Thanh Tu	Member
	Ms. Dinh Thi Minh Hang	Member
	Mr. Vu Tuan Linh	Member
	Ms. Nguyen Thanh Huong	Member

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

Board of Directors	Mr. Nguyen Thanh Tu	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 6 months ended 30 June 2019.

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 6 months ended 30 June 2019.

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' RESPONSIBILITY

The Company's Board of Directors is responsible for preparing the interim financial statements, which give a true and fair view of the financial position of the Company and of its results and cash flows for the period. In preparing these the interim financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the interim financial statements;
- Design, execute and maintain effective internal control system with regard to the preparation of the interim financial statements to assure that the interim financial statements are free of material misstatement caused by even frauds and errors;
- Prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the interim financial statements.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the interim financial statements comply with prevailing Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and relevant legal regulations relating to preparation and presentation of the interim financial statements. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect frauds together with other irregularities.

For and on behalf of



Nguyen Thanh Tu
Director
Hanoi, 30 July 2019

No. 604/2019/BCSX-BCTC/CPA VIETNAM

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATIONFor interim financial statements for the period 6 months ended 30 June 2019
of Hudland Real Estate Investment and Development Joint Stock Company

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

We have reviewed the accompanying the interim financial statements of Hudland Real Estate Investment and Development Joint Stock Company as set out on pages 04 to pages 33, which prepared on 30 July 2019 comprise the Interim Balance sheet as at 30/06/2019, 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 the statutory requirements relevant to the preparation and presentation of the interim 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 on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of the Company's persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System the statutory requirements relevant to the preparation and presentation of the interim financial statements.

**Phan Thanh Nam****Deputy General Director**

Certificate of registration of Auditing practice No. 1009-2018-137-1

Authorised 02/2019/UQ-CPA VIETNAM dated 02/10/2019 of Chairman

For and on behalf of,

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

Hanoi, 30 July 2019

HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY
Interim financial statements for the period 6 months ended 30 June 2019

Form B 01a-DN

INTERIM BALANCE SHEET
As at 30 June 2019

ASSETS	Code	Note	30/06/2019 VND	01/01/2019 VND
A. CURRENT ASSETS (100 = 110+120+130+140+150)	100		641,752,341,468	633,377,258,071
I. Cash and cash equivalents	110	5.1	79,595,785,133	76,451,169,467
1. Cash	111		12,795,785,133	9,451,169,467
2. Cash equivalents	112		66,800,000,000	67,000,000,000
II. Short-term financial investments	120		9,073,930,000	9,073,930,000
3. Investments held to maturity	123	5.2	9,073,930,000	9,073,930,000
III. Short-term receivables	130		433,029,104,310	449,917,293,247
1. Short-term trade accounts receivable	131	5.3	249,690,197,101	245,617,432,892
2. Short-term advances to suppliers	132	5.4	54,700,050,921	72,938,266,195
5. Short-term loan receivables	135	5.5	120,000,000,000	120,000,000,000
6. Other short-term receivables	136	5.6	8,638,856,288	11,361,594,160
IV. Inventories	140		117,683,556,722	97,934,865,357
1. Inventories	141	5.7	117,683,556,722	97,934,865,357
V. Other current assets	150		2,369,965,303	-
1. Short-term prepaid expenses	151	5.8	-	-
2. Deductible VAT	152	5.9	1,234,103,006	-
3. Taxes and other revenues to the state	153	5.9	1,135,862,297	-
B. NON-CURRENT ASSETS (200 = 210+220+240+250+260)	200		135,926,286,661	141,282,544,479
I. Long - terms receivables	210		-	-
II. Fixed assets	220		54,521,343,798	57,852,646,214
1. Tangible fixed assets	221	5.10	54,437,701,327	57,751,503,741
- Cost	222		75,246,644,863	75,246,644,863
- Accumulated Depreciation	223		(20,808,943,536)	(17,495,141,122)
3. Intangible fixed assets	227	5.11	83,642,471	101,142,473
- Cost	228		200,000,000	200,000,000
- Accumulated Depreciation	229		(116,357,529)	(98,857,527)
III. Investment property	230	5.12	78,089,045,231	79,878,751,283
IV. Long-term assets in progress	240		197,309,265	197,309,265
2. Construction in progress	242	5.13	197,309,265	197,309,265
V. Long-term financial investments	250		2,500,000,000	2,500,000,000
2. Investments in joint ventures and associates	252	5.14	2,500,000,000	2,500,000,000
VI. Other long-term assets	260		618,588,367	853,837,717
1. Long-term prepaid expenses	261	5.8	618,588,367	853,837,717
TOTAL ASSETS (270 = 100+200)	270		777,678,628,129	774,659,802,550

INTERIM BALANCE SHEET (Continued)
As at 30 June 2019

RESOURCES	MS	Note	30/06/2019 VND	01/01/2019 VND
C. LIABILITIES (300 = 310+330)	300		359,638,293,361	366,648,442,182
I. Current liabilities	310		314,266,333,139	315,442,297,787
1. Short-term trade accounts payable	311	5.15	24,963,960,042	22,833,081,882
2. Short-term advances from customers	312	5.16	31,416,153,243	1,160,081,576
3. Taxes and other payables to State	313	5.17	45,534,070	15,858,075,889
4. Short-term payables to employees	314		623,707,740	5,451,308,630
5. Short-term accrued expenses	315	5.18	91,567,647,978	103,329,062,515
9. Other current payables	319	5.19	13,985,450,249	10,739,195,618
10. Short-term loans and financial leases	320	5.20	138,043,291,174	144,407,830,134
12. Bonus and welfare funds	322		13,620,588,643	11,663,661,543
II. Long - term liabilities	330		45,371,960,222	51,206,144,395
3. Long-term accrued expenses	333	5.18	-	-
8. Long-term loans and financial leases	338	5.20	45,371,960,222	51,206,144,395
D. EQUITY (400 = 410+430)	400		418,040,334,768	408,011,360,368
I. Owner's equity	410	5.21	418,040,334,768	408,011,360,368
1. Paid-in capital	411		200,000,000,000	200,000,000,000
- Voting ordinary shares	411a		200,000,000,000	200,000,000,000
8. Investment and development fund	418		80,832,092,113	80,832,092,113
11. Undistributed post-tax profits	421		137,208,242,655	127,179,268,255
- Undistributed post-tax profits accumulated by the end of the previous period	421a		123,426,268,258	62,457,848,975
- Undistributed post-tax profits of current period	421b		13,781,974,397	64,721,419,280
II. Other resources and funds	430		-	-
TOTAL RESOURCES (440 = 300+400)	440		777,678,628,129	774,659,802,550

Preparer



Tran Thanh Thanh Huyen

Chief Accountant



Le Quoc Chung

Hanoi, 30 July 2019

Director



Nguyen Thanh Tu

INTERIM INCOME STATEMENT
For the period 6 months ended 30 June 2019

ITEMS	Code	Note	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
1. Gross sales of merchandise and services	01	5.22	107,076,536,477	145,500,660,589
2. Deductions	02		-	-
3. Net sales of merchandise and services (10 = 01-02)	10	5.22	107,076,536,477	145,500,660,589
4. Cost of goods sold	11	5.23	75,554,955,480	101,051,394,612
Gross profit from sales of merchandise and services (20 = 10-11)	20		31,521,580,997	44,449,265,977
6. Financial income	21	5.24	1,083,991,489	3,570,959,702
7. Financial expenses	22	5.24	2,992,503,489	4,199,351,255
<i>In which: Interest expenses</i>	23		2,992,503,489	4,199,351,255
8. Selling expenses	24	5.25	979,459,550	6,273,668,644
9. General and administration expenses	25	5.25	11,231,959,019	9,111,613,432
10. Operating profit {30 = 20+(21-22)-(24+25)}	30		17,401,650,428	28,435,592,348
11. Other income	31	5.26	12,522,494	-
12. Other expenses	32	5.26	84,746	700,000
13. Profit (Loss) from other activities (40=31-32)	40		12,437,748	(700,000)
14. Accounting profit (loss) before tax (50=30+40)	50		17,414,088,176	28,434,892,348
15. Current tax expense	51	5.27	3,560,713,779	5,686,978,469
16. Deferred tax income/(expense)	52		-	-
17. Net profit (loss) after income tax (60=50-51-52)	60		13,853,374,397	22,747,913,879
18. Basic earnings per share	70	5.28	599	1,015
19. Diluted earnings per share	71		-	-

Preparer

Tran Thanh Thanh Huyen

Chief Accountant

Le Quoc Chung

Hanoi, 30 July 2019

Director



Nguyen Thanh Tu

INTERIM CASH FLOW STATEMENT
(Direct method)
For the period 6 months ended 30 June 2019

ITEMS	Code	Period 6 months ended 30/06/2019	Period 6 months ended 30/06/2018
		VND	VND
1	2	4	5
I. Cash flow from operating activities			
1. Sales and other revenue	01	139,037,860,841	300,994,576,954
2. Payments for suppliers	02	(89,879,339,173)	(120,999,942,189)
3. Payment for employees	03	(9,500,000,984)	(9,096,349,521)
4. Interest paid	04	(10,943,462,679)	(14,338,784,116)
5. Corporate income tax paid	05	(15,737,283,967)	(6,473,046,572)
6. Other receipts from operating activities	06	7,425,286,792	512,154,251
7. Payments for other activities	07	(9,470,916,995)	(19,133,119,609)
<i>Net cash flows from operating activities</i>	20	10,932,143,835	131,465,489,198
II. Cash flows from investing activities			
3. Cash outflow for lending, buying debt intrustments of other entities	23	(26,800,000,000)	(58,500,000,000)
4. Cash recovered from lending, selling debt intrustments of other entities	24	27,000,000,000	35,000,000,000
7. Interest earned, dividends and profit received	27	1,553,410,791	3,570,959,702
<i>Net cash flows from (used in) investing activities</i>	30	1,753,410,791	(19,929,040,298)
III. Cash flows from financing activities:			
3. Proceeds from borrowings	33	81,677,933,793	102,209,904,459
4. Repayments of borrowings	34	(91,218,872,753)	(102,410,613,534)
6. Dividends and profits paid	36	-	(128,117,085,000)
<i>Net cash flows from financial activities</i>	40	(9,540,938,960)	(128,317,794,075)
Net cash flows in the year (50 = 20+30+40)	50	3,144,615,666	(16,781,345,175)
Cash and cash equivalents at beginning of year	60	76,451,169,467	91,083,031,362
Cash and cash equivalents at end of year (70 = 50+60+61)	70	79,595,785,133	74,301,686,187

Hanoi, 30 July 2019

Preparer

Tran Thanh Thanh Huyen

Chief Accountant

Le Quoc Chung

Director



Nguyen Thanh Tu

NOTES TO THE FINANCIAL STATEMENTS

FORM B 09a - DN

1. GENERAL INFORMATION

1.1 Structure of ownership

Hudland Real Estate Investment and Development Joint Stock Company ("the Company") is established under the Business Registration Certificate ("BRC") of Joint Stock Company No. 0102340326 issued by Hanoi Department of Planning and Investment on 10 July 2007, sixth amendment on 12 December 2018.

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

Abbreviated name: HUDLAND., JSC

Registered office at: 12th Floor, Hudland Tower Building, ACC7 Lot, Linh Dam General Service, Hoang Liet Ward, Hoang Mai District, Ha Noi, Vietnam.

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

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 VND 10,000/ share.

Number of employees as at 30/06/2019 is: 44 people (as at 31/12/2018 is: 48 people).

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 30/06/2019, 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 6 months ended 30 June 2019.

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. Circular No. 53/2016 / TT-BTC on amending and supplementing some articles of Circular No. 200/2014 / TT-BTC dated 22/12/2014.

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 6 months ended 30 June 2019.

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 and Circular 147/2016 / TT-BTC dated 13/10/2016 amending and supplementing some articles of Circular 45/2013 / TT-BTC issued by Ministry of Finance, Circular 28/2018 / TT-BTC dated 12/04/2018 Amending and supplementing some articles of Circular 45/2013 / TT-BTC and Circular No. 147/2016 / TT-BTC of the Ministry of Finance.

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:

	Years
Buildings and structures	07 - 25
Machinery and equipment	05 - 07
Office equipment	07
Motor vehicles	05

Intangible asset is computer software that is amortised using the straight-line method over 3 years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of accounting investment real estate

Investment property includes land use rights and buildings held by the Company for the purpose of gaining from the lease or awaiting increase are stated at cost less accumulated amortization. The cost of purchased investment properties comprises its purchase price and any directly attributable costs, such as appropriate legal advice, tax and other transaction costs. The cost of a real estate investment is the value of the final settlement of the project or the direct costs of the investment property.

Real estate investments are measured at depreciation and amortization as tangible fixed assets of the Company.

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.

Construction in progress

Properties in progress are for production, leasing, administrative purposes, or for any other purposes recognized at the historical cost. This cost includes service fees, relevant interest fees in accordance with the Company's accounting policy. Depreciation of these assets is the same as the other assets commencing when these assets are ready for their intended use.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 devoid.

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.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 and borrowings

Revaluation after initial recognition

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Segment report

Component parts that can distinguish the company engaged in providing related products or services (by business segment), or in providing products or services within a particular economic environment (geographical area) that this part of the economic risks and benefits different from other business segments. The Board of Directors confirms that the Company operates in the business area are the first and development any production of business, cost, and products, wait only single only for this activity ... operating in a segment according to the only geographic area that is Vietnam. Therefore, Segment reporting is not prepared.

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

5.1 Cash and cash equivalents

	30/06/2019 VND	01/01/2019 VND
Cash on hand	2,347,729,259	5,778,072,732
Cash in bank	10,448,055,874	3,673,096,735
Cash equivalents (*)	66,800,000,000	67,000,000,000
Total	79,595,785,133	76,451,169,467

(*) The deposits with maturity less than 3 months deposited at BIDV, PVCOMBANK.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.2 Held to maturity investments

	30/06/2019 (VND)		01/01/2019 (VND)	
	Historical cost	Book value	Historical cost	Book value
Short-term	9,073,930,000	9,073,930,000	9,073,930,000	9,073,930,000
PVcomBank				
- Hanoi Branch	9,073,930,000	9,073,930,000	9,073,930,000	9,073,930,000
Long-term	-	-	-	-
Total	9,073,930,000	9,073,930,000	9,073,930,000	9,073,930,000

Held to maturity investments are deposited with terms from 6 months to 9 months deposit in banks.

5.3 Trade receivables

	30/06/2019 VND	01/01/2019 VND
Short-term	249,690,197,101	245,617,432,892
Customers rent Office Building in Lot A CC7 -Linh Dam	1,397,388,714	1,743,535,923
Customers buy apartments of HH05 Project in Viet Hung New urban area	2,285,900,000	3,825,900,000
Customers buy houses of Bac Ninh Low-income Housing Project	5,793,933,988	15,589,397,115
Customers buy houses of CT17 Viet Hung Project	17,577,242,327	22,811,344,318
Customers buy houses of Zone B Project in Bac Ninh	219,801,305,761	197,006,316,734
Others	2,834,426,311	4,640,938,802
<i>In which, receivables of related parties (detailed in note 6.1)</i>	3,664,663,133	3,644,582,453
Total	249,690,197,101	245,617,432,892

5.4 Advances to suppliers

	30/06/2019 VND	01/01/2019 VND
Short-term	54,700,050,921	72,938,266,195
Housing and Urban Development Corporation	20,338,935,057	20,338,935,057
HUD10 Construction and Investment JSC	7,108,881,617	11,401,813,617
COTANA Construction Joint Stock Company	3,881,258,400	3,464,045,400
Thanh Ha Investment and Trading Joint Stock Company	2,456,730,949	2,805,654,634
386 Thanh An Construction and Investment JSC	-	5,634,613,875
Thanh Binh Trade Development Construction JSC	-	4,023,292,435
Others	20,914,244,898	25,269,911,177
Total	54,700,050,921	72,938,266,195

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.5 Short-term loan receivables

	30/06/2019 VND	01/01/2019 VND
Housing and Urban Development Corporation	120,000,000,000	120,000,000,000
Total	120,000,000,000	120,000,000,000

The loan of Housing and urban development Corporation amounted VND 120 billion under the Contract No. 298/2018/HDVV-HUD, with interest charged at 10%/annun.

5.6 Other receivables

	30/06/2019 (VND)		01/01/2019 (VND)	
	Book value	Provision	Book value	Provision
Short-term	8,638,856,288	-	11,361,594,160	-
Receivables to buy shares	-	-	2,000,000,000	-
Customer service fees	375,060,001	-	697,290,001	-
Red document payables	126,111,726	-	250,931,127	-
Maintenance costs	-	-	258,331,191	-
Advances	55,000,000	-	10,000,000	-
Accrued Interest of Bank	-	-	469,419,302	-
Accrued Interest of Corporation	6,400,000,000	-	6,400,000,000	-
Others	1,682,684,561	-	1,275,622,539	-
Total	8,638,856,288	-	11,361,594,160	-

5.7 Inventories

	30/06/2019 (VND)		01/01/2019 (VND)	
	Historical Cost	Provision	Historical Cost	Provision
Work in progress	117,603,643,726	-	97,854,952,361	-
Purchase costs	79,912,996	-	79,912,996	-
Total	117,683,556,722	-	97,934,865,357	-

5.8 Prepaid expenses

	30/06/2019 VND	01/01/2019 VND
Short-term	-	-
Long-term	618,588,367	853,837,717
- Tools and equipment awaiting allocation	618,588,367	853,837,717
Total	618,588,367	853,837,717

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.9 Deductible VAT and receivables from the State

	01/01/2019 VND	Amount deductible/ Amount to be paid VND	Amount deducted/ Amount paid VND	30/06/2019 VND
Value added tax	-	9,980,279,662	8,746,176,656	1,234,103,006
Corporation income tax	-	1,135,862,297	-	1,135,862,297
Total	-	11,116,141,959	8,746,176,656	2,369,965,303

5.10 Tangible fixed assets

	Buildings and Structures	Machinery and Equipment	Motor Vehicles	Office equipment	<i>Unit: VND</i> Total
<u>Cost</u>					
As at 01/01	66,503,932,910	277,156,365	7,479,053,988	986,501,600	75,246,644,863
Increase	-	-	-	-	-
Decrease	-	-	-	-	-
As at 30/06	<u>66,503,932,910</u>	<u>277,156,365</u>	<u>7,479,053,988</u>	<u>986,501,600</u>	<u>75,246,644,863</u>
<u>Accumulated depreciation</u>					
As at 01/01	12,056,913,208	277,156,365	4,539,586,281	621,485,268	17,495,141,122
Increase	2,832,414,438	-	385,676,886	95,711,090	3,313,802,414
Depreciation	2,832,414,438	-	385,676,886	95,711,090	3,313,802,414
Decrease	-	-	-	-	-
As at 30/06	<u>14,889,327,646</u>	<u>277,156,365</u>	<u>4,925,263,167</u>	<u>717,196,358</u>	<u>20,808,943,536</u>
<u>Net book value</u>					
As at 01/01	<u>54,447,019,702</u>	<u>-</u>	<u>2,939,467,707</u>	<u>365,016,332</u>	<u>57,751,503,741</u>
As at 30/06	<u>51,614,605,264</u>	<u>-</u>	<u>2,553,790,821</u>	<u>269,305,242</u>	<u>54,437,701,327</u>

Cost of fixed assets fully depreciated which are still in use as at 30/06/2019 is VND 5,313,022,008.

Cost and Net book value of the pledged property, mortgage guarantee loans as at 30/06/2019 are VND 167,604,540,980 VND 132,206,259,878.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.11 Intangible assets

	<i>Unit: VND</i>	
	Computer software	Total
<u>Cost</u>		
As at 01/01	200,000,000	200,000,000
Increase	-	-
Decrease	-	-
As at 30/06	200,000,000	200,000,000
<u>Accumulated depreciation</u>		
As at 01/01	98,857,527	98,857,527
Increase	17,500,002	17,500,002
Depreciation	17,500,002	17,500,002
Decrease	-	-
As at 30/06	116,357,529	116,357,529
Net book value		
As at 01/01	101,142,473	101,142,473
As at 30/06	83,642,471	83,642,471

5.12 Investment real property

Items	Beginning balance VND	In the period		Closing balance VND
		Increase VND	Decrease VND	
I. Cost	96,055,631,848	-	-	96,055,631,848
Office Building in lot A-CC7 Linh Dam	96,055,631,848	-	-	96,055,631,848
II. Accumulated Depreciation	16,176,880,565	1,789,706,052	-	17,966,586,617
Office Building in lot A-CC7 Linh Dam	16,176,880,565	1,789,706,052	-	17,966,586,617
III. Net book value	79,878,751,283	-	-	78,089,045,231
Office Building in lot A-CC7 Linh Dam	79,878,751,283	-	-	78,089,045,231

The total value of the investment property used to pledge or mortgage the loan.

5.13 Construction in progress

	30/06/2019 VND	01/01/2019 VND
Construction in progress	197,309,265	197,309,265
- Construction: Office Building Lot A - CC7	197,309,265	197,309,265
Total	197,309,265	197,309,265

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.14 Investments in associates

Unit: VND

	Rate		30/06/2019			01/01/2019		
	Capital owned	Voting right	Historical Cost	Fair value	Provision	Historical Cost	Fair value	Provision
Investments in joint ventures or associates			2,500,000,000			2,500,000,000		
Hudland trade and service JSC	30.50%	30.50%	2,500,000,000	(*)	-	2,500,000,000	(*)	-
Total			2,500,000,000	-	-	2,500,000,000	-	-

(*): At the reporting date, the Company has not determined the fair value of investments in associates for notes in the financial statements because there is no listed price on the market and Vietnam Accounting Standard, Vietnam Enterprise Accounting System does not yet have guidelines on the use of valuation techniques in determining the fair value of investments of associates.

5.15 Trade payables

	30/06/2019 (VND)		01/01/2019 (VND)	
	Book value	Amount can be paid	Book value	Amount can be paid
Short-term	24,963,960,042	24,963,960,042	22,833,081,882	22,833,081,882
Cotana Group JSC	3,012,849,506	3,012,849,506	1,876,589,806	1,876,589,806
386 Thanh An Construction and Investment JSC	3,018,101,134	3,018,101,134	-	-
Hung Thinh Investment and Construction Consultant JSC	7,193,595,349	7,193,595,349	2,551,648,047	2,551,648,047
Bac Ninh Investment and Infrastructure Construction JST	1,442,617,793	1,442,617,793	6,207,021,454	6,207,021,454
Others	10,296,796,260	10,296,796,260	12,197,822,575	12,197,822,575
<i>In which, payables of related parties (detailed in note 6.1)</i>	-	-	-	-
Total	24,963,960,042	24,963,960,042	22,833,081,882	22,833,081,882

5.16 Advances from customers

	30/06/2019 VND	01/01/2019 VND
Short-term	31,416,153,243	1,160,081,576
CT17 Viet Hung Project	148,035,110	148,035,110
Le Thai To Townhouse Project, Bac Ninh	562,325,000	562,325,000
Bac Ninh Low-income Housing Project	30,123,322,514	-
Others	582,470,619	449,721,466
Total	31,416,153,243	1,160,081,576

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.17 Taxes and payables to the State

	01/01/2019 VND	Amount to be paid VND	Amount paid VND	30/06/2019 VND
Value added tax	4,784,728,892	9,628,170,458	14,412,899,350	-
Corporation income tax	11,040,707,894	3,560,713,779	14,601,421,673	-
Personal income tax	32,639,103	1,369,432,216	1,356,537,249	45,534,070
Housing tax, land rental charges	-	275,591,861	275,591,861	-
Other taxes	-	3,000,000	3,000,000	-
Total	15,858,075,889	14,836,908,314	30,649,450,133	45,534,070

5.18 Accrued expenses payables

	30/06/2019 VND	01/01/2019 VND
Short-term	91,567,647,978	102,474,792,894
Adjacent housing Project in Bac Ninh	663,964,611	663,964,611
Villa Project in Bac Ninh	327,023,543	327,023,543
CT17 Project in Viet Hung New urban area	-	651,061,560
Van Canh Project	204,226,355	204,226,355
HH05 Project	2,118,200,366	2,118,200,366
Zone B Project in Bac Ninh	88,254,233,103	98,510,316,459
Service of Office Building in lot A-CC7 Linh Dam	-	854,269,621
Total	91,567,647,978	103,329,062,515

5.19 Other payables

	30/06/2019 VND	01/01/2019 VND
Short-term	13,985,450,249	10,739,195,618
Trade union fees	38,827,795	67,156,857
Social insurance, health insurance	-	63,584,381
Unemployment insurance	-	9,309,380
Dividend payables	221,587,500	221,587,500
Maintenance costs paid under the contract	514,738,915	891,556,997
Deposit to make the Red document, service fees, and deposits under contract	8,052,627,756	5,968,911,756
Customer service fees	4,495,181,262	3,252,239,262
Others	662,487,021	264,849,485
Total	13,985,450,249	10,739,195,618

HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.20 Loans and finance lease liabilities

	30/06/2019		The period		01/01/2019	
	Value	Amount can be paid	Increase	Decrease	Value	Amount can be paid
Shor-term	138,043,291,174	138,043,291,174	81,677,933,793	88,042,472,753	144,407,830,134	144,407,830,134
BIDV - Hanoi Branch (1)	86,136,122,789	86,136,122,789	51,197,578,674	60,203,920,329	95,142,464,444	95,142,464,444
Pvcombank - Hanoi Branch (2)	51,907,168,385	51,907,168,385	30,480,355,119	27,838,552,424	49,265,365,690	49,265,365,690
Long-term	45,371,960,222	45,371,960,222	-	5,834,184,173	51,206,144,395	51,206,144,395
Pvcombank - Hanoi Branch (3)	42,848,600,000	42,848,600,000	-	3,176,400,000	46,025,000,000	46,025,000,000
Personal loans (4)	2,523,360,222	2,523,360,222	-	2,657,784,173	5,181,144,395	5,181,144,395
Total	183,415,251,396	183,415,251,396	81,677,933,793	93,876,656,926	195,613,974,529	195,613,974,529

Unit: VND

- (1) Credit limit contract No. 01/2018/1906164/HDTD dated 21/09/2018. 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/HDTCTS, notaries number: 271/2014/HBTC on 24/02/2014 and amended documents attached.
- (2) Credit limit contract No. 308/2018/HDHMTD/PVB.HAN- HUDLAND dated 28/12/2018. Credit limit VND 100,000,000,000; purpose of borrowing: supplement capital to business activities of HUDLAND. Term of credit limit: 12 months; Loan term is not exceeding from the disbursement date and specified on each loan contract. Interest rate is specified in each loan contract. The bank only disburses for old projects, projects funded by the bank: Bac Ninh low-income housing project, CC7 project. Linh Dam and HH 05 project Viet Hung. Secured measures: Pledge collateral of group A. Guaranteed value to maintain at least 10% of short-term outstanding loans of the credittee at the Bank. Credit granting ratio/asset value of 98% guaranteed; Mortgaging the entire office building at Lot ACC7, Ho Linh Dam general service area, Hoang Liet ward, Hoang Mai district, Hanoi city according to the certificate of land use rights, house ownership and other assets attached to land No. CH001368, the number entered into the GCN register book: CT 06719 issued by Hanoi Department of Natural Resources and Environment on 9 March 2017. Credit/asset granting ratio 85% guaranteed; mortgage of property rights arising from investment projects on construction of low-income houses at the lot of land designated N28, new urban area of Le Thai To street, Vo Cuong ward, Bac Ninh city, Bac Ninh province. This asset ensures maximum guarantee obligation of VND 163 billion, the rest guarantees the short-term credit limit of the credit-granted party at the Bank, specifically guarantee for credit limit is 75 apartments (rental purpose).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.20 Loans and finance lease liabilities

- (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%/annun.

5.21 Owner's equity

a. Reconciliation of movements in owners' equity

Unit: VND

	Owner's capital	Investment and Development fund	Retained earnings	Total
As at 01/01/2018	200,000,000,000	210,832,092,113	86,444,612,025	497,276,704,138
Increase	-	-	152,747,913,879	152,747,913,879
Profit after tax	-	-	22,747,913,879	22,747,913,879
Transferring fund	-	-	130,000,000,000	130,000,000,000
Decrease	-	130,000,000,000	164,957,240,001	294,957,240,001
Remuneration to BOM, BOS	-	-	57,240,001	57,240,001
Allocation to funds	-	-	4,900,000,000	4,900,000,000
Dividend paid in 2015	-	-	160,000,000,000	160,000,000,000
Transferring fund	-	130,000,000,000	-	130,000,000,000
As at 30/06/2018	200,000,000,000	80,832,092,113	74,235,285,903	355,067,378,016
As at 01/01/2019	200,000,000,000	80,832,092,113	127,179,268,255	408,011,360,368
Increase	-	-	13,853,374,397	13,853,374,397
Profit after tax	-	-	13,853,374,397	13,853,374,397
Decrease	-	-	3,824,399,997	3,824,399,997
Remuneration to BOM, BOS	-	-	71,399,997	71,399,997
Allocation to funds	-	-	3,753,000,000	3,753,000,000
As at 30/06/2019	200,000,000,000	80,832,092,113	137,208,242,655	418,040,334,768

There has been a Proposal for the Annual General Meeting of 2019 through profit distribution plan for 2018 on 25/04/2019 but to 30/06/2019 the list of shareholders to pay dividends was not finalized to record dividends payable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.21 Owner's equity (Continued)

b. Details of owner's equity

Shareholders	Shares Quantity	Amount VND	Ratio %	Capital recorded	
				30/06/2019	01/01/2019
				VND	VND
Housing and urban development Corporation	10,200,000	102,000,000,000	51.00%	102,000,000,000	102,000,000,000
Cotana Group JSC	629,400	6,294,000,000	3.15%	6,294,000,000	6,294,000,000
Mrs. Nguyen Thanh Huong	248,000	2,480,000,000	1.24%	2,480,000,000	2,480,000,000
Mr. Kenneth Ruby Kamon	1,250,300	12,503,000,000	6.25%	12,503,000,000	12,503,000,000
Other shareholders	7,672,300	76,723,000,000	38.36%	76,723,000,000	76,723,000,000
Total	20,000,000	200,000,000,000	100.00%	200,000,000,000	200,000,000,000

c. Capital transactions with owners and dividends distribution

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
- Owner's equity		
As at 01/01	200,000,000,000	200,000,000,000
Increase	-	-
Decrease	-	-
As at 30/06	200,000,000,000	200,000,000,000
- Dividends, profit paid	3,753,000,000	164,900,000,000

d. Shares

	30/06/2019 Shares	01/01/2019 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

	30/06/2019 VND	01/01/2019 VND
Development investment fund	80,832,092,113	80,832,092,113
Total	80,832,092,113	80,832,092,113

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.22 Sales of merchandise and services

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Sales of real estate projects	100,937,185,081	131,179,777,624
Other revenue	6,139,351,396	14,320,882,965
Total	107,076,536,477	145,500,660,589

5.23 Cost of goods sold

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Cost of real estate projects sold	71,567,137,460	98,125,221,433
Other	3,987,818,020	2,926,173,179
Total	75,554,955,480	101,051,394,612

5.24 Financial income and Financial expenses

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
<i>Financial income</i>		
Bank interest	1,083,991,489	3,570,959,702
Total	1,083,991,489	3,570,959,702
<i>Financial expenses</i>		
Interest expenses	2,992,503,489	4,199,351,255
Total	2,992,503,489	4,199,351,255
Profit (Loss) from financial activities	(1,908,512,000)	(628,391,553)

5.25 Selling expenses and General and administration expenses

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Selling expenses	979,459,550	6,273,668,644
Direct sales staff	806,069,014	2,970,177,123
Outsourcing expenses	173,390,536	3,303,491,521
General and administration expenses	11,231,959,019	9,111,613,432
Administrative staffs	5,342,282,328	4,639,097,895
Fixed asset depreciation	3,497,915,678	2,012,784,518
Taxes, fees and charges	426,941,216	172,474,838
Outsourcing expenses	1,964,819,797	2,287,256,181
Total	12,211,418,569	15,385,282,076

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.26 Other income/ Other expenses

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Other income		
Others	12,522,494	-
Total	12,522,494	-
Other expenses		
Other	84,746	700,000
Total	84,746	700,000
Profit (Loss) From other activities	12,437,748	(700,000)

5.27 Current corporate income tax expenses

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Total accounting profit before tax	17,414,088,176	28,434,892,348
Total taxable profit	17,414,358,176	28,434,892,348
<i>Taxable profit from service business</i>	<i>(389,210,721)</i>	<i>-</i>
<i>Taxable profit from real estate business</i>	<i>17,803,568,897</i>	<i>28,434,892,348</i>
Current tax rate	20%	20%
<i>CIT from service business</i>	<i>-</i>	<i>-</i>
<i>CIT from real estate business</i>	<i>3,560,713,779</i>	<i>5,686,978,469</i>
CIT payable from usual business activities	3,560,713,779	5,686,978,469

5.28 Basic earning per share

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Accounting profit after tax	13,853,374,397	22,747,913,879
Amount deducted for bonus and welfare fund (*)	1,876,500,000	2,450,000,000
Net profit/ or loss attributable to ordinary equity holders for basic earning (VND)	11,976,874,397	20,297,913,879
Weighted average number of ordinary shares for basic earnings per share	20,000,000	20,000,000
Earnings per share (VND/share)	599	1,015

(*) Recalculate basic earnings per share for the period 6 months ended on 30/06/2018 according to the fund balance was recorded and exclude the balance of bonus and welfare fund according to the Proposal of the Annual General Meeting of Shareholders in 2019 to calculate basic earnings per share for the period 6 months ended on 30/06/2019.

HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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5.29 Business and production cost by factors

	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Employee expenses	6,753,540,340	5,355,921,218
Depreciation expenses	5,287,621,730	7,215,996,000
Accrued expenses	12,015,318,153	33,555,267,333
Cost of services purchased	98,551,341,186	139,321,596,503
Other expenses in cash	507,913,304	6,445,737,288
Total	123,115,734,713	191,894,518,342

HUDLAND REAL ESTATE INVESTMENT AND DEVELOPMENT JOINT STOCK COMPANY
Interim financial statements for the period 6 months ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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6. OTHER INFORMATION

6.1 Related party transactions and balances

			Period 6 months ended 30/06/2019	Period 6 months ended 30/06/2018
Related parties	Relationship	Nature of transactions	VND	VND
<u>Purchasing transaction</u>				
Cotana Group JSC	Capital contributors	Construct projects	1,222,492,727	-
Housing and urban services Company Ltd. (HUDS)	In same Corporation	Services	32,819,530	-
HUD10 Construction and Investment JSC	In same Corporation	Construct projects	11,150,472,727	12,575,482,404
HUDLANDTS., JSC	Associate	Services	2,997,452,451	4,885,593,080
HUDSE Urban and Housing Development Investment JSC	Associate	Construct projects	1,391,684,388	10,425,480,321
<u>Selling transaction</u>				
Housing and urban services Company Ltd. (HUDS)	In same Corporation	Services	811,550	-
HUD10 Construction and Investment JSC	In same Corporation	Electricity charges	16,239,352	-
HUDSE Urban and Housing Development Investment JSC	Capital contributors	Electricity charges	1,187,402	-
HUDLANDTS JSC	Associated company	Electricity charges	28,196,752	-
Cotana Group JSC	Capital contributors	Electricity charges	4,212,123	-
			30/06/2019	01/01/2019
Related parties	Relationship	Nature of transactions	VND	VND
<u>Payables</u>				
Cotana Group JSC	Capital contributors	Trade payables	-	1,876,589,806
HUDSE Urban and Housing Development Investment JSC	In same Corporation	Trade payables	1,588,281,883	3,651,803,328
HUDLANDTS., JSC	Associate	Trade payables	241,980,949	-

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6.1 Related party transactions and balances (Continued)

Balances with related parties as at 30/06/2019:

Related parties	Relationship	Nature of transactions	30/06/2019 VND	01/01/2019 VND
Receivables				
Housing and urban development Corporation	Parents Corporation	Trade receivables	3,270,660,140	3,270,660,140
	Capital contributors	Advances to suppliers	20,338,935,057	20,338,935,457
Cotana Group JSC		Trade receivables	4,633,336	-
		Advances to suppliers	3,881,258,400	3,464,045,400
HUDLANDTS., JSC	Associate	Advances to suppliers	-	404,635,731
		Trade receivables	328,999,609	297,983,182
HUD10 Construction and Investment JSC	In same Corporation	Trade receivables	29,476,159	46,156,768
		Advances to suppliers	7,108,881,617	11,401,813,617
Housing and urban services Company Ltd. - HUDS	In same Corporation	Advances to suppliers	1,298,685,527	1,275,185,314
		Trade receivables	21,657,800	20,765,095
HUD101 Construction and Investment JSC	In same Corporation	Trade receivables	9,017,268	9,017,268
		Advances to suppliers	1,952,161,786	1,952,161,786
HUDSE Urban and Housing Development Investment JSC	In same Corporation	Trade receivables	4,852,157	3,546,015

Transactions with key personnel and shareholders:

Related parties	Nature of transactions	Period 6 months ended 30/06/2019 VND	Period 6 months ended 30/06/2018 VND
Board of Managements and Board of Directors	Remuneration	2,572,832,652	2,119,555,065

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 No. 5.

Categories of financial instruments

	30/06/2019	01/01/2019
	VND	VND
Financial assets		
Cash and cash equivalents	79,595,785,133	76,451,169,467
Trade receivables and other receivables	258,329,053,389	256,979,027,052
Short-term investments	9,073,930,000	9,073,930,000
Long-term investments	2,500,000,000	2,500,000,000
Total	349,498,768,522	345,004,126,519
Financial liabilities		
Borrowings	183,415,251,396	195,613,974,529
Trade payables and other payables	38,949,410,291	33,572,277,500
Accured expenses	91,567,647,978	103,329,062,515
Total	313,932,309,665	332,515,314,544

The Company has not yet evaluated fair-value of financial assets and financial liabilities as at the date ended accounting period because Circular No. 210 as well as prevailing regulations do not have detailed guidance on determination of fair-value of financial assets and financial liabilities. Circular No. 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. The Company does not implement prevention methods of these risks due to the shortage of markets purchasing financial instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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6.2 Financial instruments – Risk management (Cont.)

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.

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 provision 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
30/06/2019			
Borrowings	138,043,291,174	45,371,960,222	183,415,251,396
Trade payables and other payables	38,949,410,291	-	38,949,410,291
Accured expenses	91,567,647,978	-	91,567,647,978
01/01/2019			
Borrowings	144,407,830,134	51,206,144,395	195,613,974,529
Trade payables and other payables	33,572,277,500	-	33,572,277,500
Accured expenses	103,329,062,515	-	103,329,062,515

The Board of Directors believes 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
30/06/2019			
Cash and cash equivalents	79,595,785,133	-	79,595,785,133
Trade receivables and other receivables	258,329,053,389	-	258,329,053,389
Short-term investments	9,073,930,000	-	9,073,930,000
Long-term investments	-	2,500,000,000	2,500,000,000
30/06/2019			
Cash and cash equivalents	76,451,169,467	-	76,451,169,467
Trade receivables and other receivables	256,979,027,052	-	256,979,027,052
Short-term investments	9,073,930,000	-	9,073,930,000
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 31/12/2018 have been audited and results of interim business activities for the period 6 months ended 30 June 2018 have been reviewed by CPA VIETNAM Auditing Company Limited - An Independent Member Firm of Moore Stephens International Limited.

Hà Nội, 30 July 2019

Preparer

Chief Accountant

Director



Tran Thanh Thanh Huyen



Le Quoc Chung



Nguyen Thanh Tu