



## CENTURY LAND JSC (CRE: HOSE)

FULL REPORT  
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**CENLAND is a leading real estate brokerage company with a diversity of distributing networks across the country.**

CENLAND has built a stable business system with a combination of traditional and modern methods via 4 distributing channels including real estate project supermarket STDA, website nghemoigoi.vn, a network of representative offices and branches across the country and abroad and over 700 connected agent. This is a huge competitive advantage of CENLAND over other competitors. In 2017, CENLAND market share in real estate brokerage was 42%, ranking first in the North and 18%, ranking second in the whole country. The number of units sold was up by 18.7% yoy, reaching 11,555 units.

**Clear business strategy opens positive prospects.**

The Company's strategy in the coming period is not only to focus solely on brokerage segment as previously but also to increase secondary investment and deposits for off-take agreements. These two segments allow the Company to partly control supply as well as generate better profit.

**The Company is expected to complete its targets for revenue and net profit in 2018, sustaining robust growth.**

CENLAND is forecast to earn a revenue of VND1709.5bn (up by 53.3 % yoy) and a net profit of VND306bn (up by 24.3% yoy), keeping up with its targets.

**Risks do exist.**

Despite a positive market outlook in coming time, CRE may encounter risks that impact its performance including sector risk and risk of real estate market cycle in Vietnam.

### Buy

Target price	55,700VND
Upside/Downside	26%
Current price (13/09/2018)	44,200VND
Target price	55,700VND
Market cap	2,135 tỷ VNĐ (91.9 triệu USD)

Exchange rate as of 13/09/2018: 1USD = 23,225 VND

#### Earning forecast and valuation

Unit: VND Billion	2016A	2017A	2018F
Revenue (VNDbn)	605.06	1,115.46	1709.5
Growth rate (%)	29.4%	84.4%	53.3%
Gross profit (VNDbn)	275	444.8	621.3
Gross margin (%)	45.5%	39.9%	36.3%
Net profit (VNDbn)	135.5	253	306
Growth rate (%)	108.2%	87%	20.9%
EPS (VNDthousand)	6.870	11.970	6.120
P/E	6.43	3.69	7.2

#### Trading data

Outstanding share	50,000,000
Average trading volume (52W)	264,426
% Foreign own	25%

## COMPANY OVERVIEW

CENLAND is a subsidiary of CENGROUP JSC, founded in 2002, specializing in Real estate brokerage. Charter capital of CENLAND is VND 500bn.

On 05 Sep 2018, CENLAND had issued a total of 50 million shares on HOSE as CRE. CENLAND is the first real estate brokerage company which only operates in brokerage to be listed. CRE was sold the first time on HOSE at a reference price of VND 50,000, equivalent to market capital of VND 2,500bn.

### 1. Company history

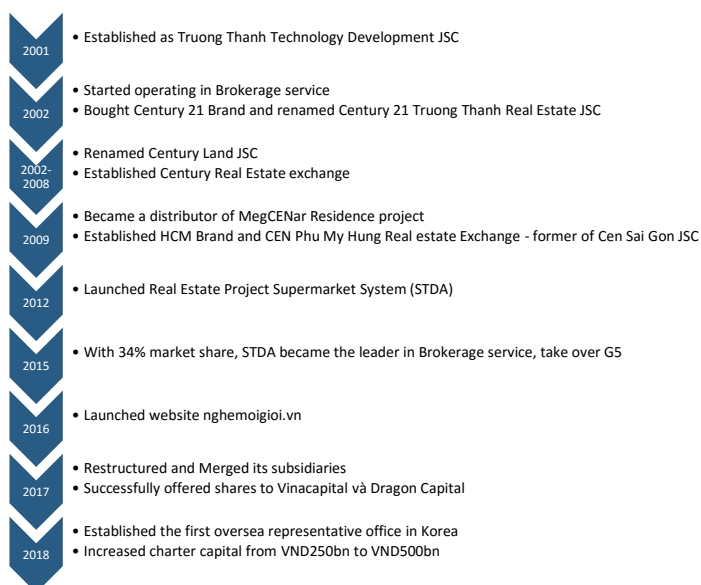
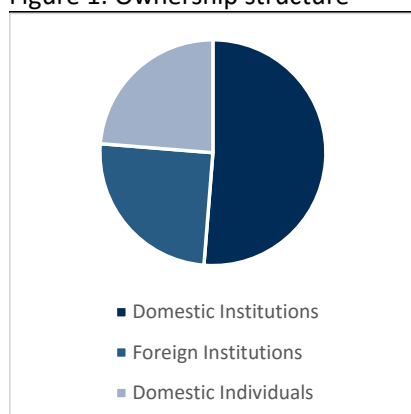


Figure 1: Ownership structure



Source: CRE

### Company and ownership structure

By 30 June 2018, the Company has two subsidiaries operating in real estate distribution which are Cen Sai Gon JSC and Worldstar Land JSC. In addition, CENLAND also has another subsidiary working in communications & marketing which is Rising Star Media JSC. CENLAND's holding ratio is 80%.

Current ownership structure of CENLAND is quite concentrated, of which CENGROUP owns 51.15%, two foreign funds including Vinacapital and Dragon Capital hold 12%, 13% respectively, the management and affiliate people hold more than 3.14%, employees own 12% and other shareholders have more than 8.7% (Figure 1). Maximum foreign ownership of CENLAND is 49%.

## BUSINESS ACTIVITIES

### Business model

CENLAND's business activities focus on 03 segments: (1) brokerage service (2) secondary investment and (3) research and marketing consultancy for real estate projects.

(1) Real estate brokerage:

CENLAND has built a stable business system combining traditional and modern methods.

**STDA is a typical real estate exchange with quality products and proper legality.**

**Website nghemoigoi creates a great competitive advantage to CENLAND**

**The Company possesses a nationwide network of representative offices and branches and is expanding overseas.**

- Traditional channel with real estate project supermarket STDA to provide real estate brokerage services across the country, owning a wide selection of models and product segments. Currently, STDA has 1917 official staffs.
- CENLAND also took initiatives in developing an online brokerage channel via website nghemoigoi.vn on September 2016. The website provides information on projects distributed by CENLAND and allows brokers to check availability, deposit and make online payments. There are over 270,000 users, 748 connected agents and 15,000 mentors-connectors being active on the website to help customers find real estate products. Within the first 6 months of 2018, there were 861 online transactions with a total value of nearly VND 1 trillion.
- Apart from a headquarter in Hanoi, the Company possesses a network of representative offices and branches in other cities and provinces including Hai Phong, Ha Long, Da Nang, Nha Trang, Quy Nhon, HCMC,... In January 2018, CENLAND opened the first oversea representative office in Korea. In 2018, CENLAND will expand the network of representative offices nationwide and branches in Japan, Singapore,... in order to satisfy customers' needs and investors interested in Vietnamese real estate market.

There are two types of real estate brokerage: traditional distribution and conditional distribution.

#### **Traditional distribution**

- The Company only sells products and receives brokerage fee on the number of units sold. Under this type of distribution, the Company does not involve in managing inventory and avoid significant risks. However, brokerage fee only ranges from 3 to 4% of the total contract value.

#### **Conditional distribution**

- The company can sign an exclusive brokerage agreement to distribute the entire project or commit to sell a certain number of units within a certain period. Under this type of distribution, the Company receives higher brokerage fee of 6-10%, however, the Company is required to place a certain deposit depending on the contract or commit to buy back the undistributed units. In this case, the Company faces a greater risk of losing the deposit if it does not sell as promised.

**Secondary investments generate higher profit than traditional brokerage does but contain lots of risks.**

#### **(2) Secondary investment:**

In addition to the traditional brokerage business, CENLAND also acquire a part of the project and retail products to buyers at higher prices. The difference between the actual selling price and the wholesale price will be CENLAND's earning. This activity generates higher revenue than pure brokerage does, but pose greater risks to the business. The Company has to put in larger investments which have longer payback time and sales that also directly affect CRE's revenue.

CENLAND has cooperated to develop projects such as: GAMUDA Gardens (The One Residence, The Two Residence,...), The Golden Palm, Sentosa Riverside, Sentosa City, Helios Tower,...

**Marketing activities help build and develop CENLAND brand.**

#### **(3) Research and marketing consultancy for real estate projects**

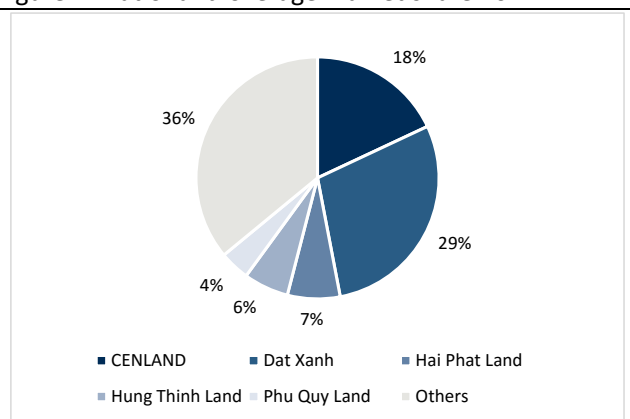
CENLAND’s subsidiary which is Rising Star Media JSC (RSM) specializing in researching, marketing consultancy of real estate projects. RSM provide communications services for developers, partners and clients that include consulting and implementing marketing strategies, designing corporate identity program, website, organizing events. Via RSM, marketing activities of CENLAND concentrate on building CENLAND’s image to developers and customers, hence to support Company’s businesses.

**Company position**

**CENLAND ranks 1<sup>st</sup> in brokerage market share in the North and 2<sup>nd</sup> in the whole nation.**

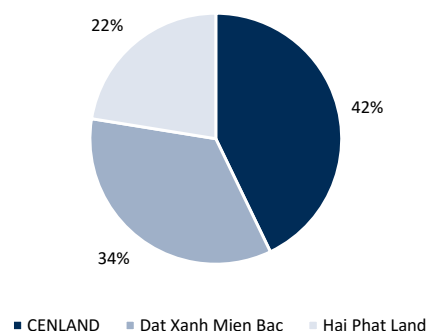
With a diversified distribution system and a customer base of up to 1.2 million people, CENLAND has been considered a top-tier company in real estate brokerage. In 2017, with 11,555 successful transactions, up by 18% from 2016, CENLAND is the second largest brokerage firm in the country, accounting for 18% of the national market share (Figure 2,4). The Company completed 7,428 transactions in Hanoi, ranking first in market share of real estate brokerage in Hanoi with 42% (Figure 3). CENLAND’s trading structure in 2017 include transactions via website nghemoigoi.vn (connected among agents) which accounts for 50%. However, the number of transactions via STDA saw a y-o-y decline.

Figure 2: National brokerage market share 2017



Source: Vietnam National Real Estate Association

Figure 3: Hanoi brokerage market share 2017



Source: Vietnam National Real Estate Association

Figure 4: Number of CENLAND’s transactions



Source: CRE

**CENLAND had positive performances over recent years, indicated by growth in number of successful transactions, revenue and net profit.**

**Expansion in connected agent network resulted in higher COGS to revenue ratio.**

**In 2017, gross profit margin saw a drop despite of a rise in both revenue and profit.**

**Higher ROE and ROA compared to those of other competitors thanks to the characteristics of brokerage activities.**

**Marketing activities did not contribute much to revenue.**

**Business performance**

The number of units sold has been constantly rising since 2013 to 2017, CAGR in 4 years from 2013 – 2017 reached 5.5%, in which most of them are apartments.

Revenue saw a rapid and steady growth in recent years with its CAGR reaching 86.7% in a three-year-period from 2014 to 2017. The Company’s revenue climbed from VND 171bn in 2014 to VND 1,115bn in 2017, mostly contributed by brokerage activity.

Net profit advanced from VND 42bn in 2014 to VND 253bn in 2017. Its CAGR reached 81.6% in a three-year-period from 2014 to 2017.

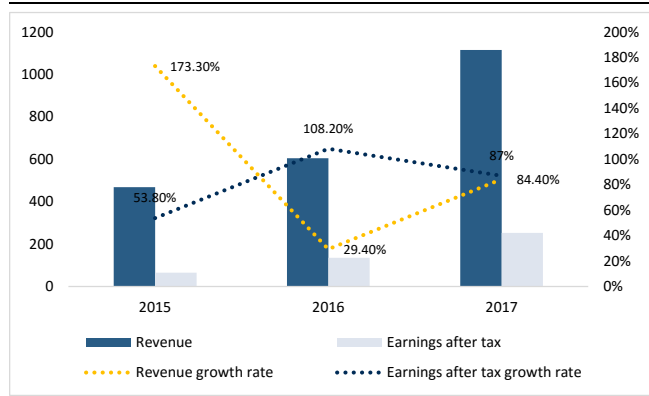
Cost of goods sold accounts for the largest proportion in CENLAND’s revenue, making up 54.5% in 2016 60.1% in 2017 and 57.63% in 1H2018. This includes commissions for brokers of STDA, connected agents and freelancers. COGS to revenue ratio in 2017 was higher than that in 2016 due to the expansion of connected agent network and higher commissions to those agents than STDA’s brokers.

In 2017, revenue reached VND 1,115.46bn and net profit reached VND 253.26bn, up by 87% and 82% yoy, respectively. However, gross profit margin was only 39.9%, in comparison to 45.5% in 2016. This was a result of expansion in secondary investment and conditional distribution segment. These activities generate much higher profit than traditional brokerage does, however, traditional brokerage has higher profit margin than secondary investment does.

ROE and ROA in 2017 was 25.59% and 55.14%, respectively, higher than that of other companies in sector. This was mainly because of low inventory and tangible assets, resulting in more times of asset turnover.

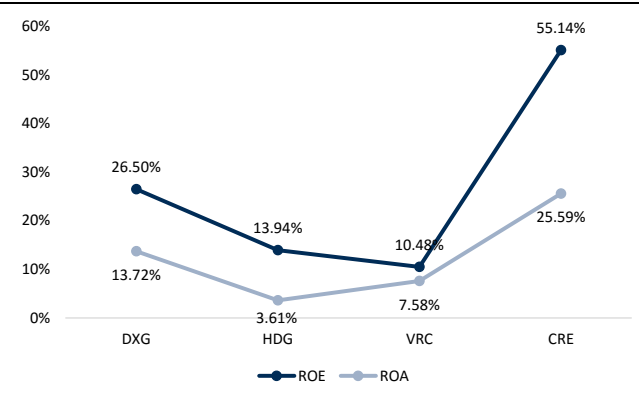
In addition two major segments, marketing activities did not contribute greatly to revenue (8%) and mainly support brokerage and secondary investment.

Figure 5: Revenue – Profit from 2015-2017



Source: CRE (Unit: VND bn)

Figure 6: ROE and ROA comparison



Source: KBSV

**Receivables increase due to expansion in secondary investment****Financial position**

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Current assets at the end of Q2.2018 increased by 61.8% from the beginning of the period to reach VND 1,156.9bn, mainly due to the increase in receivables (up by VND 327.9bn) and inventory (VND 97.3bn). A rise in receivables was mainly contributed by the two projects - The Lovera Park Dong Ky and Viet Kieu International Village of Nam Hong and Viet Anh, while inventory was the value of real estate that was wholesale purchased for retail.

**CENLAND has low leverage ratio**

As a real estate brokerage company, the Company does not invest in projects. The debt-to-equity ratio is low of about 17.6%, including mostly short-term individual loans. In the first 6 months of 2018, the Company had no new loan.

**Many transactions with affiliates that need closely monitoring and further assessment**

By the end of 2017, the Company has a VND220bn-long-term-receivable of CENINVEST, a subsidiary of CENGROUP. This receivable is the deposit to be the general distribution agent for CENINVEST projects and accounts for a large proportion of total assets. Therefore, it is necessary to further assess the possibility of recovering this amount since it directly affects the Company's earning.

**Ongoing projects**

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**(1) CENLAND's secondary investment projects****Lovera Garden Dong Ky project**

This is a co-investment and development project between CENLAND and Nam Hong Limited Company located in Tu Son, Bac Ninh. Nam Hong will be responsible for project implementation and development; meanwhile, CENLAND will be in charge of capital contribution to finance the project implementation. CENLAND has the right to appoint a sales agency with cost of sales (including VAT) of 5% of revenue. The capital contribution and revenue (after deducting 5% of selling expenses) ratio of CENLAND and Nam Hong is 70%: 30%. Total project area is 17ha, of which 4.9 ha is adjacent land and shophouse, accounting for 28.8% of area density. The project includes 77 plots of rough-finished shophouse and 344 plots of land adjacent for self-construction. The project started in June 2018 and is in the process of infrastructure completion, expected to hand over adjacent land plots in September 2018 and the shophouse in March 2019. The project is sold at prices ranging from VND 20-27mn/m<sup>2</sup> depending on the size and location. Selling prices may increase in subsequent sales periods when the project is getting complete.

**The Central Thanh Hoa project**

The project is located in Dong Son urban area, Thanh Hoa city, therefore, it inherits all the infrastructure as well as urban utilities. The project is adjacent to Cao Son (Highway 47) in Thanh Hoa City, which is the main route connecting Thanh Hoa City with 12 districts in the west of Thanh Hoa Province and also the route from Thanh Hoa City to Tho Xuan airport. Total project area is 1.03ha including 83 adjacent plots and villas with red books for each plot.

**Viet Kieu village project**

The project is located in Vinh Niem ward, Le Chan district, Hai Phong. The project is located 2km away from Hai Phong city center and 5km from Cat Bi airport and Hai Phong port. Project developer is Viet Anh Investment and Development JSC, and CEN Hai Phong - Representative office of Cenland is the

distributor. The project started construction in August 2018 and is expected to finish in Q1/2019. Total project area is 92,233m<sup>2</sup> in which CENLAND will invest in 5,768m<sup>2</sup>, including 45 low-rise buildings with civil work and exterior done. The value of land use right of each plot is VND 25mn/m<sup>2</sup> which is recorded as Viet Anh's revenue. CENLAND's revenue is calculated by the difference between the actual selling price and the unit land price minus the construction cost (VND 5.5 million/m<sup>2</sup>).

(2) Projects being distributed from 2017 – 2018 (Figure 7)

Figure 7: List of projects being distributed 2017-2018 and estimated earnings

Developer	Project	Estimated Revenue (VND bn)
Sun Real Estate 2 JSC	Sun Grand City - Ancora Residence Project - No3 Luong Yen	28
Soleil Investment and Hotel Service JSC	D'. LE ROI SOLEIL - Quang An - No 2 Dang Thai Mai Ha Noi	73
My Dinh Real Estate Investment JSC	Emerald Project CT8 My Dinh Ha Noi	95
Century Real Estate Investment and Development J	The K Park - Le Trong Tan Ha Dong	88
Century Real Estate Investment and Development J	Ngoc Duong Riverside - Dien Ban, Quang Nam	147
Ecoland JSC	EcoLake View - No 32 Dai Tu Ha Noi	14
FLC Quy Nhon Golf and Resort JSC	The Coastal Hill FLC Quy Nhon	17
FLC Group JSC	FLC Grand Hotel Sam Son	12
Phuc Son Group JSC	Piana City Nha Trang	59
FLC Group JSC	FLC Ha Long	15
Coral JSC	Citadines Ha Long	19
Gamuda Land Vietnam Ltd	Gamuda Garden	67
Hoa Binh Ltd	Hoa Binh Green Da Nang	25
Bach Dat Manufacturing and Commercial Ltd	Sentosa Riverside và Peaceful Land - Dien Ban, Quang Nam	85
Geleximco Group	An Binh - 232-234 Pham Van Dong Ha Noi	124
Khai Son JSC	Khai Son	100
Real Estate TMS JSC	TMS Grand City Phuc Yen	40
Trung Thuy Group JSC	LancCENer Lincoln - 428-430 Nguyen Tat Thanh, TP HCM	95
Thuan Phat Real Estate Investment Trading JSC	Lovera Park - Binh Chanh, TP HCM	105
LDG Investment JSC	Sai Gon Intelta - Binh Chanh, TP HCM	50
Hung Loc Phat Construction and Manufacturing Lt	Green Star - TP HCM	30
Khang Dien House Trading and Investment JSC	Rosiata - TP HCM	22
Khang Dien House Trading and Investment JSC	Sapphire - TP HCM	100

Source: CRE

## Risks

### Competition risk

CENLAND may encounter competition risk from other real estate brokerage companies or project developers. In order to sell a unit, brokers may have to offer a part of their commission to buyers which leads to unfair competition.

### Real estate market risk that links to macroeconomic factors.

CENLAND's revenue rely on residential and commercial real estate trading business, hence, the ups and downs of real estate market has enormous impact on the Company's business.

Changes in macroeconomic factors including GDP growth, inflation, interest rate, exchange rate, controlling measures and legal regulations will affect real estate market and Company's business.

### Other risks

The Company also have risks in sales due to unsuitable products for the public's taste, inconvenient location or legal insufficiency.

In addition, risk poses to the Company in case developers struggle in operation and are unable to pay for commission fee.

## VALUATION AND RECOMMENATION

**The Company is totally capable of achieving its targets for revenue and net profit**

**The Company has been planning to expand secondary investment and increasing its market share in the south of Vietnam.**

### Business plan

CENLAND sets a target to earn a revenue of VND 1676.16bn (up by 50.3% yoy) in 2018 and VND 2221.73bn (up by 32.5% yoy) in 2019. Expected net profit in 2018 is VND 320bn (up by 30% yoy) and that in 2019 is VND 430bn (up by 34.4% yoy) (Figure 8).

In 1H2018, the Company recorded a net revenue of VND 591bn (completing 35.3% of annual plan) and a net profit of VND 145bn (completing 44.2% of annual plan). According to our assessment, the Company is totally capable of achieving its targets for revenue and net profit for 2018. Since developers often concentrate on reviewing the current products in quarter 2, the market has time to adjust and absorb undistributed products and prepare for the launch of a great number of new products in 2 last quarters. Therefore, the business performance by year-end will see better results and totally can complete its expected targets.

At the moment, the Company businesses mostly concentrate on Northern area. It has been planning for expansion and increasing its market share in the south which is believed a great potential area. Furthermore, the company also expanded its secondary investment activities, especially in nearby provinces and cities such as Hai Phong, Bac Ninh, Thanh Hoa, etc. These are densely populated residential areas with high housing demand, large clean land fund and infrastructure facilities and connecting roads from Hanoi to this area which are under construction. Secondary investment generates greater revenue and profit to the company, but contains many risks as the Company has to manage larger inventories and have greater capital contribution.

### Earning forecast 2018

KBSV forecasts that CENLAND's 2018 revenue will reach VND 1709.5bn (up by 53.3% yoy) and net profit will reach VND 306bn (up by 24.3% yoy) (Figure 9) under the following assumptions:

- Revenue from brokerage activities increased by 18% yoy to VND 1,095bn.
- Revenue from secondary investment is projected to reach VND 525bn coming from the handover of 344 land plots of the Lovera Park Dong Ky project. In our view, 77 remaining shophouses will be handed over and credited to sales in 2019.
- Revenue from marketing communication services remains unchanged at VND 89.5bn, accounting for only 5% of total revenue.
- The company does not need loans to finance its operations in 2018, so interest expenses are not recorded.
- Selling and administrative expenses accounted for 14% of revenue, reaching VND 239bn, up by 77% yoy.

Gross profit margin fall from 39.9% to 36%, as gross profit margin of the secondary investment segment is lower than that of pure brokerage.



## Valuation and Recommendation

We calculate the average P/E of real estate firms that share similarities in size or business model of CENLAND. Their average P/E is 9.05x. Accordingly, the reasonable price for CRE under this method is VND 55,400/share.

CENLAND is a top-tier real estate brokerage company with a wide distribution network across the country, especially the application of technology in real estate business via website nghemoigoi.vn. These are the major competitive advantages of CENLAND. The company is focusing on promoting secondary investment in neighboring provinces with much vacant land and under construction infrastructure. With the positive signs of the real estate market combining with clear business orientation, CENLAND shows great potential for growth.

Based on the valuation results and business prospects in the coming time, KBSV recommends a BUY for CRE with a target price of VND 55,700/share, upside 26% of market price.

Figure 8: Business plan 2018 and 2019

(VND bn)	2018	2019
Number of unit sold	16,365	23,623
% growth rate	41.6%	44.3%
Revenue	1676.16	2221.61
% growth rate	50.30%	32.50%
COGS	1276.16	1684.11
Earnings before taxes	400	537.5
Tax expenses	80	107.5
Earnings after tax	320	430
% growth rate	30%	34.4%

Source: CRE (unit: VND bn)

Figure 9: Earning forecast 2018

( VND bn)	2017A	2018F
Revenue	1,115.5	1,709.5
Brokerage		1,095
Secondary investment		525
Marketing		89.5
COGS	670.6	1,088.3
Brokerage		602.3
Secondary investment		403
Marketing		83
Gross profit	444.9	621.3
Interest expense	3.6	-
Selling and administration expense	124.7	239.3
Earnings after tax	253	305.5
EPS (VND)	11,970	6,120

Source: KBSV

Figure 10: P/E Comparison

	Ticker	Diluted P/E	Charter Capital (VND)	Weight	Weighted P/E
Dat Xanh Group JSC	DXG	10.15	3,425,714,120,000	43.61%	4.43
Sai Gon Thuong Tin Real Estate JSC	SCR	7.14	3,170,337,940,000	40.36%	2.88
VRC Real Estate and Investment JSC	VRC	8.22	500,000,000,000	6.36%	0.52
Ha Do Group JSC	HDG	13.22	759,680,800,000	9.67%	1.28
Average P/E					9.11

Source: FiinPro, KBSV

## APPENDIX

### Financial indicators

#### Income statement

VNDbn	2016	2017
Sales	605.06	1,115.46
Sales deductions	0.00	0.00
Net sales	605.06	1,115.46
Cost of sales	-330.05	-670.65
Gross Profit	275.01	444.82
Financial income	0.54	0.41
Financial expenses	-9.07	-3.66
of which: interest expenses	-9.07	-3.66
Gain/(loss) from joint ventures (from 2015)	0.00	0.00
Selling expenses	-16.05	-30.55
General and admin expenses	-85.85	-94.26
Operating profit/(loss)	164.57	316.75
Other incomes	6.90	1.17
Other expenses	-3.37	-1.92
Net other income/(expenses)	3.53	-0.75
Income from investments in other entities	0.00	0.00
Net accounting profit/(loss) before tax	168.10	316.00
Corporate income tax - current	-32.65	-62.73
Corporate income tax - deferred	0.00	0.00
Corporate income tax expenses	-32.65	-62.73
Net profit/(loss) after tax	135.46	253.26
Minority interests	0.00	7.06
Attributable to parent company	135.46	246.20

#### Cash flow report

Indirect - VNDbn	2016	2017
Net profit/(loss) before tax	168.10	316.00
Depreciation and amortisation	1.24	2.83
Amortisation of goodwill	-7.62	-1.02
Provisions	0.93	-0.93
Profit/loss from investing activities	-0.09	-0.23
Interest expense	9.04	3.66
Operating profit/(loss) before changes in Working	171.61	320.30
(Increase)/decrease in receivables	-680.83	-126.49
(Increase)/decrease in inventories	-4.69	0.66
Increase/(decrease) in payables	32.47	113.64
(Increase)/decrease in prepaid expenses	2.46	10.31
Interest paid	-0.04	-15.65
Corporate Income Tax paid	-18.38	-56.12
Other payments on operating activities	0.00	-0.13
Net cash inflows/(outflows) from operating activities	-497.39	246.53
Purchases of fixed assets and other long term a:	-4.64	-11.56
Proceeds from disposal of fixed assets	0.00	0.30
Proceeds from divestment in other entities	0.00	6.60
Dividends and interest received	0.09	0.11
Net cash inflows/(outflows) from investing activities	-4.55	-4.55
Proceeds from issue of shares	0.00	81.00
Payments for share returns and repurchases	0.00	0.00
Proceeds from borrowings	462.53	100.00
Repayment of borrowings	-210.21	-335.43
Dividends paid	0.00	-100.52
Net cash inflows/(outflows) from financing activities	252.32	-254.94
Net increase in cash and cash equivalents	-249.63	-12.96
Cash and cash equivalents at the beginning of period	323.85	74.22
Cash and cash equivalents at the end of period	74.22	61.27

#### Các chỉ số tài chính

	Unit	2016	2017
Quick Ratio		0.41	1.50
Current Ratio		0.44	1.51
EBIT	VND billion	173.11	320.00
EBITDA	VND billion	174.35	322.83
Gross profit margin	%	45.45%	39.88%
Net profit margin	%	22.39%	22.70%
Asset Turnover Ratio		0.65	1.13
Equity Turnover Ratio		1.78	2.43
ROE %	%	39.80%	53.60%
ROA %	%	14.64%	24.87%
Account Receivable Turnover		4.58	4.47
Inventory Turnover		70.41	153.95
Account Payable Turnover	Days	5.00	2.00
P/E	VND billion	815.95	1,116.23
P/B		4.14	4.38

Nguồn: CRE, FinnPro, KBSV

#### Balance sheet

VNDbn	2016	2017
<b>CURRENT ASSETS</b>	<b>256.20</b>	<b>715.06</b>
Cash and cash equivalents	74.22	61.27
Cash	74.22	61.27
Accounts receivable	168.26	648.62
Trade accounts receivable	131.97	367.32
Prepayments to suppliers	15.97	7.25
Other receivables	25.70	279.44
Provision for doubtful debts	-5.39	-5.39
Inventories	4.69	4.02
Inventories	4.69	4.02
Other current assets	9.03	1.15
Short-term prepaid expenses	9.03	1.15
<b>LONG-TERM ASSETS</b>	<b>669.21</b>	<b>339.14</b>
Long-term trade receivables	652.53	315.07
Other long-term receivables	652.53	315.07
Fixed assets	8.88	18.34
Tangible fixed assets	8.24	15.09
Cost	12.85	21.17
Accumulated depreciation	-4.61	-6.08
Intangible fixed assets	0.64	3.24
Cost	0.88	4.16
Accumulated depreciation	-0.24	-0.92
Other long-term assets	7.81	5.73
Long-term prepayments	7.81	5.73
<b>TOTAL ASSETS</b>	<b>925.41</b>	<b>1,054.20</b>
<b>LIABILITIES</b>	<b>585.07</b>	<b>475.86</b>
Current liabilities	585.07	473.86
Trade accounts payable	19.45	113.60
Advances from customers	73.27	53.57
Taxes and other payable to State Budget	62.80	78.72
Payable to employees	51.90	58.98
Accrued expenses	4.52	38.67
Short-term unrealized revenue	0.00	6.38
Other payables	22.98	4.72
Short-term borrowings	329.88	100.00
Provision for ST liabilities	0.93	0.00
Bonus and welfare funds	19.35	19.22
Long-term liabilities	0.00	2.00
<b>OWNER'S EQUITY</b>	<b>340.34</b>	<b>578.34</b>
Capital and reserves	340.34	578.34
Paid-in capital	130.00	250.00
Common shares	130.00	250.00
Share premium	12.90	0.00
Undistributed earnings	189.82	296.51
Beginning accumulated undistributed earnings	54.37	50.31
Current period undistributed earnings	135.46	246.20
Minority interests	7.62	18.93
<b>TOTAL RESOURCES</b>	<b>925.41</b>	<b>1,054.20</b>

**Investment Rating for Company****Buy:** +15% or beyond**Hold:** between +15% and -15%**Sell:** -15% or beyond**DISCLAIMER**

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