Hoang Anh Gia Lai Rubber Joint Stock Company

Consolidated financial statements

31 December 2012

Hoang Anh Gia Lai Rubber Joint Stock Company

CONTENTS

GENERAL INFORMATION

COMPANY

Hoang Anh Gia Lai Rubber Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprises of Vietnam in accordance with Business Registration Certificate No. 5900712753 issued by the Department of Planning and Investment of Gia Lai Province on 26 May 2010, and the latest amended Business Registration Certificate on 19 December 2012.

The Company's parent is Hoang Anh Gia Lai Joint Stock Company which had 91.17% ownership as at 31 December 2012. The Company had 16 subsidiaries and 1 associate as disclosed in Note 15 to the consolidated financial statements at 31 December 2012.

The principal licensed activities of the Company and its subsidiaries are planting rubber trees and trading rubber latex; planting sugar cane and other perennial trees; afforesting; generating and trading seedlings; providing plantation services and related materials; constructing houses; constructing industrial and civil projects.

The Company's head office is located at 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Name	*Position*
Mr Doan Nguyen Duc	Chairman
Mr Nguyen Van Minh	Member
Mr Nguyen Van Su	Member
Mr Nguyen Xuan Thang	Member
Mr Truong Ngoc Thanh	Member
Mr Phan Thanh Thu	Member
Mr Tran Quoc Huy	Member

BOARD OF SUPERVISORS

Members of the Board of Supervisors during the year and at the date of this report are:

Name	*Position*
Mr Do Van Hai	Head
Mrs Huynh Thi Lan Hong	Member
Mrs Truong Thi My Nguyet	Member

MANAGEMENT

Members of the Management during the year and at the date of this report are:

Name	*Position*	
Mr Trinh Xuan Nhan	Director	
Mr Vo Nguyen Cong Buu	Vice Director	
Mr Mai Dinh Hong	Vice Director	
Mr Dinh Van Dung	Vice Director	Appointed on 15 September 2012

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Trinh Xuan Nhan.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Management of Hoang Anh Gia Lai Rubber Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") as at and for the year ended 31 December 2012.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of the Group which give a true and fair view of the consolidated state of affairs of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements as at and for the year ended 31 December 2012.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

For and on behalf of management:

CÔNG TY CỔ PHẦN CAO SU HOÀNG ANH GIA LAI

Trinh Xuan Nhan
Director

19 April 2013

ERNST & YOUNG

Ernst & Young Vietnam Limited
Bitexco Financial Tower
28th Floor, 2 Hai Trieu Street
District 1, Ho Chi Minh City, S.R. of Vietnam

Tel : +84 8 3824 5252
Fax: +84 8 3824 5250
www.ey.com/vn

Reference: 60752790/15504423-CS

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Hoang Anh Gia Lai Rubber Joint Stock Company

We have audited the accompanying consolidated financial statements of Hoang Anh Gia Lai Rubber Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as set out on pages 5 to 45 which comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement and the consolidated cash flow statement for the year then ended and the notes thereto.

The preparation and presentation of these consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

S.G.C.N: 41 ... CÔNG TY TRÁCH NHIỆM HỮU HẠN ERNST & YOUNG VIỆT NAM QUẬN 1 - TP. HỒ CHÍ MINH

Ernst & Young Vietnam Limited

Narciso T. Torres Jr.
Deputy General Director
Certificate No. N.0868/KTV

Le Vu Truong
Auditor
Certificate No.N.1588/KTV

Ho Chi Minh City, Vietnam

19 April 2013

CONSOLIDATED BALANCE SHEET
as at 31 December 2012

VND'000

Code	ASSETS	Notes	Ending balance	Beginning balance
100	**A. CURRENT ASSETS**		**3,577,212,413**	**2,815,292,536**
110	***I. Cash and cash equivalents***	*5*	***1,523,844,583***	***378,336,627***
111	1. Cash		1,223,844,583	378,336,627
112	2. Cash equivalents		300,000,000	-
130	***II. Current accounts receivable***		***1,510,038,035***	***2,009,500,447***
131	1. Trade receivables	6	21,474,471	18,599,208
132	2. Advances to suppliers	7	413,580,069	1,168,164,148
135	3. Other receivables	8	1,075,216,367	822,969,963
139	4. Provision for doubtful debts		(232,872)	(232,872)
140	***III. Inventories***	*9*	***480,357,881***	***376,532,347***
141	1. Inventories		480,357,881	376,532,347
150	***IV. Other current assets***		***62,971,914***	***50,923,115***
151	1. Short-term prepaid expenses		323,812	5,946,180
152	2. Value-added tax deductibles		10,744,540	9,908,821
158	3. Other current assets	10	51,903,562	35,068,114
200	**B. NON-CURRENT ASSETS**		**6,993,900,280**	**3,074,905,213**
220	***I. Fixed assets***		***6,624,969,033***	***2,905,933,591***
221	1. Tangible fixed assets	11	734,541,653	270,147,120
222	Cost		800,772,673	303,917,659
223	Accumulated depreciation		(66,231,020)	(33,770,539)
227	2. Intangible fixed assets	12	43,344,777	9,599,731
228	Cost		44,229,944	9,622,271
229	Accumulated amortisation		(885,167)	(22,540)
230	3. Construction in progress	13	5,847,082,603	2,626,186,740
250	***II. Long-term investment***		***210,374,407***	***163,003,713***
252	1. Investment in an associate	15.2	210,374,407	163,003,713
260	***III. Other long-term assets***		***158,556,840***	***5,967,909***
261	1. Long-term prepaid expenses	16	146,587,368	2,278,055
262	2. Deferred tax assets	30.2	5,724,444	3,689,854
268	3. Other long-term assets		6,245,028	-
270	**TOTAL ASSETS**		**10,571,112,693**	**5,890,197,749**

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2012

VND'000

Code	*RESOURCES*	*Notes*	*Ending balance*	*Beginning balance*
300	**A. LIABILITIES**		**5,259,746,229**	**2,075,088,596**
310	***I. Current liabilities***		***888,346,303***	***1,166,621,383***
311	1. Short-term loans	17	164,943,408	475,889,620
312	2. Trade payables	18	215,480,198	430,389,606
313	3. Advances from customers	19	220,189,524	5,687,241
314	4. Statutory obligations	20	6,462,470	6,964,879
315	5. Payables to employees		22,172,603	9,159,142
316	6. Accrued expenses	21	15,049,164	18,565,388
319	7. Other payables	22	244,048,936	219,965,507
330	***II. Non-current liabilities***		***4,371,399,926***	***908,467,213***
333	1. Other long-term liabilities		8,893	8,893
334	2. Long-term loans	23	4,371,391,033	908,458,320
400	**B. OWNERS' EQUITY**		**5,225,116,295**	**3,721,336,896**
410	***I. Capital***	***24***	***5,225,116,295***	***3,721,336,896***
411	1. Share capital		3,646,853,464	2,889,788,864
412	2. Share premium		1,295,347,000	576,747,000
416	3. Foreign exchange differences reserve		115,087,168	80,343,577
420	4. Undistributed earnings		5,780,803	12,409,595
422	5. Consolidation reserves		162,047,860	162,047,860
439	**C. MINORITY INTERESTS**	**25**	**86,250,169**	**93,772,257**
440	**TOTAL LIABILITIES AND OWNERS' EQUITY**		**10,571,112,693**	**5,890,197,749**

OFF BALANCE SHEET ITEM

ITEM	*Ending balance*	*Beginning balance*
Foreign currencies		
- United States dollar (US$)	3,048,283	312,755
- Laos KIP (LAK)	804,096,064	1,182,051,355
- Cambodia Riels (KHR)	8,905,161	15,194,347

CÔNG TY CỔ PHẦN CAO SU HOÀNG ANH GIA LAI

Tran Quang Dung
Preparer

Ho Thi Tuyet Loan
Chief Accountant

Trinh Xuan Nhan
Director

19 April 2013

Hoang Anh Gia Lai Rubber Joint Stock Company

B02-DN/HN

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2012

VND'000

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
01	**1. Revenues from sale of goods and rendering of services**		**133,510,801**	**42,161,895**
02	**2. Deductions**		**-**	**(996,360)**
10	**3. Net revenues from sale of goods and rendering of services**	**26.1**	**133,510,801**	**41,165,535**
11	**4. Cost of goods sold and services rendered**	**27**	**(93,766,978)**	**(32,674,903)**
20	**5. Gross profit from sale of goods and rendering of services**		**39,743,823**	**8,490,632**
21	**6. Finance income**	**26.2**	**9,364,740**	**42,626,820**
22	**7. Finance expenses**	**28**	**(11,120,286)**	**(2,707,002)**
23	*In which: Interest expense*		*(10,291,922)*	*(416,667)*
24	**8. Selling expenses**		**(5,535,378)**	**(2,847,001)**
25	**9. General and administrative expenses**		**(30,951,253)**	**(19,322,503)**
30	**10. Operating profit**		**1,501,646**	**26,240,946**
31	**11. Other income**	**29**	**23,572,394**	**4,245,666**
32	**12. Other expenses**	**29**	**(23,059,069)**	**(3,597,692)**
40	**13. Other profit**		**513,325**	**647,974**
50	**14. Profit before tax**		**2,014,971**	**26,888,920**
51	**15. Current corporate income tax expense**	**30.1**	**(1,217,247)**	**(9,955,653)**
52	**16. Deferred corporate income tax benefit**	**30.2**	**2,034,590**	**3,689,854**
60	**17. Net profit after tax**		**2,832,314**	**20,623,121**
	Attributable to:			
	- Minority interests	*25*	*9,239,106*	*2,082,445*
	- The Company's shareholders		*(6,406,792)*	*18,540,676*
70	**18. Basic (losses) earnings per share**	**32**	**(20)**	**116**

Tran Quang Dung
Preparer

Ho Thi Tuyet Lan
Chief Accountant

Trinh Xuan Nhan
Director

CÔNG TY CỔ PHẦN CAO SU HOÀNG ANH GIA LAI

19 April 2013

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2012

VND'000

Code	*ITEMS*	*Notes*	*Current year*	*Previous year*
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Profit before tax**		**2,014,971**	**26,888,920**
	Adjustments for:			
02	Depreciation and amortisation	11, 12	37,151,492	19,240,869
05	Profits from investing activities		(9,321,540)	(36,878,839)
06	Interest expense	28	10,291,922	416,667
08	**Operating income before changes in working capital**		**40,136,845**	**9,667,617**
09	Decrease (increase) in receivables		533,608,141	(351,004,180)
10	Increase in inventories		(103,825,534)	(134,863,134)
11	Increase in payables		19,190,978	530,291,477
12	Increase in prepaid expenses		(138,686,945)	(3,666,392)
13	Interest paid		(15,272,781)	(416,667)
14	Corporate income tax paid	30.1	(6,274,709)	(4,376,630)
16	Other cash outflows from operating activities		(8,826,624)	(23,891,979)
20	**Net cash flows from operating activities**		**320,049,371**	**21,740,112**
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(2,914,576,708)	(2,407,830,548)
22	Proceeds from disposals of fixed assets		21,553,761	727,929
25	Payment for purchase shares in other entities		(38,159,164)	(132,661,122)
27	Interest received		9,325,732	38,543,488
30	**Net cash flows used in investing activities**		**(2,921,856,379)**	**(2,501,220,253)**
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from capital contribution	24.1	583,664,600	2,264,546,939
	Capital contribution from minority interest		-	3,770,647
33	Drawdown of borrowings		3,899,306,025	760,718,256
34	Repayment of borrowings		(735,655,661)	(191,982,052)
40	**Net cash flows from financing activities**		**3,747,314,964**	**2,837,053,790**
50	**Net increase in cash during the year**		**1,145,507,956**	**357,573,649**
60	**Cash at beginning of year**		**378,336,627**	**20,762,978**
70	**Cash at end of year**	5	**1,523,844,583**	**378,336,627**

CÔNG TY CỔ PHẦN CAO SU HOÀNG ANH GIA LAI TP. PLEIKU - T. GIA LAI

Tran Quang Dung
Preparer

Ho Thi Tuyet Loan
Chief Accountant

Trinh Xuan Nhan
Director

19 April 2013

1. CORPORATE INFORMATION

Hoang Anh Gia Lai Rubber Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprises of Vietnam in accordance with Business Registration Certificate No. 5900712753 issued by the Department of Planning and Investment of Gia Lai Province on 26 May 2010, and the latest amended Business Registration Certificate on 19 December 2012.

The Company's parent is Hoang Anh Gia Lai Joint Stock Company which had 91.17% ownership as at 31 December 2012. The Company had 16 subsidiaries and 1 associate as disclosed in Note 15 to the consolidated financial statements at 31 December 2012.

The principal licensed activities of the Company and its subsidiaries are planting rubber trees and trading rubber latex; planting sugar cane and other perennial trees; afforesting; generating and trading seedlings; providing plantation services and related materials; constructing houses; constructing industrial and civil projects.

The Company's head office is located at 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province.

2. BASIS OF PREPARATION

2.1 *Accounting standards and system*

The consolidated financial statements of the Company and its subsidiaries ("the Group"), expressed in thousands of Vietnam dong ("VND'000"), are prepared in accordance with Decision No. 15/2006/QD-BTC and the Vietnamese Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Accordingly, the accompanying consolidated balance sheet, consolidated income statement, consolidated cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 *Applied accounting documentation system*

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

2.3 *Fiscal year*

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2. BASIS OF PREPARATION (continued)

2.4 Accounting currencies

The Group maintains its accounting records in VND for the companies located in Vietnam, LAK and KHR for the companies located in Laos and Cambodia, respectively.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2012 and for the year then ended. The financial statements of the subsidiaries are prepared for the same year as the Company, using accounting policies consistent with the Company's accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the subsidiaries and the Company.

All intra-company balances, including unrealised gains resulting from intra-company transactions are eliminated in full. The unrealised losses are eliminated in the consolidated financial statements, except where cost is not recoverable.

Minority interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from the parent shareholders' equity.

Subsidiaries are fully consolidated from the date the Company obtains control and will terminate from the date the Company no longer controls its subsidiaries. In case the Company ceases to control the subsidiaries, the consolidated financial statements will include the results of operations of the reporting year during which the Company is still holding control.

The financial statements of the subsidiaries are consolidated into the Group under the purchase method whereby assets and liabilities are recorded at fair value at the date of the business combination. Financial statements of subsidiaries subject to business combination under common control are included in the consolidated financial statements of the Group under the pooling of interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Change in accounting policies

The accounting policies adopted by the Group in preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2011 except for the change in the accounting policy in relation to the effects of changes in foreign exchange rates.

For the year ended 31 December 2012, the Group adopted Circular No. 179/2012/TT-BTC providing guidance on recognition, measurement, treatment for foreign exchange differences issued by the Ministry of Finance on 24 October 2012 ("Circular 179") in addition to Vietnamese Accounting Standard No. 10 - Effects of Changes in Foreign Exchange Rates (the "VAS 10") adopted in prior years.

Following Circular 179, at the end of the year, monetary assets and liabilities denominated in foreign currencies are translated into VND using buying exchange rate announced by the commercial bank where the Group maintains bank accounts. In 2011, inter-bank exchange rates ruling at the balance sheet date was used for this translation.

Circular 179 is applied from 2012 on prospective basis. The impacts of the change from using interbank exchange rate to buying exchange rate announced by the commercial bank for the year end translation to the consolidated financial statements as at and for the year ended 31 December 2012 are immaterial taken as a whole.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.3 *Receivables*

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

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

3.4 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Construction materials and supplies	- cost of purchase on a weighted average basis.
Work-in-process	- cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis.

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

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold and services rendered account in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

3.6 *Intangible fixed assets*

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

Land use rights

Land use rights are recorded as intangible assets when the Group has the land use right certificates. The costs of land use rights comprise all directly attributable costs of bringing the land to the condition available for use.

Computer software

Computer software which is not an integral part of hardware is recorded as intangible asset and amortised over the term of benefits.

3.7 *Depreciation and amortisation*

Depreciation of tangible fixed assets and amortisation of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings & structures	10 - 50 years
Machinery & equipment	5 - 12 years
Means of transportation	8 - 20 years
Office equipment	3 - 10 years
Computer software	5 years
Other assets	8 - 15 years

Land use rights with indefinite useful life are not amortised.

Depreciation of rubber plantations is calculated in accordance with Official Letter 1937/BTC-TCDN issued on 9 February 2010 by Department of Business Finance – Ministry of Finance providing guidance on depreciation of rubber plantations and Decision 221/QD-CSVN issued on 27 April 2010 by Vietnam Rubber Group providing guidance on the depreciation rates applicable to rubber plantations within 20 years as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 *Depreciation and amortisation* (continued)

Year	Rate (%)
First year	2.50
Second year	2.80
Third year	3.50
Fourth year	4.40
Fifth year	4.80
Sixth year	5.40
Seventh year	5.40
Eighth year	5.10
Ninth year	5.10
Tenth year	5.00
Eleventh year	7.00
Twelfth year	6.60
Thirteenth year	6.20
Fourteenth year	5.90
Fifteenth year	5.50
Sixteenth year	5.40
Seventeenth year	5.00
Eighteenth year	5.50
Nineteenth year	5.20
Twentieth year	Remaining carrying value

3.8 *Construction in progress*

Construction in progress represents costs attributable directly to the construction of the Group's building and structures, factories, rubber, palm oil and sugar cane plantation which have not yet been completed as at the date of these consolidated financial statements.

Factories, buildings and structures

Costs include attributable costs related directly to the construction of the Group's buildings and factories, buildings and structures such as contractors' costs, survey and designing fees and other costs.

Rubber, palm oil and sugar cane plantation costs

Costs include attributable costs related directly to the rubber and sugar cane plantation such as survey, land compensation, land clearance, rubber seeds, fertilizer, transportation of rubber seeds and other materials, workers' wages, building roads and fences, fire prevention and security guards, anti-botanic drugs and other related costs.

3.9 *Borrowing costs*

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalised as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of a particular asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs is suspended during extended period in which active development of the asset is interrupted unless such interruption is considered necessary. Capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet which mainly include costs of bond issuance, prepaid rentals, cost of tools and supplies and sugar stem expense. They are amortised over the year for which the amounts are paid or the year in which economic benefits are generated in relation to these expenses.

- Costs of bond issuance are amortised over the periods of bonds; and
- Pre-operating expenses/start-up and preparation costs (including expenditures on training, advertising and promotional activities), tools and supplies and sugar stem expense are amortised to the consolidated income statement over 3 to 5 years.

3.11 *Business combinations and goodwill*

Business combinations are accounted for using the purchase method. The cost of a business combination is measured at the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over 10-year period on a straight-line basis. If the cost of the business combination is lower than the net fair value of the acquiree's identifiable assets of subsidiaries, the difference is charged to the consolidated income statement as incurred.

When the Company acquires the minority interests of a subsidiary, the difference between the cost of acquisition and the carrying amount of the minority interest is reflected as goodwill in the consolidated balance sheet.

Where the acquisition of subsidiary which is not a business, such acquisition is considered as an asset acquisition, and accordingly, the individual identifiable assets acquired and liabilities assumed are identified and recognised. The cost of the acquisition shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Where the business combinations involving entities or businesses under common control, the pooling of interest method is applied as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No new goodwill is recognised as a result of the combination;
- The consolidated income statement reflects the results of the combining entities for the full year, irrespective of when the combination took place; and
- Comparatives are presented as if the entities had always been combined.

3.12 *Investments in associates*

The Group's investment in associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence that are neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 *Investments in associates* (continued)

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment and is amortized over 10-year period. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

The share of post-acquisition profit/(loss) of the associates is presented on face of the consolidated income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

The financial statements of the associates are prepared for the same reporting year as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.13 *Payables and accruals*

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.14 *Earnings (losses) per share*

Basic earnings (losses) per share amount is computed by dividing net profit (loss) for the year attributable to ordinary equity holders of the Company before any appropriation of bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings (losses) per share amounts are calculated by dividing the net profit (loss) after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible bonds) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.15 *Foreign currency transactions*

The Group follows the guidance under VAS 10 in relation to foreign currency transactions as applied consistently in prior years. In addition to VAS 10, starting from 2012, the Group adopts Cir 179 in relation to foreign currency transaction which impacts are presented in Note 3.1.

Transactions in currencies other than the Group's reporting currency of VND are recorded at the inter-bank exchange rates ruling at the date of the transaction. At year-end, monetary assets and liabilities denominated in foreign currencies are revalued at buying exchange rate announced by the commercial bank where the Group maintains bank accounts at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the consolidated income statement.

Realised and unrealised foreign exchange differences arising during the construction phase are recorded in the equity section of the consolidated balance sheet. Upon the completion of construction, all accumulated realised exchange differences arising during the construction period, and unrealised exchange differences arising upon translation of monetary items at the date of commencing operations, are transferred to prepaid expense in the consolidated balance sheet and amortised to finance income/expense over a period of 5 years.

The assets and liabilities of foreign entities are translated into VND at the rate of exchange ruling at the balance sheet date and their revenue, income and expense items are translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to "Foreign exchange differences", a separate component of equity and charge to the consolidated income statement upon the disposal of the investment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 *Appropriation of net profits*

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

Bonus and welfare fund

Bonus and welfare fund is appropriated from the Group's net profit as proposed by the Board of Management and subject to shareholders' approval at the Annual General Meeting. This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' material and spiritual benefits and social activities.

3.17 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

For pre-completion sale of apartments, revenue is recognized when all of the following criteria have been effectively met:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the units;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognized when the services are rendered and is stated net of discounts, allowances and non refundable taxes.

Interest

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Taxation*

Current income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be paid to or (recovered from) the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the consolidated balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt within equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except :

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiaries, associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the consolidated balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt within the equity account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *Taxation* (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.19 *Financial instruments*

Financial instruments - Initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the consolidated financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Group's financial assets include cash and cash equivalents, trade and other receivables and loan receivables.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the consolidated financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans, borrowings and bonds.

Financial instruments - subsequent re-measurement

There is currently no guidance in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. BUSINESS COMBINATIONS

Additional acquisition of interest in Hoang Anh Dak Lak Joint Stock Company

The Company acquired additional 13.43% equity interest in Hoang Anh Dak Lak Joint Stock Company ("HADL"), an existing subsidiary, from the non-controlling shareholders of HADL for a total consideration of VND'000 38,159,164.

Management has assessed that the acquisition of additional interest in HADL is primarily to increase its controlling stake in the land for rubber plantation owned by HADL, rather than a business acquisition. As a result, the excess amounting to VND'000 22,153,856 of the purchase consideration over the net assets of HADL on acquisition date was attributed to the land for rubber plantation, and has been recognised in the consolidated balance sheet as part of the value of HADL's construction in progress.

5. CASH AND CASH EQUIVALENTS

		VND'000
	Ending balance	*Beginning balance*
Cash on hand	3,349,266	4,181,571
Cash in banks	1,220,495,317	374,155,056
Cash equivalents	300,000,000	-
TOTAL	**1,523,844,583**	**378,336,627**

6. TRADE RECEIVABLES

		VND'000
	Ending balance	*Beginning balance*
Trade and service receivables	15,753,182	17,091,601
Receivables from sale of apartments	5,721,289	1,507,607
TOTAL	**21,474,471**	**18,599,208**

Included in trade receivables were amounts due from related parties amounting to VND'000 5,601,799 at 31 December 2012 *(Note 31)*.

7. ADVANCES TO SUPPLIERS

		VND'000
	Ending balance	*Beginning balance*
Advances to suppliers of goods and services	261,521,354	174,335,224
Advances to suppliers of machineries	72,209,620	313,309,899
Advances for buying land use rights	50,752,882	667,278,062
Advances to contractors for construction	29,096,213	13,240,963
TOTAL	**413,580,069**	**1,168,164,148**

Included in advances to suppliers were amounts due from related parties amounting to VND'000 40,755,191 at 31 December 2012 *(Note 31)*.

8. OTHER RECEIVABLES

VND'000

	Ending balance	*Beginning balance*
Due from related parties *(Note 31)*	954,726,908	793,132,981
Loans to other companies	77,197,961	-
Receivables from employees	4,812,470	6,361,475
Accrued interest on bank deposits	1,425,000	4,083,332
Others	37,054,028	19,392,175
TOTAL	**1,075,216,367**	**822,969,963**

9. INVENTORIES

VND'000

	Ending balance	*Beginning balance*
Apartments for sale under construction	225,811,780	240,268,584
Raw materials	142,354,089	96,556,383
Work in process from manufacturing	86,133,341	16,173,165
Tools and supplies	12,696,792	631,983
Finished goods	10,954,836	9,340,109
Merchandise goods	2,407,043	13,562,123
TOTAL	**480,357,881**	**376,532,347**

10. OTHER CURRENT ASSETS

VND'000

	Ending balance	*Beginning balance*
Advances to employees	51,075,657	35,068,114
Deposits	827,905	-
TOTAL	**51,903,562**	**35,068,114**

11. TANGIBLE FIXED ASSETS

VND'000

	Buildings & structures	*Machinery & equipment*	*Means of transportation*	*Office equipment*	*Perennial trees*	*Other assets*	*Total*
Cost							
Beginning balance	172,621,751	57,498,409	71,548,885	1,813,637	-	434,977	303,917,659
Increase	246,165,143	96,839,747	41,271,958	1,064,930	102,257,949	55,223,395	542,823,122
Newly purchased	*2,488,121*	*94,566,099*	*37,803,881*	*1,064,930*	-	*6,342,381*	*142,265,412*
Transferred from construction in progress	*243,677,022*	*2,273,648*	*3,468,077*	-	*102,257,949*	*48,881,014*	*400,557,710*
Decrease	(3,565,490)	(19,398,030)	(5,951,598)	(760)	-	1,451	(28,914,427)
Disposal	-	*(18,631,704)*	*(5,634,246)*	-	-	-	*(24,265,950)*
Foreign exchange difference	*(3,565,490)*	*(766,326)*	*(317,352)*	*(760)*	-	*1,451*	*(4,648,477)*
Reclassification	(17,019,361)	(670,210)	635,890	-	-	-	(17,053,681)
Ending balance	398,202,043	134,269,916	107,505,135	2,877,807	102,257,949	55,659,823	800,772,673
Accumulated depreciation							
Beginning balance	(7,667,103)	(9,349,033)	(15,930,882)	(602,100)	-	(221,421)	(33,770,539)
Increase	(8,548,622)	(11,385,940)	(10,148,593)	(510,545)	(1,917,337)	(3,777,828)	(36,288,865)
Charges for the year	*(8,548,622)*	*(11,385,940)*	*(10,148,593)*	*(510,545)*	*(1,917,337)*	*(3,777,828)*	*(36,288,865)*
Decrease	19,069	1,808,128	851,480	23,505	-	(39,409)	2,662,773
Disposal	-	*1,725,823*	*982,174*	-	-	-	*2,707,997*
Foreign exchange difference	*19,069*	*82,305*	*(130,694)*	*23,505*	-	*(39,409)*	*(45,224)*
Reclassification	1,174,607	421,296	(430,292)	-	-	-	1,165,611
Ending balance	(15,022,049)	(18,505,549)	(25,658,287)	(1,089,140)	(1,917,337)	(4,038,658)	(66,231,020)
Net carrying amount							
Beginning balance	164,954,648	48,149,376	55,618,003	1,211,537	-	213,556	270,147,120
Ending balance	383,179,994	115,764,367	81,846,848	1,788,667	100,340,612	51,621,165	734,541,653
Pledged as loans security (Notes 17 and 23)	*380,079,732*	*24,049,705*	*38,586,005*	-	-	*4,184,879*	*446,900,321*

12. INTANGIBLE FIXED ASSETS

VND'000

	Land use rights	*Computer software*	*Total*
Cost			
Beginning balance	9,266,521	355,750	9,622,271
Increase	34,607,673	-	34,607,673
Ending balance	43,874,194	355,750	44,229,944
Accumulated amortisation			
Beginning balance	-	(22,540)	(22,540)
Charges for the year	(795,985)	(66,642)	(862,627)
Ending balance	(795,985)	(89,182)	(885,167)
Net carrying amount			
Beginning balance	9,266,521	333,210	9,599,731
Ending balance	43,078,209	266,568	43,344,777
Pledged as loans security (Note 23)	*43,078,209*	-	*43,078,209*

13. CONSTRUCTION IN PROGRESS

VND'000

	Ending balance	*Beginning balance*
Rubber plantations	4,116,160,006	2,476,582,988
Sugar cane factory	1,408,851,002	-
Sugar cane plantations	158,445,707	81,210,005
Buildings and structures	103,188,118	4,656,027
Others	60,437,770	63,737,720
TOTAL	**5,847,082,603**	**2,626,186,740**

Rubber plantations and sugarcane factory have been mortgaged to secure the Group's outstanding loans *(Note 23.2)*.

14. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 253,178,967 (year ended 31 December 2011: VND'000 126,918,366). These are costs incurred on the loans to finance the construction and development of fixed assets, rubber and sugar cane plantations and apartment projects.

15. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

15.1 *Investments in subsidiaries*

Details of the Company's subsidiaries as at 31 December 2012 are as follows:

	Name of subsidiaries	*Location*	*Status of operation*	*Date of establishment or acquisition*	*% holding*
(1)	Gia Lai Industrial Forest Plantation JSC	Gia Lai, Vietnam	Pre-operating	09/09/2008	99.83
(2)	Hoang Anh Attapeu Agriculture Development Co., Ltd.	Attapeu, Laos	Pre-operating	22/05/2008	100.00
(3)	Hoang Anh - Quang Minh Rubber JSC	Gia Lai, Vietnam	Operating	01/02/2007	64.66
(4)	Hoang Anh Dak Lak JSC	Dak Lak, Vietnam	Operating	12/09/2007	99.98
(5)	Hoang Anh Andong Meas Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	17/02/2011	100.00
(6)	Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd	Attapeu, Laos	Operating	12/01/2007	64.66
(7)	Hoang Anh Oyadav Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	16/07/2010	100.00
(8)	Heng Brothers Co., Ltd.	Phnom Penh, Cambodia	Pre-operating	25/01/2010	100.00
(9)	CRD Co., Ltd.	Phnom Penh, Cambodia	Pre-operating	15/12/2010	100.00
(10)	Dak Lak Tan Dai Thang JSC	Dak Lak, Vietnam	Pre-operating	27/11/2010	85.00
(11)	Ban Me Rubber JSC	Dak Lak, Vietnam	Pre-operating	15/01/2010	82.00
(12)	Hoang Anh Gia Lai Cane Sugar Joint Stock Company	Gia Lai, Vietnam	Pre-operating	26/01/2011	80.00
(13)	Hoang Anh Rattanakiri Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	18/11/2009	100.00
(14)	Hoang Anh Lum Phat Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	24/08/2011	100.00
(15)	Hoang Anh Attapue Sugar-Cane Co., Ltd.	Attapeu, Laos	Operating	01/11/2011	100.00
(16)	Hoang Anh Lum Phat JSC	Gia Lai, Vietnam	Pre-operating	07/03/2012	98.00

15. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE (continued)

15.2 Investment in an associate

Name of associate	*Business activity*	*31 December 2012*		*31 December 2011*	
		% holding	*Carrying value VND'000*	*% holding*	*Carrying value VND'000*
Bidiphar Rubber JSC	Rubber plantation	39.63	210,374,407	32.68	163,003,713

The Company's share in the results of the associate during the year has been assessed by management to be insignificant to the consolidated financial statements taken as a whole and accordingly, not recognised in the consolidated financial statements.

16. LONG-TERM PREPAID EXPENSES

VND'000

	Ending balance	*Beginning balance*
Sugarcane stem expense	109,065,107	-
Costs of bond issuance	20,541,870	-
Tools and supplies	10,460,113	1,162,224
Office rental fee	5,498,321	-
Others	1,021,957	1,115,831
TOTAL	**146,587,368**	**2,278,055**

17. SHORT-TERM LOANS

VND'000

	Ending balance	*Beginning balance*
Short-term loans	58,380,408	435,889,620
In which:		
Bank loans	*58,380,408*	*404,989,620*
Loans from a related party	*-*	*30,900,000*
Current portion of long-term loans *(Note 23)*	106,563,000	40,000,000
TOTAL	**164,943,408**	**475,889,620**

The Group obtained these loans to finance its working capital requirements. The terms and conditions of short-term loans are as follows:

17. SHORT-TERM LOANS (continued)

Details of the short-term bank loans are as follows:

Banks	*Ending balance*	*Term and maturity date*	*Interest rate*	*Collateral*
	VND'000			
Laos – Viet bank, Attapeu branch				
Loan contract No. 028/LVB.NVKD/2012 dated on 19 October 2012	54,304,057	9 months from the drawdown date	12% per annum	A part of Hoang Anh Attapeu Hotel - owned by Hoang Anh Attapeu Agriculture Development Co., Ltd.
Joint Stock Commercial Bank for Foreign Trade of Vietnam, Gia Lai branch				
Loan contract No. 65/11/NHNT dated on 7 March 2011	4,076,351	12 months for each drawdown	Floating rate	Unsecured
TOTAL	**58,380,408**			

18. TRADE PAYABLES

	Ending balance	*VND'000* *Beginning balance*
Payable to related parties *(Note 31)*	156,988,269	403,894,952
Payable to third parties	58,491,929	26,494,654
TOTAL	**215,480,198**	**430,389,606**

19. ADVANCES FROM CUSTOMERS

	Ending balance	*VND'000* *Beginning balance*
Advances from trade customers	220,019,602	5,023,680
Advances from customers for purchase of apartments	169,922	663,561
TOTAL	**220,189,524**	**5,687,241**

Included in advance from customers were amounts due from related parties amounting to VND'000 10,762,395 at 31 December 2012 *(Note 31)*.

20. STATUTORY OBLIGATIONS

		VND'000
	Ending balance	*Beginning balance*
Value-added tax	4,640,000	-
Corporate income tax *(Note 30.1)*	1,222,157	6,887,983
Personal income tax	559,591	45,261
Others	40,722	31,635
TOTAL	**6,462,470**	**6,964,879**

21. ACCRUED EXPENSES

		VND'000
	Ending balance	*Beginning balance*
Interest expense	11,279,536	16,260,395
Others	3,769,628	2,304,993
TOTAL	**15,049,164**	**18,565,388**

22. OTHER PAYABLES

		VND'000
	Ending balance	*Beginning balance*
Payable to related parties *(Note 31)*	234,545,805	174,463,193
Payable to acquire Bidiphar shares	-	30,342,591
Others	9,503,131	15,159,723
TOTAL	**244,048,936**	**219,965,507**

23. LONG-TERM LOANS

		VND'000
	Ending balance	*Beginning balance*
Bonds with warrants to bond holders *(Note 23.1)*	2,000,000,000	-
Long-term bank loans *(Note 23.2)*	1,803,668,654	813,099,420
Loans from a related party *(Note 23.3 and Note 31)*	674,285,379	135,358,900
TOTAL	**4,477,954,033**	**948,458,320**
In which:		
Current portion (Note 17)	*106,563,000*	*40,000,000*
Non-current portion	*4,371,391,033*	*908,458,320*

23. LONG-TERM LOANS (continued)

23.1 *Bonds with warrants to bond holders*

On 5 December 2012, the Company announced the issuance of new bonds with a total value of VND 2,000 billion (the par value per bond is VND 100 million) which was arranged by Vietnam Prosperity Bank Securities Company Limited ("VPBS"). These bonds will be repaid after three (3) years and one year grace period. Interest rate is paid for every quarter at the rate 11.37% per annum for the first three quarters and the ceiling interest rate of deposit of the State Bank of Vietnam ("SBV") in Vietnam dong with the term from one to twelve (12) months plus margin of 3% per annum for subsequent periods. Should SBV remove the ceiling interest rate of saving deposit in Vietnam dong with the term from one to twelve (12) months, the interest rate of individual saving deposit in Vietnam dong with the term of twelve (12) months announced by Vietnam Prosperity Bank plus margin of 3% per annum for subsequent periods will be applied. As at 31 December 2012, the Company has issued the bonds to EuroCapital Securities Company in accordance with the contract dated 7 December 2012, 25 December 2012 and 27 December 2012 with proceeds of VND 750 billion, VND 450 billion and VND 800 billion, respectively. Accordingly, total proceeds from these bond issuances as at 31 December 2012 were VND 2,000 billion. The purpose of this bond issuance is to finance investment projects of the Company including the project of planting 28,173 hectares of new rubber trees in Rattanakiri Province, Cambodia; projects of planting 9,470 hectares palm oil in Rattanakiri Province, Cambodia; projects of planting 25,000 hectares rubber trees and palm oil in Attapeu and Sekong, Laos People's Democratic Republic; projects of planting 5,000 hectares rubber trees in Attapeu and Sekong, Lao People's Democratic Republic; projects of planting 3,000 hectares sugar trees in Attapeu and Sekong, Lao People's Democratic Republic; to restructure existing debts of the Company and finance working capital and finance other investment projects of the Company. These bonds are secured by 143 million shares of the Company held by Hoang Anh Gia Lai Joint Stock Company, the parent company.

In addition, a warrant was granted for every bond issued and the warrants will be considered independent securities from the bond after being granted. Each warrant grants the holder the right to purchase a number of shares of the Company equivalent to 0.000775% of actual contributed share capital of the Company right after all warrants are exercised at the price of VND 100 million. Should all warrants be exercised the Company committed that warrant holders will own at least 15.5% ownership in the Company. The exercisable period of the warrant is four years from the date of issuance of the warrant.

23.2 *Long-term bank loans*

Details of the long-term bank loans are as follows:

		VND'000
	Ending balance	*Beginning balance*
Bank for Investment and Development of Vietnam ("BIDV"), Gia Lai branch	791,975,686	667,827,420
Bank for Investment and Development of Vietnam ("BIDV"), Binh Dinh branch	725,488,501	-
Asia Commercial Bank ("ACB"), Dak Lak branch	138,098,000	73,491,000
Laos - Viet Bank, Attapeu branch	103,985,467	-
Bank for Investment and Development of Vietnam ("BIDV"), Dak Lak branch	44,121,000	71,781,000
TOTAL	**1,803,668,654**	**813,099,420**

The Group obtained these loans mainly to finance the development of rubber and sugar cane plantations, and purchases of machinery and equipment.

23. LONG-TERM LOANS (continued)

23.2 *Long-term bank loans* (continued)

The terms and conditions of the bank loans are as follows:

Name of banks	*Ending balance* *VND'000*	*Term and maturity date*	*Interest rate*	*Collateral*
BIDV, Gia Lai branch				
Loan Agreement No. 01/2010/HD-TD, 1/4/2010 (TK 62082370002035)	675,995,594	10.8 years from the first drawdown date	Reference rate plus 4.7% per annum	10,000 ha rubber at Attapeu province, Laos
Loan Agreement No. 01/2009/HDTD-DH, 28/10/2009	68,563,467	12 years from the first drawdown date	10.5% per annum	2,200 ha rubber at Mang Yang, Gia Lai
Loan Agreement No. 01/2009/HDTD-DH, 27/11/2009	36,000,000	11 years from the first drawdown date	10.5% per annum	4,800 ha rubber at Chu Se and Ia Pa, Gia Lai
Loan Agreement No. 01/2011/HDTD-DH, 31/10/2011	11,416,625	11 years from the first drawdown date	10.5% per annum	4,800 ha rubber at Chu Se and Ia Pa, Gia Lai
TOTAL	**791,975,686**			
BIDV, Binh Dinh Branch				
Loan Agreement No. 01/2012/BIDV-HAGL_Attapeu, 22/3/2012	725,488,501	72 months from the first drawdown date	12-month savings deposit interest rate of USD plus 3.5% per annum	Assets formed from the Loans and 18 million Company shares held by the Chairman
ACB, Daklak Branch				
Loan Agreement No. GILDN05281010, 28/10/2010	138,098,000	120 months from the first drawdown date	Floating rate	4,383 ha rubber project at EaH'leo District and Ja Loi Ward, Easuop District, Dak Lak
Laos - Viet Bank, Attapeu Branch				
Loan Agreement No. 025/LVB.NVKD/2012, 15/9/2012	103,985,467	48 months from the first drawdown date	13.5% per annum for the first year, and will be determined at the 12 month saving deposit rate plus 3% per annum, adjusted twice per annum	A part of Hoang Anh Attapeu Hotel and Rubber Latex Processing Factory - owned by Hoang Anh Attapeu Agriculture Development Co., Ltd

23. LONG-TERM LOANS (continued)

23.2 *Long-term bank loans* (continued)

Details of the long-term bank loans are as follows (continued):

Name of banks	*Ending balance*	*Term and maturity date*	*Interest rate*	*Collateral*
	VND'000			
BIDV, Dak Lak Branch				
Loan Agreement No. 01/2008/HDTD, 12/8/2008	44,121,000	60 months from the first drawdown date	12-month deposit rate plus 3% per annum	Land use rights and attached assets at 40 Hung Vuong, Buon Me Thuot City, Dak Lak

23.3 *Long-term loans from a related party*

Details of the long-term loans from a related party are as follows:

Lenders	*Ending balance*	*Term and maturity date*	*Interest rate*	*Collateral*
	VND'000			
Hoang Anh Gia Lai JSC, parent company				
Loan Agreement No. 01/2011/HDV-HAGL, 28/12/2011	150,000,000	36 months from the contract date	19.9% per annum	Unsecured
Loan Agreement No. 20082012/HDV-HAGL, 20/8/2012	150,000,000	36 months from the contract date	16% per annum	Unsecured
Loan Agreement No. 05/2012/HD9V-HAGL, 28/4/2012	120,872,979	60 months from the contract date	18.5% per annum	Unsecured
Loan Agreement No. 03/2012/HDV-HAGL, 28/4/2012	120,000,000	60 months from the contract date	18.5% per annum	Unsecured
Loan Agreement No. 02/2011/HDV-HAGL, 28/12/2011	99,278,400	36 months from the contract date	19.9% per annum	Unsecured
Loan Agreement No. 17/08/HDV-TRCNG, 17/8/2010	34,134,000	36 months from the contract date	12% per annum	Unsecured
TOTAL	**674,285,379**			

24. OWNERS' EQUITY

24.1 Increase and decrease in owners' equity

VND'000

	Share capital	*Share premium*	*Consolidation reserves*	*Foreign exchange differences*	*Undistributed earnings*	*Total*
Beginning balance as at 1 January 2011	484,571,925	-	162,047,860	1,046,035	(6,131,081)	641,534,739
Capital contributions	2,405,216,939	576,747,000	-	-	-	2,981,963,939
In which:						
Cash	*2,264,546,939*	-	-	-	-	*2,264,546,939*
Investment in Hoang Anh Construction and Housing Development Joint Stock Company (*)	*140,670,000*	*576,747,000*	-	-	-	*717,417,000*
Net profit for the year	-	-	-	-	18,540,676	18,540,676
Foreign exchange differences	-	-	-	79,297,542	-	79,297,542
Ending balance as at 31 December 2011	**2,889,788,864**	**576,747,000**	**162,047,860**	**80,343,577**	**12,409,595**	**3,721,336,896**

(*) The Company issued 14,067,000 new shares or approximately 3.53% of it's share capital to the minority shareholders of Hoang Anh Construction and Housing Development Joint Stock Company ("HAH") in exchange for 14,067,000 existing shares or approximately 7.03% of equity in HAH held by these minority shareholders on 14 December 2011.

24. OWNERS' EQUITY (continued)

24.1 *Increase and decrease in owners' equity* (continued)

VND'000

	Share capital	*Share premium*	*Consolidation reserves*	*Foreign exchange differences*	*Undistributed earnings*	*Total*
Beginning balance as at 1 January 2012	2,889,788,864	576,747,000	162,047,860	80,343,577	12,409,595	3,721,336,896
Capital contributions	757,064,600	718,600,000	-	-	-	1,475,664,600
In which:						
Cash	*583,664,600*	-	-	-	-	*583,664,600*
Investment in Hoang Anh Construction and Housing Development Joint Stock Company (*)	*173,400,000*	*718,600,000*	-	-	-	*892,000,000*
Net loss for the year	-	-	-	-	(6,406,792)	(6,406,792)
Foreign exchange differences	-	-	-	34,743,591	-	34,743,591
Remuneration of the Board of Directors and Supervisors	-	-	-	-	(222,000)	(222,000)
Ending balance as at 31 December 2012	**3,646,853,464**	**1,295,347,000**	**162,047,860**	**115,087,168**	**5,780,803**	**5,225,116,295**

(*) The Company issued 17,340,000 new shares or approximately 4.34% of it's share capital to the minority shareholders of HAH in exchange for 17,340,000 existing shares or approximately 8.67% of equity in HAH held by these minority shareholders on 14 December 2012.

24. OWNERS' EQUITY (continued)

24.2 *Contributed share capital*

Shareholders	*Per Business Registration Certificate*			*Contributed share capital*
	Shares	*VND'000*	*%*	*VND'000*
Hoang Anh Gia Lai JSC	363,810,000	3,638,100,000	91.17	3,331,783,464
Mr Nguyen Van Minh	1,925,000	19,250,000	0.48	500,000
Mr Nguyen Xuan Thang	1,925,000	19,250,000	0.48	500,000
Other shareholders	31,407,000	314,070,000	7.87	314,070,000
TOTAL	**399,067,000**	**3,990,670,000**	**100**	**3,646,853,464**

24.3 *Shares*

	31 December 2012	*31 December 2011*
	Shares	*Shares*
Beginning balance	288,978,886	48,457,192
Shares issued and fully paid	75,706,460	240,521,694
Ending balance	364,685,346	288,978,886

25. MINORITY INTERESTS

VND'000

	Current year	*Previous year*
Beginning balance	93,772,257	95,335,888
Share of profit during the year	9,239,106	2,082,445
Additional acquisition in Hoang Anh Dak Lak JSC	(16,761,194)	(3,646,076)
Ending balance	**86,250,169**	**93,772,257**

26. REVENUES

26.1 *Revenues from sale of goods and rendering of services*

VND'000

	Current year	*Previous year*
Net revenue	**133,510,801**	**41,165,535**
Of which:		
Sale of rubber latex	*46,400,000*	*-*
Sale of goods	*40,081,573*	*30,827,080*
Sale of apartments	*28,238,347*	*10,148,533*
Revenue from services	*18,790,881*	*189,922*

26. REVENUES (continued)

26.2 *Financial income*

		VND'000
	Current year	*Previous year*
Interest income from bank deposits	9,325,732	42,626,820
Realised foreign exchange gains	39,008	-
TOTAL	**9,364,740**	**42,626,820**

27. COST OF GOODS SOLD AND SERVICES RENDERED

		VND'000
	Current year	*Previous year*
Cost of goods sold	32,628,879	21,562,520
Cost of apartments sold	25,325,229	7,297,983
Cost of services rendered	18,455,352	3,814,400
Cost of rubber latex	17,357,518	-
TOTAL	**93,766,978**	**32,674,903**

28. FINANCIAL EXPENSES

		VND'000
	Current year	*Previous year*
Interest expense	10,291,922	416,667
Realised foreign exchange losses	135,790	1,480,280
Unrealised foreign exchange losses	-	365,774
Others	692,574	444,281
TOTAL	**11,120,286**	**2,707,002**

29. OTHER INCOME AND EXPENSES

		VND'000
	Current year	*Previous year*
Other income	**23,572,394**	**4,245,666**
Proceeds from disposal of fixed assets	21,553,761	131,818
Others	2,018,633	4,113,848
Other expenses	**(23,059,069)**	**(3,597,692)**
Net carrying amounts of disposed assets	(21,557,953)	(185,004)
Others	(1,501,116)	(3,412,688)
NET	**513,325**	**647,974**

30. CORPORATE INCOME TAX

The Group has the obligation to pay corporate income tax ("CIT") at the rate of 25% of taxable profits except for Hoang Anh - Quang Minh Rubber JSC in Laos which pays CIT at 20%.

The Group's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

The CIT expense for the year comprised:

		VND'000
	Current year	*Previous year*
Current corporate income tax expense	1,217,247	9,955,653
Deferred corporate income tax benefit	(2,034,590)	(3,689,854)
TOTAL	**(817,343)**	**6,265,799**

30.1 Current CIT

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using applicable tax rates that have been enacted by the balance sheet date.

		VND'000
	Current year	*Previous year*
Profit before tax	**2,014,971**	**26,888,920**
Adjustments to increase		
Intra-group unrealised profit	11,080,473	12,002,847
Losses from subsidiaries	11,817,305	2,756,569
Non-deductible expenses	6,126,010	400,362
Others	1,162,578	-
Estimated current taxable profit	**32,201,337**	**42,048,698**
Estimated current CIT expense	**3,101,281**	**9,955,653**
Over provision of CIT in previous year	(1,884,034)	-
Estimated current CIT for the year	**1,217,247**	**9,955,653**
CIT payable at beginning of the year	6,279,619	700,596
CIT paid during the year	(6,274,709)	(4,376,630)
CIT payable at end of the year	**1,222,157**	**6,279,619**
In which:		
CIT payable (Note 20)	*1,222,157*	*6,887,983*
CIT receivable	-	*(608,364)*

30. CORPORATE INCOME TAX (continued)

30.2 *Deferred tax*

The following comprise the Group's deferred tax assets and the movements thereon during the year:

VND'000

	Consolidated balance sheet		*Consolidated income statement*	
	31 December 2012	*31 December 2011*	*Current year*	*Previous year*
Deferred tax assets				
Tax losses of subsidiaries	2,954,326	689,142	(2,265,184)	(689,142)
Unrealised intra-group profit	2,770,118	3,000,712	230,594	(3,000,712)
TOTAL	**5,724,444**	**3,689,854**		
Deferred income tax benefit credit to consolidated income statement			***(2,034,590)***	***(3,689,854)***

31. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year ended 31 December 2012 were as follows:

VND'000

Related parties	*Relationship*	*Transactions*	*Amounts*
Hoang Anh Gia Lai JSC	Parent company	Borrowing	1,718,944,216
		Sale of shares	892,000,000
		Purchase of materials and fixed assets	848,172,554
		Long-term loan	674,285,379
		Contributed capital	583,664,600
		Loan interest expense	106,104,931
		Purchase of service	1,613,034
Hoang Anh Gia Lai JSC - Materials branch	Related party	Purchase of materials and fixed assets	689,126,552
		Purchase of materials and fertilizer	33,674,514
Hoang Anh Gia Lai JSC - Mechanical Branch	Related party	Purchase of materials and tools	174,438,416
Hoang Anh Gia Lai Bridge & Road JSC	Related party	Purchase of materials, assets	26,167,282
		Road building and reclamation service	23,048,147
		Sale of vehicles	3,555,000

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related parties during the year ended 31 December 2012 were as follows (continued):

Related parties	*Relationship*	*Transactions*	*VND'000 Amounts*
Hoang Anh Gia Lai (Bangkok) Co., Ltd.	Related party	Advance for purchase of seeds	6,408,300
Hoang Anh Attapeu Power Co., Ltd.	Related party	Borrowings	159,504,552
		Advance for purchase of materials	3,835,680
Hoang Anh Gia Lai Mineral JSC	Related party	Purchase of fixed assets	1,355,213
Hoang Anh Xekong Mineral Co., Ltd.	Related party	Purchase of fixed assets	234,681
Raw Materials One Member Co., Ltd.	Related party	Purchase of materials and tools	3,148,225
		Sale of woods	1,332,871
Hoang Anh Gia Lai Wooden Furniture JSC	Related party	Sale of woods	23,814,843
		Purchase of materials and tools	10,973,623
V&H Corporation (Laos) Co., Ltd.	Related party	Lending	1,074,952
Bidiphar Rubber JSC	Associate	Purchase of shares	47,370,694

Amounts due to and due from related parties at 31 December 2012 were as follows:

Related parties	*Relationship*	*Transactions*	*VND'000 Amounts*
Trade receivables			
Hoang Anh Gia Lai Bridge & Road JSC	Related party	Sales of assets	3,910,500
Hoang Anh Gia Lai JSC - Material Branch	Related party	Sales of seed cane	1,196,930
Hoang Anh Gia Lai Wooden Furniture JSC - Saigon Branch	Related party	Sales of door-case	151,755
Hoang Anh Gia Lai Wooden Furniture JSC - Quy Nhon Branch	Related party	Sales of woods	81,553
Hoang Anh Gia Lai Hydropower JSC	Related party	Sales of woods	142,187
Hoang Anh Attapeu Power Co., Ltd.	Related party	Service rendered	96,081

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties at 31 December 2012 were as follows (continued):

Related parties	*Relationship*	*Transactions*	*VND'000* *Amounts*
Trade receivables (continued)			
Hoang Anh Xekong Mineral Co., Ltd.	Related party	Service rendered	14,011
Raw Materials One Member Co., Ltd.	Related party	Purchase of woods	8,782
TOTAL			**5,601,799**
Advance to suppliers			
Hoang Anh Gia Lai JSC - Material Branch	Related party	Advance for purchase of materials	29,908,084
Hoang Anh Gia Lai (Bangkok) Co., Ltd.	Related party	Advance for purchase of seeds	6,408,300
Hoang Anh Gia Lai Bridge & Road JSC	Related party	Advance for construction expenses	4,438,807
TOTAL			**40,755,191**
Other receivables			
Hoang Anh Gia Lai JSC	Parent company	Sales of shares Payment of behalf	892,000,000 52,971,327
Hoang Anh Gia Lai Vientiane Co., Ltd.	Related party	Payment on behalf for purchase of material	8,290,519
V&H Corporation (Laos) Co., Ltd.	Related party	Lending	1,238,579
Hoang Anh Xekong Mineral Co., Ltd.	Related party	Payment on behalf for advance	149,124
HAGL Mineral JSC	Related party	Payment on behalf for purchase of material	77,359
TOTAL			**954,726,908**

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties at 31 December 2012 were as follows (continued):

Related parties	*Relationship*	*Transactions*	*VND'000 Amounts*
Trade payables			
Hoang Anh Gia Lai JSC	Parent company	Payment on behalf	19,284,694
		Purchase of materials	5,768,230
		Loan interest expenses	5,108,744
		Purchases of service	1,613,034
Hoang Anh Gia Lai JSC - Material Branch	Related Party	Purchase of materials and tools	99,235,311
Hoang Anh Gia Lai JSC - Mechanical Branch	Parent company	Purchase of material and service	14,965,439
Hoang Anh Gia Lai Wooden Furniture JSC	Related party	Purchase of materials	7,540,337
Hoang Anh Gia Lai Bridge & Road JSC	Related party	Road building and reclamation	1,401,610
		Purchase of materials	752,803
Gia Lai Mineral JSC	Related party	Purchase of materials and fixed assets	1,270,426
Raw Materials One Member Co., Ltd.	Related party	Purchase of materials	47,641
TOTAL			**156,988,269**
Advances from customers			
Hoang Anh Gia Lai Wooden Furniture JSC	Related party	Advance for purchase of woods	10,481,676
Hoang Anh Gia Lai JSC	Parent company	Advance for purchase of woods	280,719
TOTAL			**10,762,395**

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties at 31 December 2012 were as follows (continued):

Related parties	*Relationship*	*Transactions*	*VND'000* *Amounts*
Other payables			
Hoang Anh Gia Lai JSC	Parent company	Borrowings	76,994,581
		Purchase shares of Bidiphar Rubber JSC	47,347,712
Hoang Anh Attapeu Power Co., Ltd.	Related party	Borrowings	99,752,336
		Advance for purchase of materials	10,216,495
Hoang Anh Xekong Mineral Co., Ltd.	Related party	Purchase of fixed assets	234,681
TOTAL			**234,545,805**
Long-term loans			
Hoang Anh Gia Lai JSC	Parent company	Long-term loans	674,285,379

32. EARNINGS PER SHARE

The following reflects the income and share data used in the basic earnings per share computation:

	Current year	*Previous year*
Net (loss) profit after tax attributable to ordinary equity holders of the parent *(VND'000)*	(6,406,792)	18,540,676
Weighted average number of ordinary shares for basic earnings per share	324,214,674	159,598,761
Basic (losses) earnings per share (VND)	**(20)**	**116**

On 5 December 2012, the Company issued VND 2,000 billion bonds with warrants at par value of VND 100 million per unit. The bonds with warrants could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because these are anti-dilutive for the year presented.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and cash equivalents that arise directly from its operations.

The Group may be exposed to market risk, credit risk and liquidity risk during its normal operation.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices include interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and cash equivalents.

The sensitivity analyses in the following sections relate to the position as at 31 December 2012 and 31 December 2011.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rate relates primarily to the Group's cash, cash equivalents and loans.

The Group manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favourable for its purposes within its risk management limits.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans.

With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/decrease basis point	*Effect on profit before tax (VND'000)*
For the year ended 31 December 2012		
VND	+300	41,471,920
VND	-300	(41,471,920)
For the year ended 31 December 2011		
VND	+300	11,224,652
VND	-300	(11,224,652)

The assumed movement in percentages for interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in US$ rate (%)	*Effect on profit before tax (VND'000)*
For the year ended 31 December 2012	+1	(6,666,328)
	-1	6,666,328
For the year ended 31 December 2011	+2	(8,363,531)
	-2	8,363,531

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Real estate price risk

The Group has identified the following risks associated with the real estate portfolio: (i) the cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process; (ii) the exposure of the fair values of the portfolio to market and occupier fundamentals.

Commodity price risk

The Group exposes to commodity price risk in relation to its rubber and sugar production. The Group manages its commodity price risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of purchases, production plans and inventories level. The Group does not employ any derivative financial instruments to hedge its commodity price risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and loan to a related party.

Trade receivables

Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Group seeks to maintain strict control over its outstanding receivables and has a credit control personnel to minimize credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Bank deposits

The Group's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. The Group's maximum exposure to credit risk for the components of the balance sheet at each reporting dates are the carrying amounts as illustrated in *Note 5*. The Group's management evaluates the concentration of credit risk in respect to bank deposit as low.

Liquidity risk

The liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligation due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Group monitors its liquidity risk by maintain a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

VND'000

	Less than one year	*From one to five years*	*Total*
31 December 2012			
Loans	164,943,408	4,371,391,033	4,536,334,441
Trade payables	215,480,198	-	215,480,198
Other payables and accrued expenses	259,098,100	-	259,098,100
	639,521,706	**4,371,391,033**	**5,010,912,739**
31 December 2011			
Loans	475,889,620	908,458,320	1,384,347,940
Trade payables	430,389,606	-	430,389,606
Other payables and accrued expenses	238,530,895	-	238,530,895
	1,144,810,121	**908,458,320**	**2,053,268,441**

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

Collateral

The Group has pledged building, structure, machinery, land use right to fulfil the collateral requirements for the obtained loans *(Notes 17 and 23)*.

The Group did not hold collateral at 31 December 2012 and 31 December 2011.

34. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

VND'000

	Carrying amount		*Fair value*	
	31 December 2012	*31 December 2011*	*31 December 2012*	*31 December 2011*
Financial assets				
Account receivable	15,872,672	4,799,883	15,872,672	4,799,883
Receivables from related parties	960,328,707	806,932,306	960,328,707	806,932,306
Other receivable	121,097,823	29,836,982	121,097,823	29,836,982
Cash and cash equivalents	1,523,844,583	378,336,627	1,523,844,583	378,336,627
TOTAL	**2,621,143,785**	**1,219,905,798**	**2,621,143,785**	**1,219,905,798**
Financial liabilities				
Loans	4,536,334,441	1,384,347,940	4,536,334,441	1,384,347,940
Payables to related parties	391,534,074	578,358,145	391,534,074	578,358,145
Trade payable	58,491,929	26,494,654	58,491,929	26,494,654
Other current liabilities	24,552,295	64,067,702	24,552,295	64,067,702
TOTAL	**5,010,912,739**	**2,053,268,441**	**5,010,912,739**	**2,053,268,441**

The fair value of the financial assets and liabilities had not been formally assessed and determined as at 31 December 2012 and 31 December 2011. However, it is management's assessment that the fair values of these financial assets and liabilities are not materially different from their carrying amounts as at balance sheet date.

35. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the cashflow have been reclassified to reflect the presentation of the current year's financial statements.

VND

	31 December 2011 (previously presented)	*Reclassification*	*31 December 2011 (reclassified)*
CASH FLOW			
Interest paid	(111,074,638)	110,657,971	(416,667)
Purchase and construction of fixed assets	(2,297,172,577)	(110,657,971)	(2,407,830,548)

36. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.

CÔNG TY CỔ PHẦN CAO SU HOÀNG ANH GIA LAI

Tran Quang Dung
Preparer

Ho Thi Tuyet Loan
Chief Accountant

Trinh Xuan Nhan
Director

19 April 2013