

# CONSISTENT PURSUIT OF GOALS







HAGL Arsenal JMG Academy team, representing for Vietnam to attend Sanix Cup 2013 in Japan



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“UNITY IS POWER”



## VISION

To become the leading diversified multi-sector group in Vietnam with sustainable development operations in renewable resources sectors.

## MISSION

To maintain the constant creativity and strive to continue to produce quality products and provide exceptional services at competitive costs. To provide competitive employee benefits, both in terms of monetary remuneration and employee development in order to motivate the employees to create values for shareholders and the society in general.

# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



Mr. Doan Nguyen Duc – Chairman of the BOD of Hoang Anh Gia Lai

*Dear shareholders and prospective investors,*

In 2012, Vietnam enterprises continue to face difficulties and complicated changes of the economy, and Hoang Anh Gia Lai is not an exception. Matters such as high interest rates, cash flow shortage, low purchasing power, buyers' expecting psychology, etc. have strong impacts on the real estate business that has generated major revenue and profits for the Group in recent years.

In such circumstances, Hoang Anh Gia Lai has decided to sacrifice short-term profits and aim to quick sales to collect money. Thanks to our low-cost advantage, we have reduced the selling price of real estate products and solved the liquidity problems.

With respect to strategic vision, Hoang Anh Gia Lai continues to confirm the rightness of the multi-sectors strategy based on the advantages of renewable resources. We have intensively invested in industrial plantation and hydro power sector from 2007, and until 2012, these new sectors have demonstrated very positive results.

For this year, Hoang Anh Gia Lai uses the slogan of "Consistent pursuit of goals" as we have overcome difficulties to invest in new sectors in the last 5 years. Just one more year, the harvesting scale of sugar and rubber will be increased. As a result, the revenue and cash flow will grow fast.

In 2012, the hydro power and mining sectors have been able to cover their own expenses and repay principal loans to the banks. For the real estate business, in addition to the ability to cover its own expenses and repayment of principal loans to the bank, it has the ability to contribute to the investments of the rubber and sugar sectors. The furniture sector continues stable operation and it has an important contribution to the low-cost strategy of the real estate business.

For the industrial plantation sector, thanks to the positive results of the projects, the sector has gained the confidence of investors and banks. Thus, the banks continue to disburse loans for project investment. In addition, this sector has successfully issued warrant bonds worth VND 2,000 billion.





Launch of Vietnam tour of Arsenal club



Checking the rubber trees



Joining the awards ceremony of Ernst & Young



Observing the practice of tapping rubber latex



Instructing investors to visit the projects in Laos

Further information about each sector is presented in details in the next section of the Annual Report. Now, I would like to cover some of major points as follows:

#### INDUSTRIAL PLANTATION SECTOR:

**Rubber:** Hoang Anh Gia Lai has planted more than 43,540 ha so far. In 2013, the Group will plant the remaining area and complete 51,000 ha of rubber trees in the central highland of Vietnam, Laos and Cambodia. The first generation of rubber trees has produced latex in 2012, and the first latex processing plant, with a capacity of 25,000 tons/year, has come into operation.

**Sugar:** the Group has planted more than 5,530 ha of sugar canes in 2012, and will plant more to reach 10,000 ha in Attapeu Province, Laos, in 2013. The sugar processing mill with a capacity of 7,000 tons of sugar cane per day, and a thermal power plant with a capacity of 30MW using bagasse as feedstock are completed and put into operation.

Hoang Anh Gia Lai's competitive advantages consist of the large area of low-cost land, highly skilled and

experienced agro-forestry workers, and robust cost control measures. These factors result in lower capital expenditures as compared to the industry benchmark.

#### HYDRO POWER:

The long-term target is to build hydro power plants with a total capacity of 700 MW in Vietnam and Laos. The hydro power business is capital intensive, but it can generate the most stable cash flows. After the investment phase, this sector will play the role of stabilizing cash flows for the Group. Until now, there are 4 plants under operation with a total capacity of 141.5 MW. The remaining projects will be invested with a flexible progress to suit the cash flows from the plantation business and the overall liquidity condition of the Group.

#### REAL ESTATE:

In 2013, the Group will boost up investment in the complex of office buildings, commercial center, 5-star hotel, and serviced apartments in Yangon, Myanmar, in order to put the office building and the hotel into operation in middle of 2014 and by end of 2014, respectively.

# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

(Continued)



Introducing the Israel drip irrigation system to President Truong Tan Sang

## **REAL ESTATE (continued):**

The Group will reschedule the real estate investment activities in Vietnam to wait for the market to recover and wait for the cash flows from the industrial plantation and hydro power business.

The competitive advantages of Hoang Anh Gia Lai are low-cost land bank, construction subsidiaries, and supply of competitively-priced furniture and granite. The vertically-integrated construction and business process make the capital expenditure of Hoang Anh Gia Lai much lower as compared to the industry benchmark. This factor enables Hoang Anh Gia Lai's products to compete well in Vietnam, and so does it in Myanmar.

## **MINING:**

Due to difficulties and risks of policies in the mining industry, Hoang Anh Gia Lai decided not to expand mining investment in Cambodia and Laos. The Group will mainly exploit and produce iron ore from the mines in Kbang, Gia Lai Province and Mo Ray, Kon Tum Province.

## **TRADITIONAL PRODUCTION OF FURNITURE AND GRANITE:**

These business sectors will maintain their supporting role to provide competitive advantages to our real estate business. In addition, with the strong brand name established in the domestic and international markets for almost 20 years, Hoang Anh Gia Lai's furniture products have gained high confidence from the consumers. As a result, the production has remained stable, and jobs have been secured for workers.

## **FOOTBALL:**

To maintain as the most effective tool to promote the Group's brand name, Hoang Anh Gia Lai possesses the most modern football facilities in South East Asia. We focus on investing for the future success by training young players through the cooperation program with Arsenal Football Club. We believe this program will deliver positive results.



Prime Minister Nguyen Tan Dung and Prime Minister of Laos, Thongsing Thammavong, joining the groundbreaking ceremony of Hua Phan airport

I do confirm that Hoang Anh Gia Lai's business and investment strategies are systematically built on our competitive advantages. We have striven to achieve our strategic objectives at the soonest with the aim of delivering maximum values to shareholders in particular and the society in general. The rubber and sugar industries begin to generate revenues and profits, and we have completed our investments basically. This will release the shareholders and investors' concerns about Hoang Anh Gia Lai continue incurring loans for investment in these sectors.

On behalf of Hoang Anh Gia Lai, I would like to express my sincere thankfulness to the shareholders and investors for believing and supporting Hoang Anh Gia Lai.

Chairman of the Board of Directors,  
**DOAN NGUYEN DUC**

We have striven to achieve our strategic objectives at the soonest with the aim of delivering maximum values to shareholders in particular and the society in general.





# KEY MILESTONES

## BEGINNING STAGE

**PRIVATE COMPANY:**  
FURNITURE PRODUCTION



- A small furniture workshop



- Building the first furniture factory; Establishing Hoang Anh Gia Lai Enterprise

1990

1993

## PUBLIC STAGE

**PUBLIC COMPANY:**  
REAL ESTATE WAS THE KEY BUSINESS WHILE DIVERSIFICATION STRATEGIES WERE IMPLEMENTING



- Investing in Hoang Anh Gia Lai football club to promote Hoang Anh Gia Lai trademark locally and internationally



- Transforming from a private enterprise to a JSC
- Dragon Capital and Jaccar became the Company's strategic investors

2002

2006-2007



## SUSTAINABLE DEVELOPMENT STAGE

### RENEWABLE RESOURCES COMPANY:

TOWARDS THE SUSTAINABLE DEVELOPMENT FROM PLANTATION, AND HYDRO POWER INDUSTRY



- Listing on Ho Chi Minh City Stock exchange
- Raising capital from the stock market to finance plantation, hydro power and mining business for sustainable development
- Raising capital from international equity markets by listing GDR on LSE
- Issuing international bonds of USD 90M via Credit Suisse
- Issuing convertible bonds to Temasek

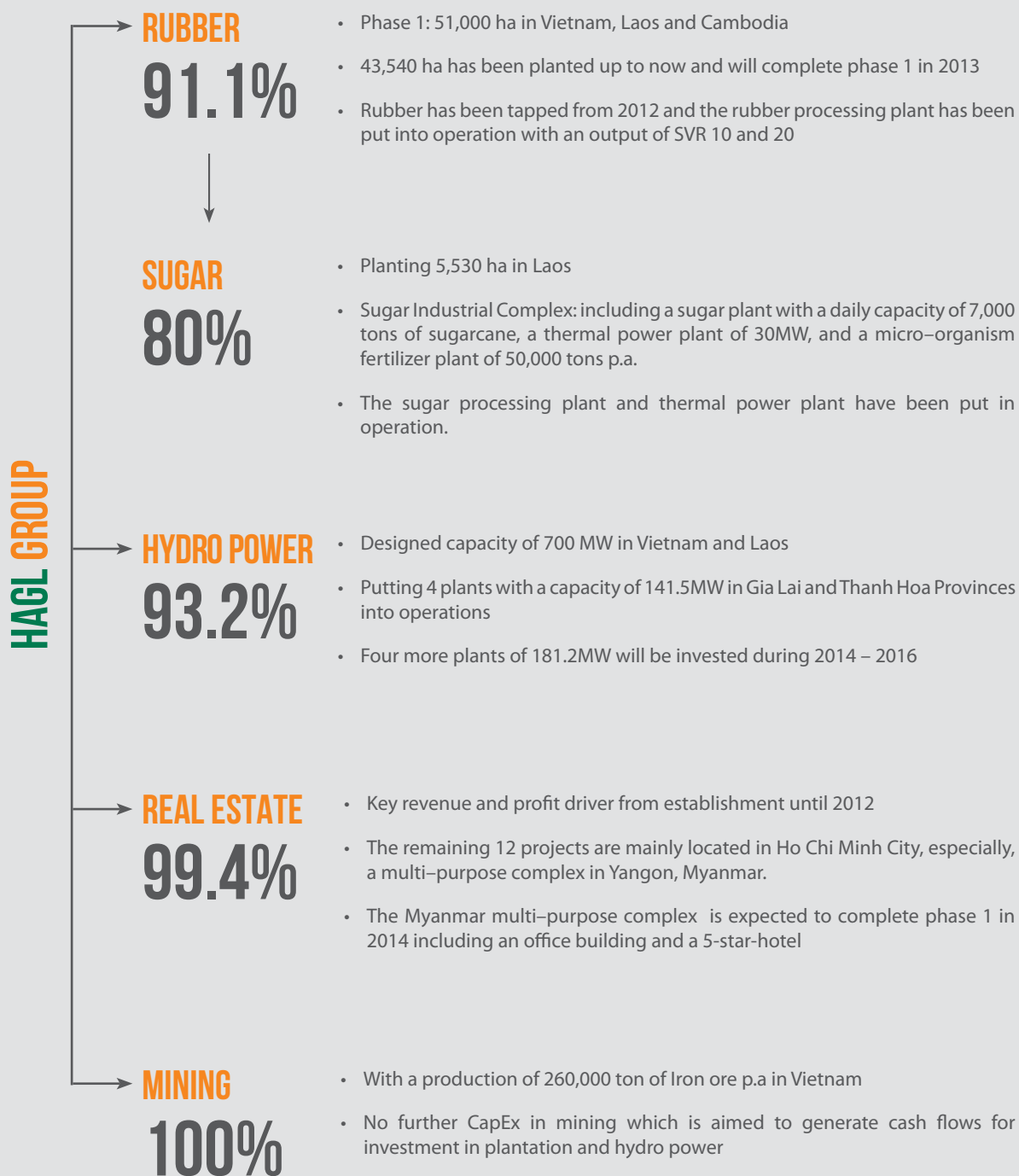
- Transforming from a real estate company to a multiple-sector company in which key sector is renewable resources such as plantation and hydro power industry
- Major investments in hydro power and plantation are generating profits
- Becoming the No. 1 rubber company in the world and listing on SGX
- Becoming the leading private hydro power company in Indochina region
- Becoming the leading real estate company in Vietnam, Myanmar, Laos and Cambodia

2008-2010

2011-2012

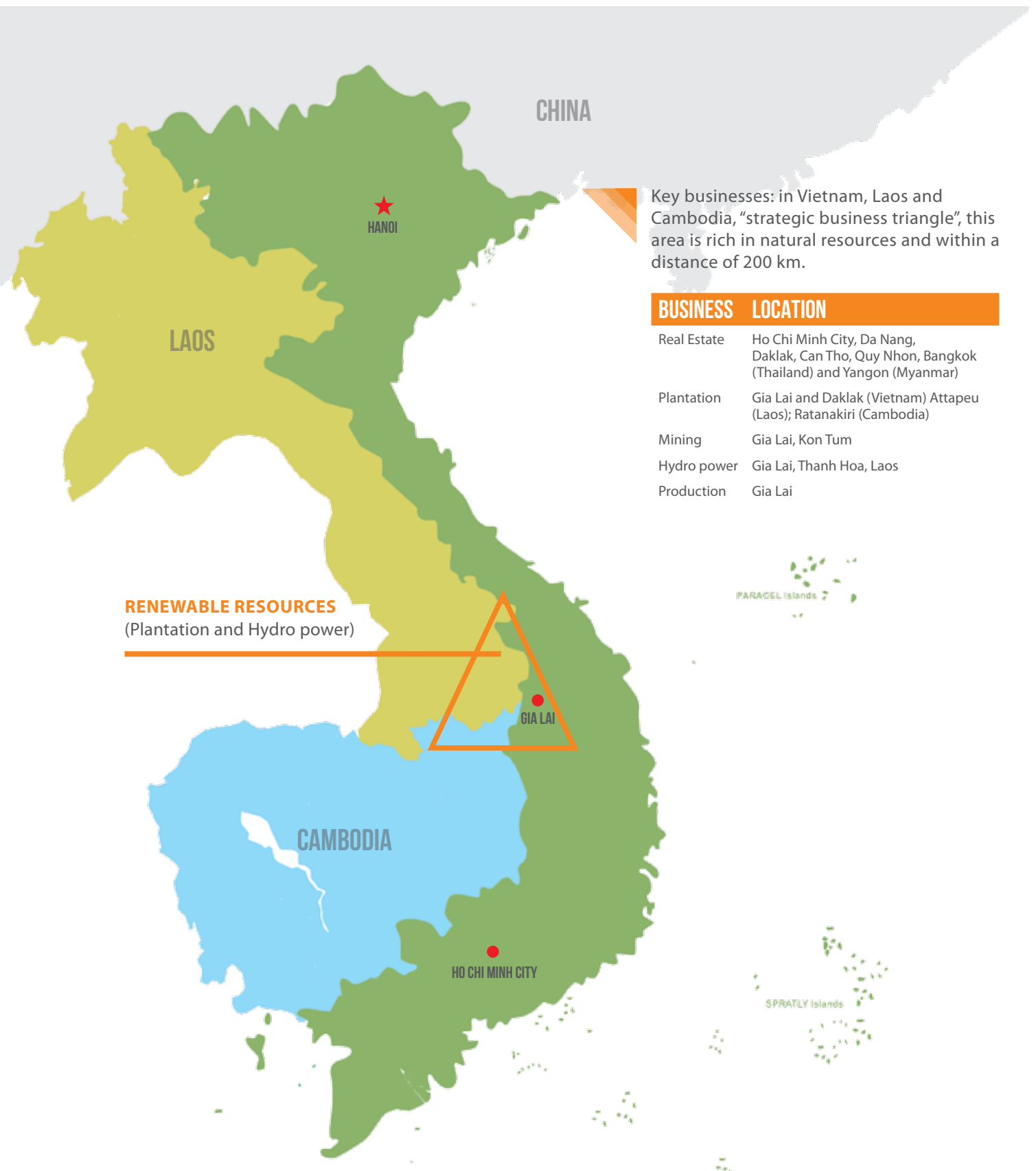
2013

# WHERE WE ARE TODAY





# BUSINESS BY GEOGRAPHY



# PRODUCTS & SERVICES



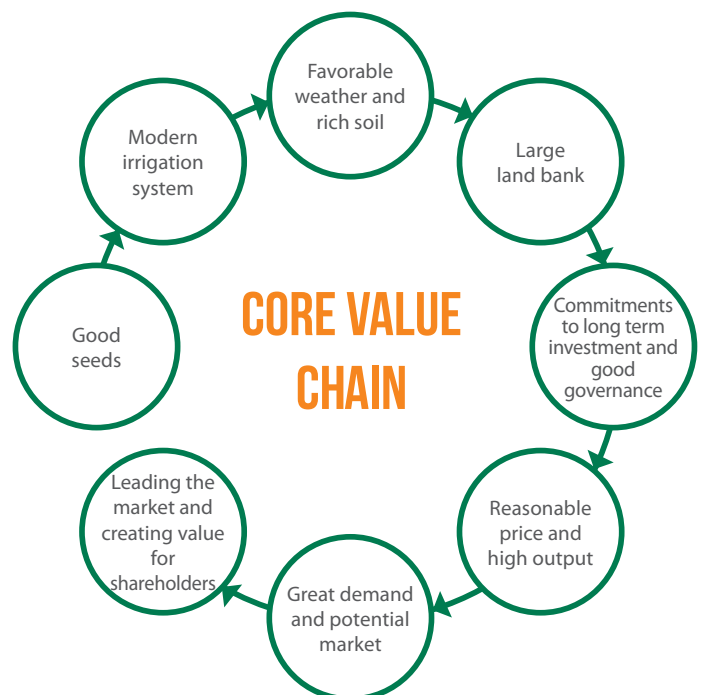
Tapping rubber latex in Hoang Anh Attapeu rubber plantation

## RUBBER

Rubber trees have high economic value. Rubber latex is used in the manufacturing industry like tire production while rubber wood acts as feedstock for furniture business. This sector can generate high and stable earnings and cash flows in the yielding period.

The advantages of Hoang Anh Gia Lai are to own a low-cost land bank and have a skillful and experienced workforce specializing in agriculture and forestry. These are critical factors to succeed in the rubber business.

Thanks to modern planting and cultivating technology as well as new rubber seeds imported from countries with advanced rubber industry like Malaysia and Thailand, Hoang Anh Gia Lai has started harvesting latex from the first generation of rubber trees in mid 2012. Once 51,000 ha of rubber trees reach their maturity and are put into exploitation, Hoang Anh Gia Lai expects to harvest 127,500 tons of dried latex for export annually. Furthermore, at the end of the commercial life (about 25 years), 51,000 ha of rubber trees will provide approximately 3 million cubic meters of lumber with a total estimated proceeds of USD 750 million. After deducting the costs for exploitation, transportation and processing estimated at USD 320 million, the approximate earnings from lumber sales is USD 430 million.





Hoang Anh Gia Lai began planting rubber trees since 2007. The Group has planted 43,540 ha of rubber by the end of 2012. Our target is to complete the plantation of 51,000 ha of rubber in the Central Highlands, Laos, and Cambodia by the end of 2013. In 2012, the first generation of rubber trees has produced latex and brought profits. The first latex processing factory with the capacity of 25,000 tons / year in Laos has come into operation.

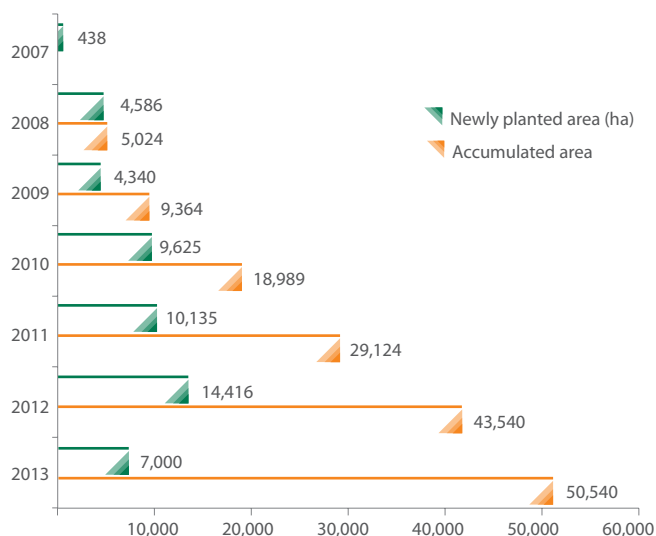


Hoang Anh Attapeu rubber latex processing plant

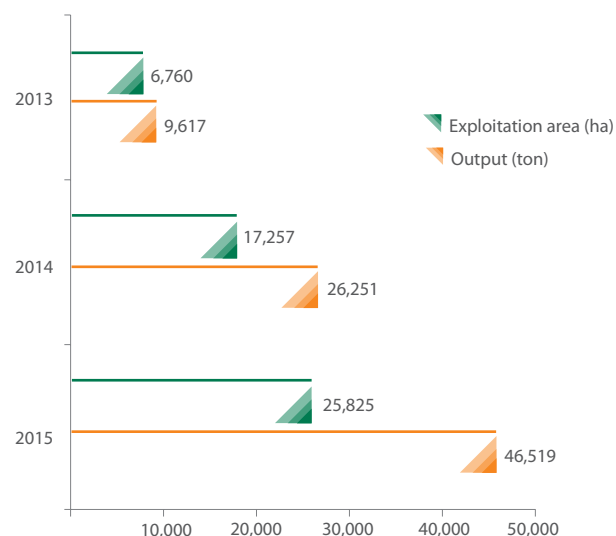


Rubber latex product

### Planted rubber area in the period of 2007–2013

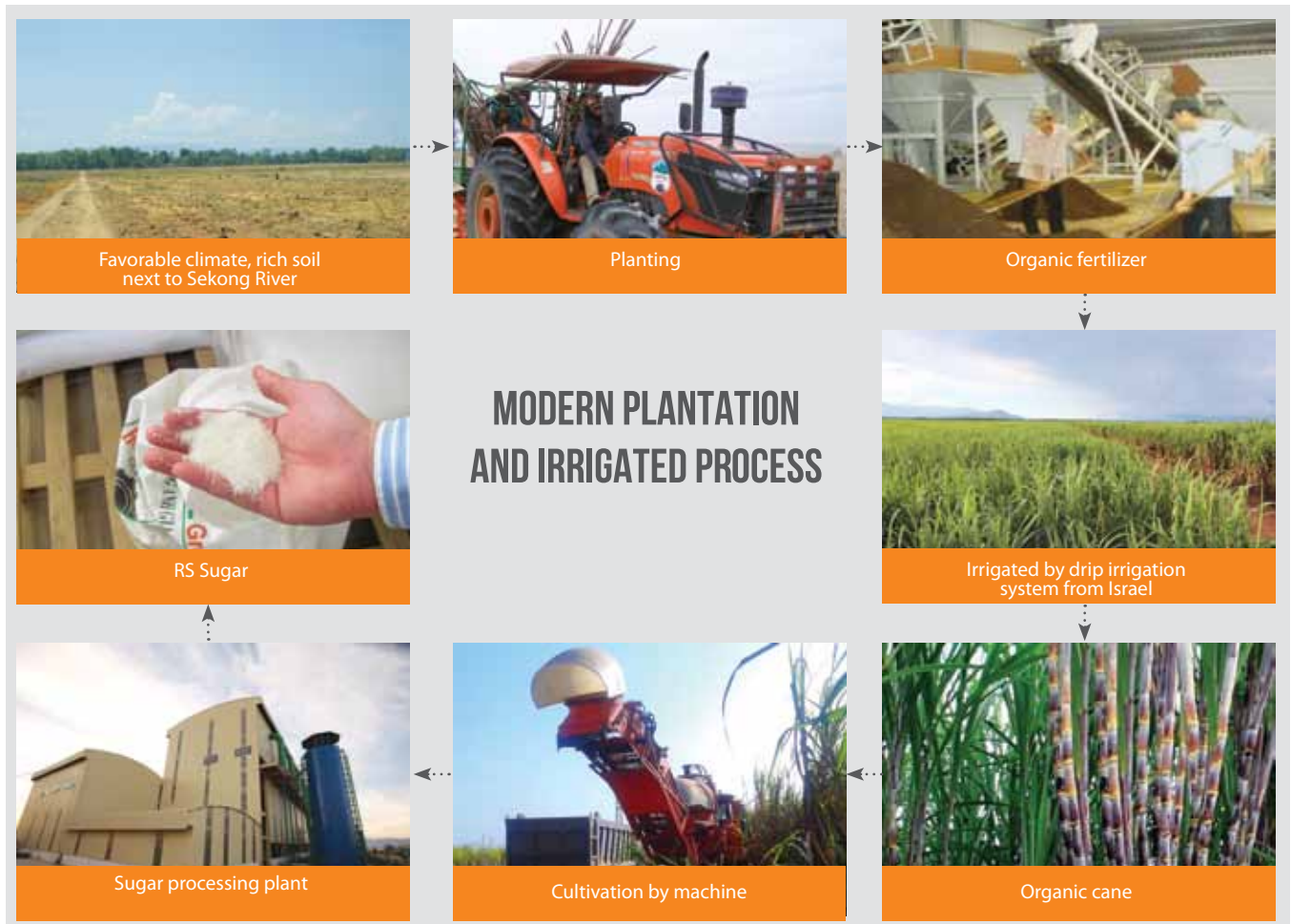


### Exploitation area and rubber output



# PRODUCTS & SERVICES

(Continued)



## SUGARCANE

Hoang Anh Gia Lai planted 5,530 ha of sugarcane in 2012. Simultaneously, the Group completed the construction of a sugar processing factory with a capacity of 7,000 tons of sugarcane per day and a thermo power factory with a capacity of 30MW which uses the bagasse as the feedstock. The first batch of sugarcane was harvested and the factory was put into operation in January 2013.

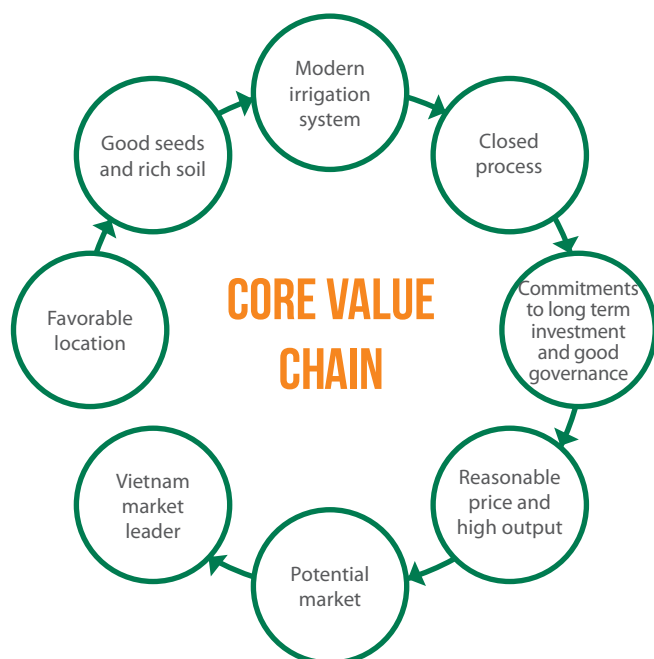
In 2013, the Group will plant more 4,470 ha of sugarcane and build a microbiological fertilizer manufacturing plant with a capacity of 50,000 tons per year. With 10,000 ha of sugarcane, the annual sugar production of finished products is estimated to reach over 110,000 tons.

Thanks to the large cultivated and contiguous area, Hoang Anh Gia Lai may apply machinery in planting, caring, and harvesting sugarcane. Therefore, the productivity of sugarcane is quite high and the price of each sugarcane ton is much lower as compared to the industry benchmark. This is an important factor leading to the success of the sugarcane industry.

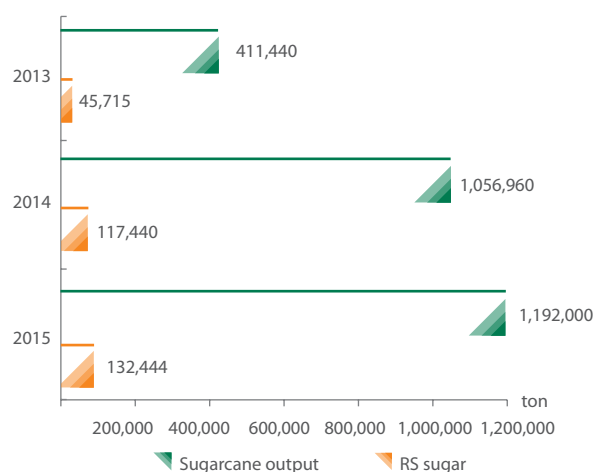




Hoang Anh Attapeu sugar processing plant



### Annual crop and output



### Plan for each period of 2012–2013

Year	2012	2013
Newly planted area (ha)	5,530	4,470
	10,000	

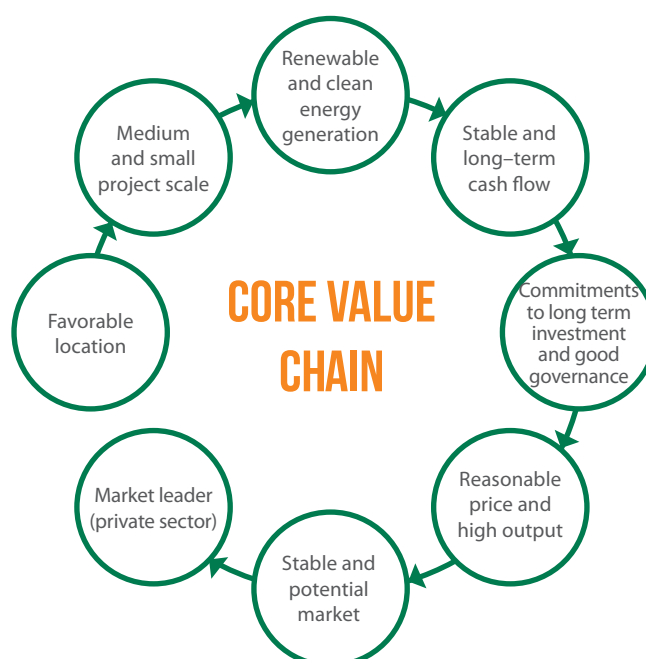
# PRODUCTS & SERVICES

(Continued)



## HYDRO POWER

Hoang Anh Gia Lai's target is to invest in hydro power projects in Vietnam, central highland provinces and Thanh Hoa province, and in Laos with the total capacity of 700 MW. These projects take advantages from the precious natural resources, generating power from rivers with waterfalls. Hydro power is capital intensive, but it can generate a very stable income and cash flow. After the development phase, this sector will play the role of generating and stabilizing cash inflows for the Group. Upon completion of these hydro power projects, the total electricity output will reach about 2.45 billion Kwh and generate a revenue of VND 2,744 billion per year for the Group (based on the current average electricity price of about VND 1,120/Kwh). In the future, the electricity price is likely increasing.







## MINING

Hoang Anh Gia Lai is exploiting and producing iron ore from the mines in Gia Lai, Kon Tum of Vietnam with an output about 260,000 tons per year.

In recent years, the mining industry is subject to the adverse effect of tightening macroeconomic policies such as export quota, increasing export tax, policies on natural resources and the environment, etc. In addition, the iron ore price in the world market is strongly fluctuated, resulting in reduced profits. Therefore, the Group decided to continue exploiting and processing iron ore from the mines in Gia Lai and Kontum with an output of 260,000 tons per year and not to extend exploitation of other mines.

Hoang Anh Gia Lai is exploiting and producing iron ore from the mines in Gia Lai, Kon Tum of Vietnam with an output about

**260,000  
TONS/YEAR**

# PRODUCTS & SERVICES

## (Continued)



Hoang Anh Thanh Binh project



Hoang Anh Pleiku hotel



Hoang Anh River View project

## REAL ESTATE

Hoang Anh Gia Lai focuses on investment in apartments and office buildings in major cities of Vietnam, particularly in Ho Chi Minh City. Hoang Anh Gia Lai enjoys competitive advantages of a low-cost land bank acquired long time ago, and synergies with subsidiaries in construction, furniture and granite production. This vertical integration model enables us to offer apartment products at a competitive price.

Besides, Hoang Anh Gia Lai boosts up investment in Myanmar, an emerging market recently. Hoang Anh Gia Lai has the right to use a large area of 72,524 m<sup>2</sup>, located in the best location in Yangon. The advantage of Hoang Anh Gia Lai is to own a signed land lease agreement for 70 years with a low lump sum rental while other investors are implementing procedures for the land auction with much higher prices.

Hoang Anh Gia Lai's profitability up to 2012 has been mainly driven by property projects in Ho Chi Minh City.

### COMPLETED PROJECTS:

- Hoang Anh Gold House Apartment – Nha Be District, HCMC: including 996 apartments, 7,789 m<sup>2</sup> of commercial and service space at the ground floors of apartment blocks, 18,626.35 m<sup>2</sup> of commercial and service center with the total floor area of 198,552.85 m<sup>2</sup>.
- Phu Hoang Anh (Phase 1) – Nha Be District, HCMC: including 802 apartments, 4,096.4 m<sup>2</sup> of commercial and service space at the ground floors of apartment blocks with the total floor area of 134,840.8 m<sup>2</sup>.

- Hoang Anh River View Apartment – District 2, HCMC: including 576 apartments and 1,459 m<sup>2</sup> of commercial and service space at the ground floors of apartment blocks with the total floor area of 123,525 m<sup>2</sup>.
- New Saigon Apartment – Nha Be District, HCMC: including 1,104 apartments with the total floor area of 179,977 m<sup>2</sup>.
- Hoang Anh 1 Apartment – 357 Le Van Luong Street, Tan Quy Ward, District 7, HCMC: including 420 apartments, 817.88 m<sup>2</sup> of commercial and service space at the ground floors of apartment blocks with the total floor area of 58,737.88 m<sup>2</sup>.
- Hoang Anh 2 Apartment – 783 Tran Xuan Soan Street, Tan Hung Ward, District 7, HCMC: including 450 apartments, 3,370 m<sup>2</sup> of commercial and service space at the ground floors of apartment blocks with the total floor area of 73,860 m<sup>2</sup>.
- Hoang Van Thu – Gia Lai Apartment: including 157 apartments and 2,470 m<sup>2</sup> of commercial space with the total floor area of 24,574 m<sup>2</sup>.
- Dam Sinh Thai Apartment – Quy Nhon: including 560 apartments with the total floor area of 84,706 m<sup>2</sup>.
- Hoang Anh Safomec Office Building – 7/1 Thanh Thai Street, Ward 14, District 10, HCMC with the total floor area of 8,359 m<sup>2</sup>.
- HAGL – BIDV Apartment – Dak Lak: including 414 apartments with the total floor area of 31,296.8 m<sup>2</sup>.
- Thac Gian Apartment – Da Nang City: including 456 apartments and 7,505 m<sup>2</sup> of commercial space with the total floor area of 80,966 m<sup>2</sup>.
- High-class Apartment – Can Tho City: including 216 apartments with the total floor area of 29,200 m<sup>2</sup>.

### PROJECT TO SELL LAND PLOTS:

- Minh Tuan Project – District.9, HCMC: including 281 land plots for villas and town houses with the total area of 44,033.5 m<sup>2</sup> available for sales.



New Saigon project



Kenh Te commercial center and office building project

#### PROJECTS UNDER CONSTRUCTION:

- Thanh Binh Apartment – District 7, HCMC: including 1,000 apartments, 3,330.4 m<sup>2</sup> of commercial and service space at the ground floors of apartment blocks with the total floor area of 127,950.2 m<sup>2</sup>.
- Phu Hoang Anh (Phase 2) – Nha Be District, HCMC: including 648 apartments and 3,960.98 m<sup>2</sup> of two commercial and service blocks with the total floor area of 131,569.36 m<sup>2</sup>.
- HAGL – Bangkok High-class Apartment – Thailand: including 140 apartments with the total floor area of 13,928 m<sup>2</sup>.
- Hoang Anh Office and Commercial Building – near Kenh Te Bridge, Tan Hung Ward, District 7, HCMC: including two blocks of 40 floors, 109,964.74 m<sup>2</sup> of lettable office floor, 2,623.68 m<sup>2</sup> of service floor, 8,750.71 of commercial and service space with the total floor area of 121,339.13 m<sup>2</sup>.
- Hoang Anh Incomex Apartment – District 7, HCMC: including 396 apartments, 1,284.6 m<sup>2</sup> of commercial space at the ground floor, and 24,300 m<sup>2</sup> of commercial floor with the total floor area of 95,608.9 m<sup>2</sup>.

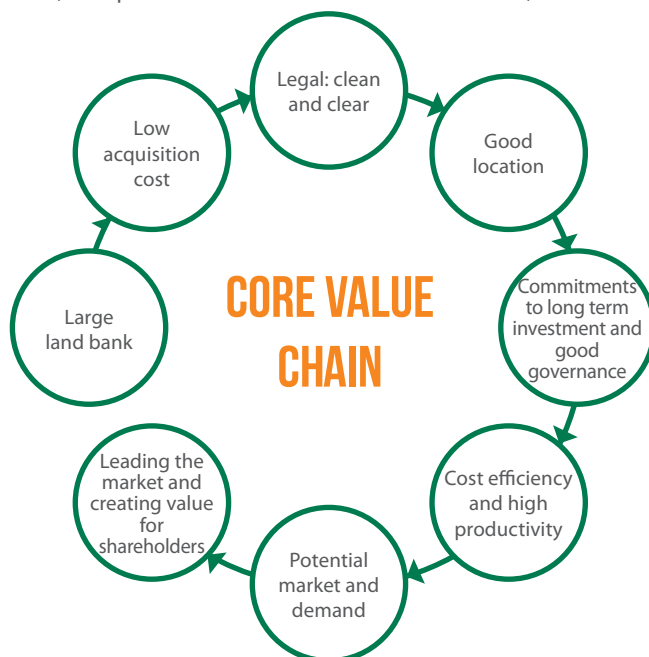
#### PROJECT TO BE LAUNCHED IN 2013:

- Hoang Anh Gia Lai Myanmar Complex: including 5-star hotel, commercial center, office buildings and serviced apartments with the total floor area of 639,842 m<sup>2</sup>.

#### LAND BANK FOR FUTURE:

- Phuc Bao Minh Apartment Project – Luong Minh Nguyet Street, Tan Phu District, HCMC: including 595 apartments with the total floor area of 68,757.03 m<sup>2</sup>.
- Apartment Project in Hoc Mon District, HCMC: including 1,307 apartments with the total floor area of 126,293 m<sup>2</sup>.

- 2/9 Complex Project – Binh Hien Ward, Da Nang: including 2,144 apartments, 41,290.7 m<sup>2</sup> of commercial space, and 28,094.55 m<sup>2</sup> of basement space with the total floor area of 333,335.52 m<sup>2</sup>.
- Nguyen Van Linh Office and Commercial Building Project – Da Nang: including 4 commercial floors and 33 office floors with the total floor area of 53,040 m<sup>2</sup>.
- Dong Nam Project – HCMC: 351,686 m<sup>2</sup> of land bank and population size of 9,200 persons (equivalent to about 2,300 apartments and villas).
- Tan Phong Riverside Project – District 7, HCMC: including 1,120 apartments with the total floor area of 196,756 m<sup>2</sup>.







Hoang Anh Gia Lai Myanmar Center Complex

## KEY PROJECT:

# HOANG ANH GIA LAI MYANMAR CENTER

Hoang Anh Gia Lai is boosting up investment in Myanmar, an emerging market recently. Hoang Anh Gia Lai has the right to use a large area of 72,524 m<sup>2</sup>, located in the best location in Yangon. The advantage of Hoang Anh Gia Lai is to own a signed land lease agreement for 70 years with a low lump sum rental.

As planned, the project will be divided into two phases. The first phase, from 2013 to 2014, will build a commercial center, office building No. 1 and a 5-star-hotel. The second phase, from 2015 to 2017, will build a serviced apartments and an office building No. 2.



## PRODUCTS & SERVICES

(Continued)



Hoang Anh Gia Lai furniture

## FURNITURE AND GRANITE PRODUCTION

This is the traditional business sector where Hoang Anh Gia Lai has competitive edges such as abundant and stable material sources of granite and wood, large manufacturers, modern machinery, skillful and experienced workforce, and nationwide distribution network.

Besides generating profit from export and domestic sale, this business also has an important role in creating competitive edges for the real estate business. Furniture and granite are parts of the vertically-integrated construction process of Hoang Anh Gia Lai to help maintain the Group's construction cost at the most competitive level in the market.



Certificate of quality management system ISO 9001



# DEVELOPMENT ORIENTATION



Hoang Anh Gia Lai apartments in Ho Chi Minh City

## DEVELOPMENT ORIENTATION

During the development period, Hoang Anh Gia Lai has supplemented, improved, and reinforced its development orientation. We centre on the sustainable development to create long-term value for the shareholders and stakeholders based on the following values and business philosophies:

- **Renewable resources:** We understand that natural resources are limited, so investment and development in renewable resources are the foundation to grow sustainably. In our business strategy, despite being a conglomerate, we identify and prioritize businesses based on renewable resources as the key business development in the future. Therefore, in the past years, Hoang Anh Gia Lai has strongly invested in rubber plantations in Indochina countries. We also invest in hydro power projects from which Hoang Anh Gia Lai already sells CERs as their operation helps reduce a large amount of CO<sub>2</sub> released to the environment annually, and save the consumption of thousand tons of fossil fuels in power production.
- **Public Private Partnership – PPP:** The PPP model has been applied by Hoang Anh Gia Lai when expanding to agribusiness and investing in neighboring countries. The PPP model was successfully applied in Laos and considered as a standard model by Laos Government when encouraging FDI into Laos. Hoang Anh Gia Lai has sponsored the athlete accommodation to support SEA Games held in Laos, as well as built up many public works for local community like school, hospital, administration centers, houses, bridges, roads, etc. The model is based on and reinforced from the friendly relationship in politics and economics between Vietnam and neighboring countries in ASEAN.
- **In-depth investment and value chain:** To differentiate competitive advantages in international markets, beside the economic scale, we continuously research and apply new and modern technology solutions in production process, especially in agribusiness. We apply the well-known experience in rubber and sugarcane planting – “first water, second fertilizer, third hard-working, and forth seed.”





The coach is steering the players of HAGL Arsenal JMG Football Academy at Sanix Cup 2013

We are the pioneer to apply the Israel-technology drip irrigation system to increase the yield and save the water. We have set up our own Rubber Research Institute, which is the first private institute in Vietnam with professors from Vietnam and Thailand. The rubber research institute has surveyed and assessed the soil quality of rubber plantation to decide the suitable formula of fertilizers for different areas to ensure the rubber tree's growth and to avoid waste and save cost. The sugar industrial complex is an example of in depth investment and value chain to produce the main product of sugar and by-products like electricity, ethanol and organic fertilizer. We also apply the value chain management to the real estate business by linking furniture, granite, design and construction functions to produce cost-competitive apartments.

We centre on the sustainable development to create long-term value for the shareholders and stakeholders based on the following values and business philosophies.



# DEVELOPMENT ORIENTATION

## (Continued)

### DEVELOPMENT ORIENTATION (continued)

- **Development together:** We understand that our success is owing to the confidence, sharing and cooperation with shareholders, investors, partners, customers, staffs, local community, etc. Therefore, the business philosophy of “development together” has been successfully applied by Hoang Anh Gia Lai. As a result, we are one of few companies that is able to raise a huge capital from the local and global financial institutions; strategic shareholders, local communities and government authorities always support Hoang Anh Gia Lai in time; we also have an experienced and committed management team, and our staffs are always proud of working in a competitive and active environment.

### MEDIUM AND LONG TERM DEVELOPMENT STRATEGY

Since 2007, when the property market was at its peak, and many non-property companies entered the property sector, Hoang Anh Gia Lai, a leading property developer, did the contrast to expand to the rubber business in Laos. We understand that the property sector is sensitivity against policies and economic conditions, and very cyclical, so in order to develop sustainably, we need to diversify into more stable sectors. Based on the SWOT analysis, Hoang Anh Gia Lai has decided the key sectors that we have strong experience and competitive edges to invest in, with the priority order as follows:

- **Agribusiness:** This is the first priority of Hoang Anh Gia Lai. Hoang Anh Gia Lai has been investing in rubber and sugarcane plantation, and after that Hoang Anh Gia Lai may plant other medium trees like oil palm. Agribusiness is considered as the Group’s key strategy, based on the advantage of large land bank, which then supports the application of machinery and technology to increase the yield and reduce production costs. The PPP model has been applied through investment in infrastructure in return for land bank to develop agriculture. This sector is very promising with a large cash inflow and stable growth, which then compensate for the volatile property business.
- **Hydro power:** This is the second important business of Hoang Anh Gia Lai. The investment in hydro power needs a long-term vision based on two fundamentals 1) the electricity supply does not meet demand in short and long term, and 2) EVN is buying electricity at low price as compared to other neighboring countries, so the possibility to increase price in medium and long term is high. The hydro power sector has an advantage of producing stable cash inflow from renewable water resources. The investment in hydro power is capital intensive, so the structure of debt and equity and interest rate are very important to the feasibility of the project. Therefore, Hoang Anh Gia Lai invests in this sector with an appropriate progress to use the cash inflows from operational projects for investment and the movement of Vietnam electricity sector into the competitive electricity generation market. In long term, the hydro power sector will generate a great cash inflow and profit for the Group after deducting all depreciation expenses and paying off all outstanding loans.

- **Real estate:** Hoang Anh Gia Lai is still a leading property developer with clear advantage in medium-end apartment projects thanks to the value chain from furniture, granite production, to designing, construction and cost management. However, the property sector is cyclical and risky, so Hoang Anh Gia Lai performs the diversification into other sectors in emerging ASEAN countries. Currently, the property sector in Vietnam still faces a lot of difficulties without signs of recovery, so Hoang Anh Gia Lai only selects a few suitable projects to develop. Instead, the Group pushes the investment in the complex project in Yangon, Myanmar to take advantage of the promising property market after Myanmar opens the economy and issues the Foreign Direct Investment Law to attract foreign investors.
- **Mining:** The Group will not expand to invest in new mines and only focuses in the exploitation of Kbang mine in Gia Lai and Mo Rai mine in Kontum. The mining sector is not suitable to the new business strategy of Hoang Anh Gia Lai which is focusing on renewable and environment-friendly resources.
- **Furniture and granite production:** The furniture sector of Vietnam has witnessed the harsh competition in the past years which result in the low profitability. Hoang Anh Gia Lai is changing its business strategy by focusing on producing and selling furniture in local market and supplying for the Group's property projects, instead of focusing on export as before. The furniture and granite production is part of the value chain for the property sector and enables the Group to pursue the competitive cost strategy.





# THE BOARD OF DIRECTORS





**1/ Mr. Doan Nguyen Duc:**

Born in 1963, Chairman of the BOD, the Founder of Hoang Anh Gia Lai.

**2/ Mr. Nguyen Van Su:**

Born in 1958, Member of the BOD, General Director, Bachelor of Economics, 33 years of experience in managing and monitoring business activities.

**3/ Mr. Doan Nguyen Thu:**

Born in 1977, Member of the BOD, Deputy General Director and General Director of HAGL Furniture, Master of Business Administration from Fullerton University (USA), 14 years of experience in management and finance.

**4/ Mr. Nguyen Van Minh:**

Born in 1959, Member of the BOD, Deputy General Director, Agricultural engineer, 32 years of management experience.

**5/ Mr. Le Hung:**

Born in 1956, Member of the BOD, Chairman of the BOD of HAGL Land, 35 years of experience in managing.

**6/ Mr. Vu Huu Dien:**

Born in 1972, non-executive member of the BOD, Investment Director of Dragon Capital, Master of Finance, 17 years of experience in finance and investment.

**7/ Ms. Vo Thi Huyen Lan:**

Born in 1971, non-executive member of the BOD, Director of Jaccar Capital, Master of Economics, Master of Finance, 18 years of experience in finance and investment.

# THE BOARD OF MANAGEMENT



**1/ Mr. Nguyen Van Su:**

Born in 1958, Member of the BOD, General Director, Bachelor of Economics, 33 years of experience in managing and monitoring business activities.

**2/ Mr. Doan Nguyen Thu:**

Born in 1977, Member of the BOD, Deputy General Director and General Director of HAGL Furniture, Master of Business Administration from Fullerton University (USA), 14 years of experience in management and finance.

**3/ Mr. Le Van Ro:**

Born in 1951, Deputy General Director, 35 years of management experience.

**4/ Mr. Tra Van Han:**

Born in 1960, Deputy General Director, 28 years of management experience.

**5/ Mr. Vo Truong Son:**

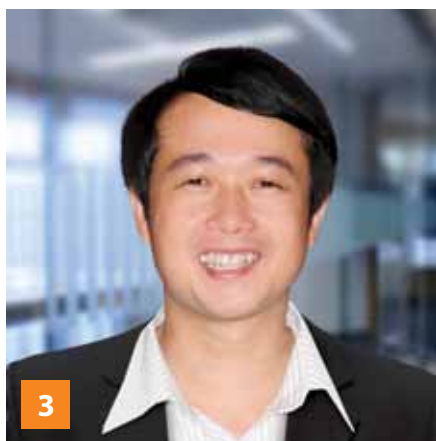
Born in 1973, Deputy General Director and General Director of HAGL Land, Master of Finance, Bachelor of Law, Member of the Association of Chartered Certified Accountants (ACCA), 17 years of experience in administration, finance and audit.

**6/ Mr. Nguyen Van Minh:**

Born in 1959, Member of the BOD, Deputy General Director, Agricultural engineer, 32 years of management experience.



# THE BOARD OF SUPERVISORS



## 1/ Mr. Nguyen Van Ton:

Born in 1976, Bachelor of Economics,  
Head of the Board of Supervisors, 14 years  
of experience in finance and audit.

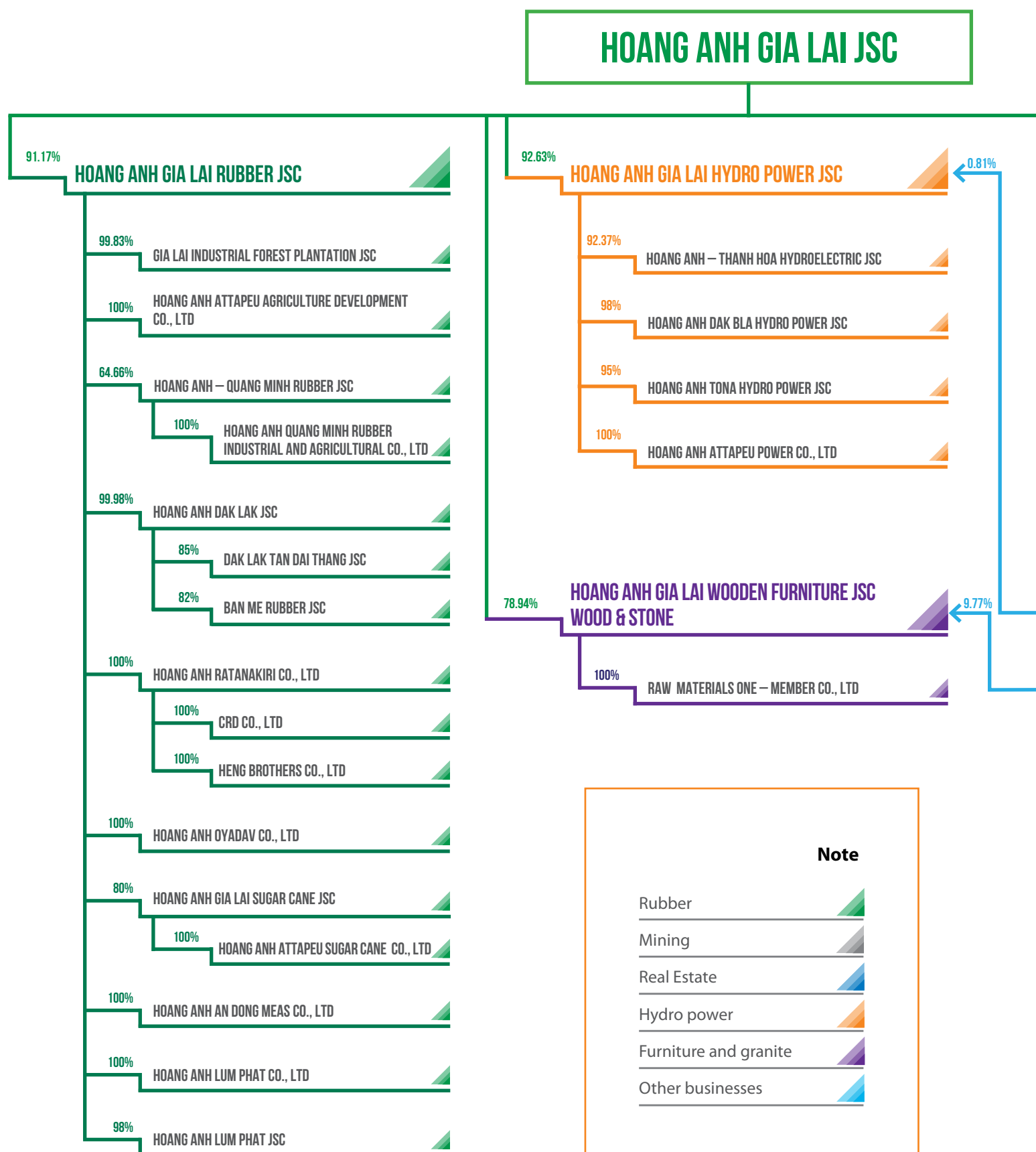
## 2/ Mr. Lam Hoang Hai:

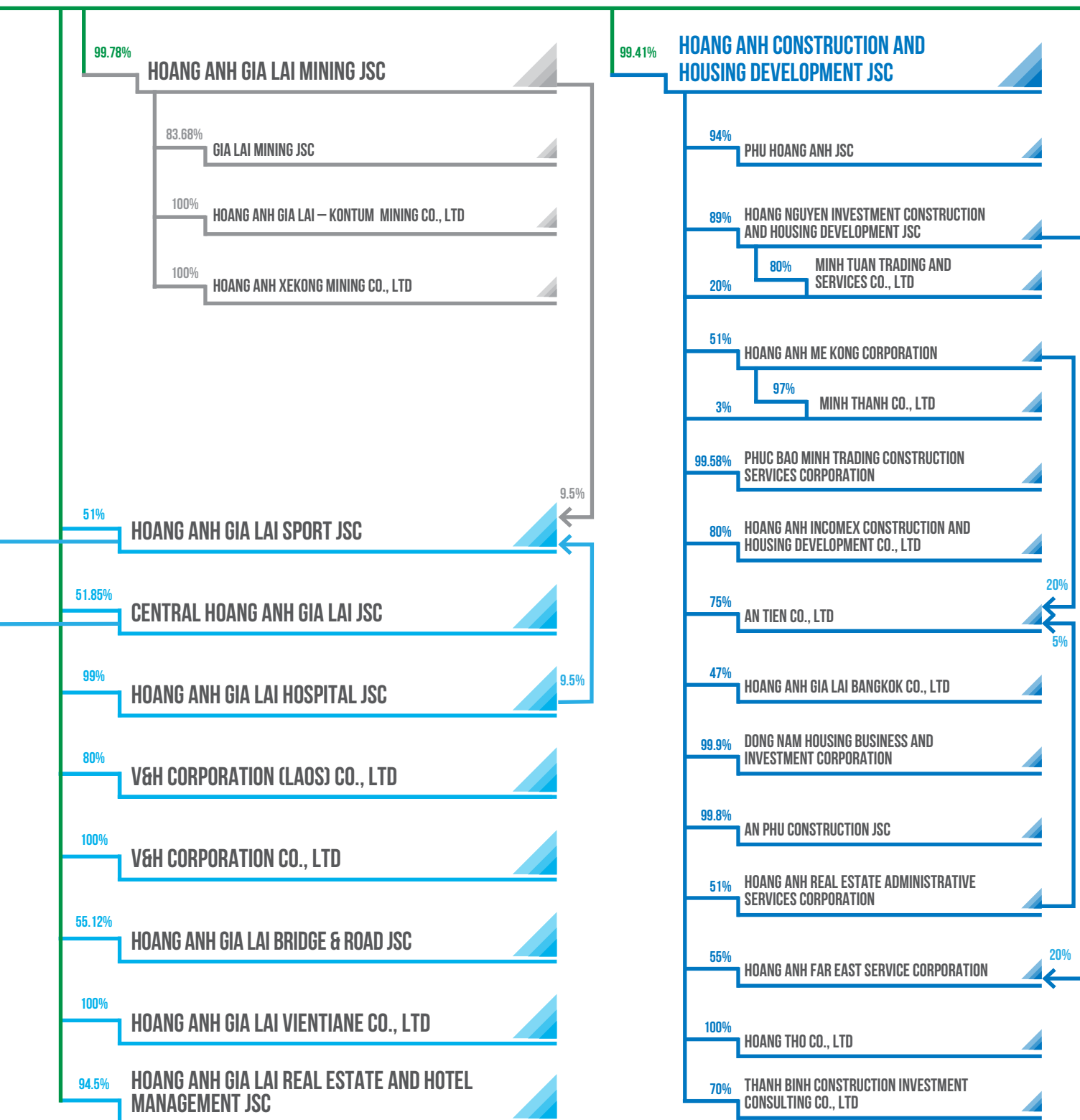
Born in 1980, Bachelor of Economics,  
Member the Board of Supervisors, 11 years  
of experience in finance and audit.

## 3/ Mr. Nguyen Xuan Thang:

Born in 1977, Bachelor of Finance, 14 years  
of experience in finance and planning.

# ORGANISATIONAL STRUCTURE







# ORGANIZATION AND PERSONNEL



Employees are operating Dak Srong 3B hydro power plant

## ORGANIZATIONAL STRUCTURE

Hoang Anh Gia Lai operates under the parent-and-subsidary model with the following organizational structure:

- The parent with five branches and one representative office in Ho Chi Minh City.
- 52 subsidiaries, over which Hoang Anh Gia Lai JSC either holds majority holdings of more than 50% and/or has control.
- Three associates, of which Hoang Anh Gia Lai JSC owns from 20% to 50% of the voting rights.

## NUMBER OF EMPLOYEES AND HUMAN RESOURCE POLICY

### NUMBER OF EMPLOYEES

Year	2007	2008	2009	2010	2011	2012
Number of employees	7,098	7,291	8,745	9,638	9,842	19,457

### WORKING CONDITIONS

- Employees of the Group work 5.5 to 6 days per week and 8 hours per day. The working time can be adjusted based on deliverables, but it should be remained within the standard working hours in accordance with the Group's policies. Overtime may be required from time to time to meet the deadline.
- Employees are entitled to 1 to 1.5 days off per week. Employees who have worked for 12 months are entitled to 12, 14 or 16 days of annual leave per year depending on

working requirements. If an employee has worked less than 12 months, the annual leave entitlement will be pro-rated according to the number of working months. The Group will increase the annual leave entitlement based on the number of years of service, e.g. 1 additional day of annual leave for every 5 years of service. In addition, employees are subject to 8 public holidays per year. If these public holidays coincide with other ones, employees will be entitled to in lieu leaves in the immediate following working day.



Staffs in Ho Chi Minh City are working together



Training course of tapping rubber latex



Checking the tractor in rubber plantation



Producing wooden furniture



Doctors at Medical University – Hoang Anh Gia Lai Hospital are committed to "Rejecting envelopes"



# ORGANIZATION AND PERSONNEL

## (Continued)

### RECRUITMENT AND TRAINING POLICIES

- The recruitment of new employees is in accordance with the Group's policies in order to ensure that new employees possess adequate qualifications, skills, experience for their positions and good work ethics and have long-term commitment. In the long-run, the Group prefers employing local personnel due to high commitment and qualification. The Group has a preferential policy for local employees with good qualifications and working ethics, who have worked in big cities and would like to work with the Group in Pleiku City and project locations.
- The Group ensures that all employees receive adequate support and training to gain skills that enable them to optimize their performance. The training of skills and other necessary techniques is conducted both internally and externally, in accordance with the Group's training plans prepared at the beginning of each year.
- In order to implement effective training programs, the Group and its employees sign agreements to reinforce their commitments to duties and benefits of each party during the training period, and the number of working years required after the training.
- Occupational safety is the most important policy of the Group. Hoang Anh Gia Lai focuses on working safety training before commencing employment, and provides adequate labor safety equipment such as shirts, hats, shoes, glasses, depending on their working environment.
- The Group issues policies on labor safety and environmental sanitation, and conducts work safety inspections on a regular basis at construction sites. The Group has established the Labor Safety Committee to implement the Labor Safety System.



Advanced technology applied science conference



Year End Party 2012 in Ho Chi Minh City



Outdoor activities





Running Hoang Anh Gia Lai's General Meeting of Shareholders in 2012

# **SALARY, BONUS AND COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS (BOD), THE BOARD OF MANAGEMENT (BOM) AND THE BOARD OF SUPERVISORS (BOS)**

Unit: VND

Name	Position	Salary, bonus and compensation for executive members	Salary, bonus and compensation for non-executive members
Doan Nguyen Duc	Chairman of the BOD	3,498,731,881	
Nguyen Van Su	Member of the BOD and General Director	2,624,048,910	
Nguyen Van Minh	Member of the BOD and Deputy General Director	1,749,365,941	
Doan Nguyen Thu	Member of the BOD and Deputy General Director	1,749,365,941	
Le Hung	Member of the BOD and Chairman of HAGL Land	1,929,805,941	
Vo Thi Huyen Lan	Non-executive member of the BOD		124,200,000
Vu Huu Dien	Non-executive member of the BOD		124,200,000
Tra Van Han	Deputy General Director	1,749,365,941	
Vo Truong Son	Deputy General Director	1,749,365,941	
Le Van Ro	Deputy General Director	1,168,864,158	
Ho Thi Kim Chi	Secretary of the BOD and Chief Accountant	808,862,673	
Vo Thi My Hanh	Secretary of the BOD and Deputy Director of HA Furniture	382,862,673	
Nguyen Van Ton	Head of the BOS and Deputy Director of HA Land	1,370,100,000	
Nguyen Xuan Thang	Member of the BOD and the Head of Planning Department	795,680,000	
Lam Hoang Hai	Member of the BOD and the Head of Internal Audit Department	538,680,000	

# REPORT OF THE BOARD OF DIRECTORS

In 2012, Hoang Anh Gia Lai continued maintaining the sales and cash inflow from the real estate business; strongly investing in rubber and sugarcane business; investing in hydro power business with an appropriate progress; maintaining the operation of the mining, and the production of granite and furniture; and performing financing and debt restructuring activities.



## OUTSTANDING POINTS IN BUSINESS AND FINANCIAL ACTIVITIES IN 2012

In 2012, Hoang Anh Gia Lai continued maintaining the sales and cash inflow from the real estate business; strongly investing in rubber and sugarcane business; investing in hydro power business with an appropriate progress; maintaining the operation of the mining, and the production of granite and furniture; and performing financing and debt restructuring activities.

Although the macro economy of Vietnam still faces a lot of difficulties, Hoang Anh Gia Lai continues generating cash flows and profits from the real estate business. With the cash inflow from the sold projects, the Group has continuously constructed Phu Hoang Anh project, Phase 2, and Thanh Binh project with an appropriate progress. The business strategy of competitive cost is still an important factor to decide the success of the Group in this current circumstance.

For investment activities, the Group's projects have been implemented promptly and achieved the planned target. The first generation of rubber trees and sugarcane grows fast and starts generating yield, the rubber processing plant and the sugar mill have been finished and put into operation, and the hydro power projects and iron mines in Gia Lai and Kon Tum are operating stably. The Group makes an effort to finish the projects in accordance with the planned schedule and suitable with the market condition.

For financing activities, the Group has well performed financing arrangements for projects, issued medium and long term corporate bonds to restructure its capital balance, issued corporate bonds with warrants of the rubber business, etc. As a result, the Group ensured its liquidity and performed investment activities in consistency with the planned progress.

## BUSINESS PERFORMANCE

According to the audited financial statements in 2012, the profit before tax was VND 525 billion. The profit before tax as planned and approved by the 2012 AGM was VND 1,200 billion. Although the actual result was below the target, the result of VND 525 billion was derived from the effort of the staff of Hoang Anh Gia Lai in 2012. Despite the difficult economic situation with low demand, the real estate business still contributed 64.38% of the Group's total revenue and the gross profit gained VND 759 billion. This was an encouraging result. Other businesses like mining, hydro power, and rubber started contributing in the Group's revenue and gross profit, creating a turning point to diversify the Group's cash inflows. The Group's operating results are disclosed in details in the Report of the Board of Management.

## KEY CHANGES AND INVESTMENT PROGRESS

The Board of Directors directed the significant investment programs during 2012 to create the foundation for sustainable growth in the future. The investment progress is as follows:

**Agribusiness:** Until the end of 2012, the Group has planted 43,540 ha of rubber trees in Vietnam, Laos and Cambodia, and 5,530 ha of sugarcane in Laos. All trees are growing well. In addition, the Group has set up the drip irrigation system to support the rubber trees and sugarcane. The Group is preparing land to plant 7,000 ha of rubber trees and 4,470 ha of sugarcane in 2013. The Group has finished and put into operation the rubber processing plant with a capacity of 25,000 tons p.a. and the sugar industrial complex, including the sugar mill, with a capacity of 7,000 tons of sugarcane per day, and the power plant with a capacity of 30 MW.



Serious working atmosphere at the General Meeting of Shareholders in 2012

**Real estate:** In 2012, the Group has finished and delivered apartments of block 5, Phu Hoang Anh, Phase 1, and Hoang Anh Gold House (An Tien) project, continued constructing Phu Hoang Anh, Phase 2 and Thanh Binh with an appropriate progress, and conducted ground leveling for Dong Nam project, etc. to prepare the supply when the market recovers.

**Hydro power:** The Group has put Dak Srong 3B and Ba Thuoc 2 into operation. So far, there are four power plants in operation with the total capacity of 141.5MW. The remaining projects will be invested with an appropriate progress.

**Mining:** Kbang mine in Gia Lai and Mo Rai mine in Kon Tum are being exploited and produced stably with the total capacity of 260,000 tons p.a. The Group will not invest in other new mines.

## OUTLOOK AND FUTURE PLANS

The Board of Directors realizes that the economy still faces difficulties in short term, so the Group focuses on risk management and investment to form the foundation for sustainable development in the future instead of short-term profit. The strategy for each sector is as follows:

**Rubber:** The demand and price of rubber in the world market was at a favorable level in the past years, i.e. USD 3,000 – 4,000 per ton. The rubber investment cost and production cost of Hoang Anh Gia Lai are at low level, so the expected profitability is very promising. Rubber will be mainly exported, and this is the source of foreign currency for the Group in future.

**Hydro power:** Vietnam is still facing the shortage of electricity. Hoang Anh Gia Lai's hydro power projects will help increase the supply of electricity. Thanks to the low investment cost, the economic efficiency of the Group's hydro power projects will improve when the interest rate reduces to lower levels. Vietnam's electricity price is likely increasing in the future (to encourage investment and resolve the shortage of electricity). Therefore, the profitability of hydro power projects is promising.

**Mining:** Iron ore is an important commodity for infrastructure construction and economic development. Despite of policies and market risks, this sector is still able to generate profit and cash flow for the Group.

**Real estate:** Currently, the apartment supply in the property market is still high. However, in each segment, there is still a huge demand in low- and medium-end segment. When the macro economic conditions get improved, like lower interest rate, increasing GDP per capita, etc., the property market will recover. Hoang Anh Gia Lai believes that the strategy to focus on medium segment with competitive cost will support the Group's success in the property sector.

In short, Hoang Anh Gia Lai will pursue the chosen business strategy on an appropriate basis. The strategy will form the sustainable development for the Group, increase value for the shareholders and society in general. The Board of Directors and the staff of Hoang Anh Gia Lai will overcome short term challenges to fulfill long-term strategic targets of the Group.



# REPORT OF THE BOARD OF MANAGEMENT

## FINANCIAL STATUS

### Profitability

Item	2010 Restated	2011	2012
<b>Profitability</b>			
Profit after tax/Net revenue	52.43%	42.07%	8.31%
Profit after tax/Owners' equity (ROE)	25.40%	14.10%	3.74%
Profit after tax/Total assets (ROA)	10.93%	5.18%	1.17%
Profit before tax/Net revenue	69.75%	54.02%	11.94%
<b>Operating efficiency</b>			
Net revenue/Total assets	0.21	0.12	0.14

In 2012, the ratio of profit after tax over net revenue reached 8.31%, decreased significantly as compared to 2011 and 2010. The reasons of such decrease were as follows:

- The gross profit margin of 2012 was 27.3% while that of 2011 was at 45.2%. During 2012, Hoang Anh Gold House project was the main revenue of the real estate business. The project's rate of return was lower than the previous projects because the Group had to reduce prices to sell apartments in the difficult economic situation.
- Revenue from financing activities decreased from USD 1,227 billion in 2011 to USD 502 billion in 2012 as analyzed in the operating results.

The ratio of net revenue over total assets of Hoang Anh Gia Lai slightly increased as compared to 2011, but still at a low ratio. Hoang Anh Gia Lai is still in the process of investment in such projects as rubber, sugarcane and hydro power. A part of these projects has just been put into operation, so the revenue is not high. The total assets at the end of 2012 went up to VND 31,285 billion (2011: VND 25,577 billion).

### Liquidity

Item	2010 Restated	2011	2012
<b>Liquidity</b>			
Current ratio:			
Current assets/ Current liabilities	1.62	1.96	2.13
Quick ratio:			
(Current assets – Inventories)/ Current liabilities	1.04	1.31	1.49
<b>Capital structure</b>			
Total loans and debts/ Total assets	0.31	0.45	0.52
Total loans and debts/ Owners' equity	0.72	1.24	1.65

Current assets increased, leading to the enhancement of the liquidity ratios, but the increase is not significant. The current ratio increased from 1.96 to 2.13 while the quick ratio increased from 1.31 to 1.49.

Although the ratios of total loans and debts over total assets and over owners' equity increased against those in 2011, but the exchangeable bonds of VND 1,130 billion, the convertible bonds of VND 1,100 billion, the bonds with warrants of rubber corporation's shares worth VND 2,000 billion and international bonds of VND 1,521 billion in the total loans and debts are expected to be converted into equity in April 2013. Additionally, most of the incremental loans in 2012 are long term and appropriate to the timing of future cash flows of projects, so insolvency risks are unlikely and controllable by the Group.

### Changes in share capital

	Unit: VND thousand
Share capital as at 31 December 2011	4,672,805,900
Share issuance for dividend payment for the financial year 2010 at the ratio of 100:15	700,904,590
<b>Share capital as at 31 December 2012</b>	<b>5,373,710,490</b>



General Director Nguyen Van Su awards to encourage outstanding staffs



Deputy General Director Nguyen Van Minh received the ASEAN famous brand award and the ASEAN Typical Enterprise award



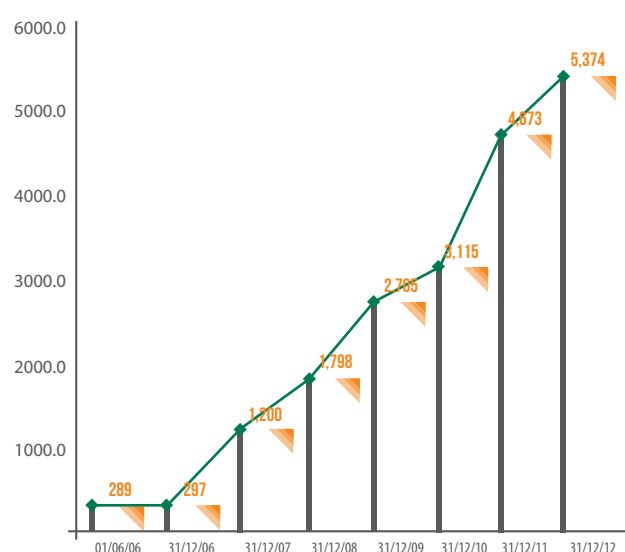
Deputy General Director Tra Van Han inaugurates Hoàng Anh Gia Lai's SAP ERP system

On 11 May 2012, the Company paid share dividend to the existing shareholders at the ratio of 100:15 (a shareholder owning one hundred existing shares receives fifteen newly issued shares). The capital source to pay share dividend came from undistributed earnings of the Company. The payment was carried out in accordance with the Resolution of the Annual General Meeting of Shareholders dated 26 April 2011.

#### Total number of shares

Shares authorized to issue	537,371,049
Shares issued and fully paid	537,371,049
Ordinary shares	537,371,049
Outstanding shares	537,371,049
Ordinary shares	537,371,049

#### Share capital movement (VND billion)



# REPORT OF

## THE BOARD OF MANAGEMENT

(Continued)

### Outstanding Bonds

Bonds	Par value	Number of outstanding bonds	Total value (VND thousand)
Bonds with warrants of rubber corporation's shares	VND 100,000,000	20,000	2,000,000,000
International bonds (Credit Suisse)	USD 100,000	750	1,520,711,335
Convertible bonds (Temasek Holding)	VND 1 million	1,130,000	1,130,000,000
Exchangeable bonds (Temasek Holding)	VND 1 million	1,100,000	1,110,000,000
2012 straight bonds (BIDV)	VND 1 billion	850	850,000,000
2010 straight bonds (BIDV)	VND 1 billion	530	530,000,000
2011 straight bonds (BIDV)	VND 1 billion	500	500,000,000
2012 Straight bonds – Tranche 1 (Vietbank)	VND 100,000	4,500,000	450,000,000
2012 Straight bonds– Tranche 2 (DaiAbank)	VND 100,000	4,500,000	450,000,000
2012 Straight bonds– Tranche 3 (Eximbank)/	VND 100,000	8,000,000	800,000,000
Straight bonds PHA 2011–Tranche 1 (VP Bank)	VND 1 billion	100	100,000,000
Straight bonds PHA 2011–Tranche 2 (VP Bank)	VND 1 billion	100	100,000,000
Straight bonds PHA 2011–Tranche 3 (VP Bank)	VND 1 billion	100	100,000,000
Straight bonds PHA 2011–Tranche 4 (VP Bank)	VND 1 billion	50	50,000,000
<b>TOTAL</b>			<b>9,680,711,335</b>

The details of these outstanding bonds are disclosed in Note 27 to the Audited Consolidated Financial Statements.

### Earnings per share

Basic earnings per share (VND/share)	651
Diluted earnings per share(VND/share)	651

### Dividend and profit distribution

Profit after tax of 2011 was distributed as follows:

Financial reserve fund:	5%
Bonus fund:	3%
Welfare fund:	2%
Dividend:	N/A
Remaining balance:	recorded in the account of undistributed earnings

## OPERATING RESULTS

### Revenue

Unit: VND million

Business	2010 Restated		2011		2012	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Real estate	2,395,485	60.4%	1,760,330	55.9%	2,829,431	64.4%
Construction	501,347	12.6%	334,208	10.6%	477,198	10.9%
Production and merchandise	888,283	22.4%	481,715	15.3%	349,683	8.0%
Mining	–	0%	339,659	10.8%	359,513	8.2%
Services	161,376	4.1%	132,405	4.2%	193,257	4.4%
Hydro power	22,634	0.6%	101,935	3.2%	138,996	3.2%
Rubber	–	0.0%	–	0.0%	46,400	1.1%
<b>TOTAL REVENUE</b>	<b>3,969,125</b>		<b>3,150,252</b>		<b>4,394,478</b>	



The real estate business still played the key role with a proportion of 64.4%. The real estate revenue in 2012 was more than that of 2011 by VND 1,069 billion. The reason was that in 2012 the Group completed and recorded all revenue of Hoang Anh Golden House project and Block 5 of Phu Hoang Anh (Phase 1), while in 2011 the Group completed and recorded the revenue from only four blocks of Phu Hoang Anh project – phase 1. The gross profit margin of the real estate business in 2012 was 26.84%.

The revenue from construction business reached VND 477 billion, accounting for 10.9% of the total revenue. The gross profit reached VND 120 billion and the gross profit margin gained 25.06%.

The revenue from production and merchandise business reached VND 350 billion, accounting for 8.0% of the total revenue. The gross profit reached VND 102 billion and the gross profit margin gained 29.28%.

The revenue from mining business reached VND 360 billion, accounting for 8.2% of the total revenue. The gross profit of mining business was VND 88 billion and the gross profit margin gained 24.51%.

The revenue from service business reached VND 193 billion, accounting for 4.4% of the total revenue. The gross profit of service business was VND 15 billion and the gross profit margin gained 7.97%.

The revenue from hydro power business reached VND 139 billion, accounting for 3.2% of the total revenue. The gross profit of hydro power business was VND 52 billion and the gross profit margin gained 62.34%.

Rubber business has begun to generate revenue of VND 46 billion. Although the tapping has just been commenced, this business will create a rapid growth for the Group in the future.

#### Cost structure

Item	2010 Restated	2011	2012	Variance	
				Amount	%
Net revenue	3,969,125	3,150,252	4,394,478	1,244,226	39%
Gross profit	2,007,661	1,423,952	1,200,566	(223,386)	-19%
Selling expenses	97,473	163,986	166,819	2,833	2%
G&A expenses	190,206	230,516	244,770	14,254	6%
Interest expense	204,971	464,849	494,957	30,108	6%

The selling expenses in 2012 remained unchanged significantly compared to 2011.

The general and administration expenses increased by 6% mainly because the Group rewarded higher salaries for the staff based on their good performance to encourage their commitments to the Group.

The interest expenses as recorded in the income statement comprised working capital loans, and medium and long-term loans for projects already put into operation. The increase of interest expenses was mainly because the hydro power project Dakrong 3B was put into operation.



#### Income from financial activities

Income from financial activities in 2012 was VND 502 billion, decreasing VND 725 billion as compared to 2011. Key changes are as follows:

- Income from divestments in 2012 was VND 216 billion, decreasing VND 551 billion as compared to 2011. In the previous year, Hoang Anh Gia Lai sold 4.5% of its holdings in the real estate business for VND 356 billion, and HAGL also sold its holdings in Hoang Phuc Investment and Development House JSC for VND 410 billion. In 2012, Hoang Anh Gia Lai sold its holdings in HAGL Hydro power JSC for VND 202 billion.
- Interest income from bank deposits in 2012 was VND 170 billion, decreasing VND 191 billion as compared to 2011. The reason was that the deposit balances and the deposit interest rates in 2012 decreased as compared to 2011.

# SHAREHOLDERS AND STRATEGIC PARTNERS



# SHAREHOLDERS AND CORPORATE GOVERNANCE

## THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS:

The Board of Directors has seven members, including two non-executive members. The Board of Supervisors has three members.

**Change in members of the Board of Directors:** During the year, there was no change in members of the Board of Directors.

**Function of the Board of Directors:** During the year, the Board of Directors held seven official meetings to discuss and decide the Group's development orientation, adjust the business plan for 2012, issue convertible shares and bonds, discuss the business and investment plans for 2013, etc. In addition, the Board of Directors also organized other meetings via teleconference to discuss and resolve other matters.

**Function of non-executive members:** The non-executive members participated in all meetings of the Board of Directors and monitored the management function of the Board of Management.

**Function of the Board of Directors' Sub-committees:** Currently, the functional departments of the Group are responsible for providing information and reports in accordance with the requirements of the Board of Directors. The secretary of the Board of Directors is the contact point between the functional departments and the Board of Directors.

**Function of the Board of Supervisors:** The Board of Supervisors evaluated the implementation of the 2012 business plan by the Board of Directors and the Board of Management. The Board of Supervisors and the Internal Audit Department reviewed and evaluated the key processes of the Group, conducted site visits at the factories and branches in order to identify inherent risks or misstatements, and provided appropriate recommendations to the management. The Board of Supervisors also conducted periodical reviews of the financial statements to assess the financial status of the Group. The Board of Supervisors also coordinated closely with the external auditor, Ernst & Young Vietnam Limited, and reviewed the impact of any material misstatements in the financial statements and monitored the correction of errors recommended by the independent auditor.

**Plan for improvement of management effectiveness:** The Board of Directors, the Board of Supervisors and the Board of Management will conduct frequent meetings in order to issue appropriate policies in a timely manner and communicate the resolution of the Board of Directors to subsidiaries for implementation and to internal and external shareholders for information.

The Board of Supervisors will regularly communicate with the Board of Directors and the Board of Management regarding the compliance with the financial policies as well as the Group's charter and rules.

### The Board of Directors' share ownership

No.	Name of Directors	Number of shares	Ownership	Change
1	Doan Nguyen Duc	259,670,859	48.32%	0.20%
2	Nguyen Van Su	2,455,677	0.46%	0.00%
3	Doan Nguyen Thu	5,225,347	0.97%	0.00%
4	Nguyen Van Minh	3,057,001	0.57%	0.00%
5	Le Hung	600,012	0.11%	0.00%
6	Vu Huu Dien	172,500	0.03%	0.00%
<b>TOTAL</b>		<b>271,181,396</b>	<b>50.46%</b>	<b>0.20%</b>

Source: List of shareholders as of 6 December 2012

Members of the Board of Directors have acquired more shares for their long-term investment purposes.



# SHAREHOLDERS AND CORPORATE GOVERNANCE

(Continued)

## STATISTICAL DATA ABOUT SHAREHOLDERS

### Shareholder structure

Item	Number of shares	Ownership (%)
Total number of shares:	537,371,049	100%
• Founding shareholders	271,647,428	50.55%
• Major shareholders (holding more than 5% of voting shares)	–	–
• Shareholders holding from 1 to 5% of voting shares	125,874,766	23.42%
• Shareholders holding less than 1% of voting shares	139,848,855	26.02%
Of which:		
• Foreign shareholders	175,300,784	32.62%
• Institutional shareholders	171,519,588	31.92%
• Individual shareholders	3,781,196	0.70%

Source: List of shareholders as of 6 December 2012

## RELATED COMPANIES

- **Companies holding more than 50% of share capital of Hoang Anh Gia Lai:** None
- **Companies having more than 50% of equity/shares held by Hoang Anh Gia Lai:** Disclosed in Note 17.1 to the 2012 consolidated financial statements
- **Investments in subsidiaries and associates:** Disclosed in Notes 17.1 and 17.2 to the 2012 consolidated financial statements

### Details of major shareholders

No.	Name	ID/Passport/Business license number	Address	Number of shares	Percentage
1	Doan Nguyen Duc	230046495	147 Tran Phu St, Pleiku, Gia Lai	259,670,859	48.32%

Hoang Anh Gia Lai operates in multiple sectors and different geographical areas. Therefore, there are potential risks associated with each sector, geographical area and economic condition. The Group has identified major risks and implemented the following risk management measures:

## FINANCIAL RISKS

### Nature:

With a diversified portfolio in real estate, mining, rubber and hydro power businesses, the Group is always in need of significant capital resources for investment and development. In a certain period, the mismatch between cash inflows and outflows will cause risks to the Group's day-to-day operations. The investment and material procurement can be stopped in case of lack of capital. If the Group fails to pay salary or loans when they fall due, the Group's reputation and operations will be affected.

### Risk management measures:

The Group always manages cash flows closely and builds an appropriate capital structure to satisfy long-term and short-term investments. For long-term projects, the Group has prepared necessary capital sources through long-term loans from banks, bond issuance, and share capital.

Furthermore, thanks to the sold apartment projects, the Group can collect customers' payments to cover daily operation expenses and repay short-term loans. The nature of the real estate business with pre-sale contracts and a fixed schedule of installments helps the Group become proactive in the financial management.

## EXCHANGE RATE RISKS

### Nature:

In recent years, the exchange rates between Vietnam Dong and foreign currencies (especially US Dollar) have been abnormally volatile and caused adverse effects on enterprises involving in import and export activities. The Group's operations include foreign currency payments to overseas partners, especially for the import of equipment and machinery, raw materials, construction materials, etc. The exchange rate fluctuation will have impact on the Group's financial income and expenses.

### Risk management measures:

The Group's operations comprise both import and export transactions, so the exchange rate movements can be offset against each other to reduce the impact on the Group's profit and cash flows. Moreover, future export revenues will provide foreign-currency inflows to meet import payment needs.

The Group has carefully planned the timing and payment schedule for import and export activities with foreign partners to minimize exchange rate risks.

# RISK MANAGEMENT

## (Continued)

### INTEREST RATE RISKS

#### Nature:

The Group's operations require a huge investment capital source to invest in projects of apartments, rubber plantations, construction of hydro power plants, etc. A large proportion of the required capital has been raised by borrowing from banks and issuing corporate bonds at floating interest rate. If the interest rate gets increased, the borrowing costs become more burdensome and adversely affect the Group's businesses.

Moreover, the real estate demand is very sensitive to the interest rate fluctuation as buyers are reluctant to borrow at high rates. Apartment value is usually so considerable that many buyers cannot afford with their own money, so they have to rely on bank loans.

#### Risk management measures:

The Group has proactively set up a capital structure appropriate for each economic cycle and operation. Thanks to long-term relationships with major commercial banks, the Group can arrange credit facilities at reasonable costs.

Beside loans and straight bonds, the Group also raises capital from share issuance and convertible bonds at low coupon, from both domestic and international investors, and well utilizes the deposit payments and installments from apartment buyers. The costs of these funds are generally low, predetermined and mostly unaffected by interest rate movements.

### MARKET RISKS

#### Nature:

The real estate market is sensitive to the financial market and macro-economic conditions. Therefore, adverse economic fluctuations can lead to decrease the liquidity of the real estate market and negatively impact projects' selling prices. Additionally, fluctuations in costs of construction material inputs also have a significant impact on the profitability of each project. Overall, the payback period of the Group's property project will be prolonged, and the revenue and profitability may be squeezed.

#### Risk management measures:

Before making an investment decision for a real estate project, the Group conducts a detailed market research and only invests in feasible projects whose customer demands are strong to result in high profitability. With the advantage of self-supplied materials from subsidiaries under the vertically-integrated business model, Hoang Anh Gia Lai can well manage the apartment costs. During the property market downturn, the Group can lower apartment selling prices to more competitive levels.

### PROJECT IMPLEMENTATION RISKS

#### Nature:

Real estate projects usually have a long implementation phase, ranging from 3 to 5 years, including site clearance, legal procedures, design and construction. Problems arising during any phase can significantly affect the overall implementation progress, slow the capital turnover down, and negatively affect the set business plan.

#### Risk management measures:

With extensive experience in project management and close relationships with relevant authorities, the Group has strict control over the implementation of its real estate projects. Moreover, with many projects being undertaken simultaneously, the Group's business plans and capital turnover are not dependent on any single project. Most of real estate projects in the next 5-year business plan have completed the site clearance process and are ready to start construction.





## LEGAL RISKS

### Nature:

As a listed company, the Group's operations are primarily governed by the Enterprise Law, Securities Law and other regulations of the stock exchange. However, law and under-law regulations are still under continuous improvement, so possible legal and policy changes will have certain impact on the management and operation activities of the Group.

Moreover, the real estate business is governed by the Land Law, Construction Law, and Real Estate Business Law, etc. Changes in these legal requirements may affect the liquidity of the real estate market, the time spent on administrative procedures and the capital mobilization method of the Group.

### Risk management measures:

The Group has a legal department comprising qualified and experienced lawyers. The department will update legal changes and impacts on a regular and timely basis to advise the Board of Directors and the Board of Management. Besides, the legal department is responsible for reviewing the Group's business agreements to mitigate legal risks.

When necessary, the Group can seek for independent legal advices from both domestic and international professional law consulting firms on the complex transactions.

## OTHER NON-SYSTEMATIC RISKS

### Nature:

Each business has one or more non-systematic risks. The real estate business, for example, is exposed to risks of fire or accidents during construction; the furniture production is very sensitive to fire risks; the rubber plantation is exposed to natural disaster risks; the hydro power sector is subject to drought risks, etc. Whether we like it or not, these risks always exist and potentially affect the Group's business activities.

### Risk management measures:

The Group evaluates the possibility of risks materializing for each sector and the expected loss, and simultaneously identifies the suitable insurance policies for such risks and the associated premiums. On that basis, the Group will make decision to either accept and self-manage the risk or transfer the risk by purchasing the appropriate insurance policies.



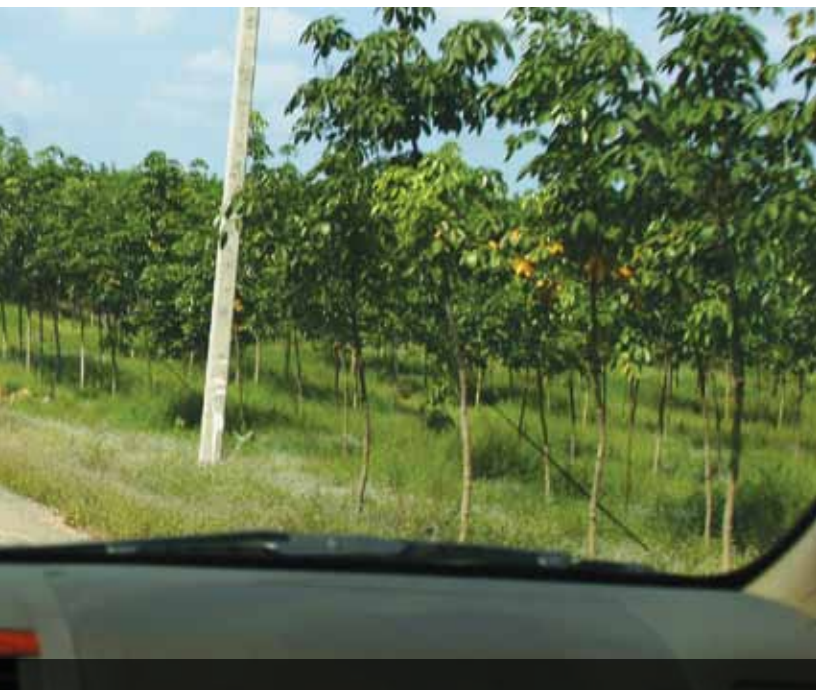
# INVESTOR RELATION



Actual tour of investors to the rubber plantation

Hoang Anh Gia Lai always prioritizes Investor Relation (IR) as the core activity of the Group not only to comply with information disclosure obligations of a public company but enhance the transparency and publicity of its operation to the shareholders and investors. Hoang Anh Gia Lai has set up a specialized Investor Relation department to develop an annual overall IR program, including the following key activities:

- Hoang Anh Gia Lai held two corporate visits for large groups of over 200 shareholders and investors to rubber plantations, the rubber processing plant, and the sugar complex in Attapeu, Laos. Through the site visits, shareholders and investors have witnessed large-scale rubber plantations in the same place, which is convenient for daily management and covered by large rivers, which supplies water throughout the year and allows Hoang Anh Gia Lai to set up the Israel-technology drip irrigation system so as to provide both water and fertilizer to each rubber tree. This creates the differentiation of Hoang Anh Gia Lai as compared to peers and brings a firm expectation on the high and stable yield during the harvesting period. After such visits, the shareholders and investors may assess more accurately about Hoang Anh Gia Lai's investment activities which cannot be explained completely through financial data.
- Besides these site visits, Hoang Anh Gia Lai often sets up separate site visits to Laos and Cambodia as requested by strategic shareholders like Dragon Capital, Jaccar, Temasek, etc. or potential investors. Particularly, the Group also welcomes potential partners like Michelin (France), Dunlop and Bridgestone (Japan) in an effort to seek for future cooperation in rubber consumption. Hoang Anh Gia Lai's senior management always shares openly with and listens to comments and advices from investors and partners to set up suitable long-term business strategies.



Mr. Doan Nguyen Duc, Chairman of Hoang Anh Gia Lai, guides guests and investors visiting Hoang Anh Attapeu rubber latex processing plant



Mr. Phan Thanh Thu, Director of Hoang Anh Attapeu Company, guides guests to visit the rubber nursery garden

- Hoang Anh Gia Lai usually attends Investor Conferences held by local securities companies like Vietnam Access Day – VietCap Securities or meets foreign investors in Singapore and Hong Kong via conferences held by Daiwa Capital Markets, Macquarie Capital Securities and Bank of America – Merrill Lynch, in order to promote Hoang Anh Gia Lai's image to the international financial market.
- Hoang Anh Gia Lai has set up an official website providing periodic updates to the shareholders and investors in order to help them to make investment decisions in timely and accurate manner.

In 2013, Hoang Anh Gia Lai will develop the IR function to become more professional to enhance the Group's transparency and the confidence of shareholders and investors in Hoang Anh Gia Lai.



Meeting investors in New York in the "ASEAN Corporate Day" program



Instructing investors to visit accommodation and training place of HAGL Arsenal JMG Academy players



# EFFECTIVE BUSINESS ASSOCIATES WITH SUSTAINABLE DEVELOPMENT

## ENVIRONMENT PROTECTION

Hoang Anh Gia Lai aims to protect the environment and shares the community and society the benefits that it gains from investment and business activities. The Group is always aware of the importance of protecting the green and clean environment and maintains the ecological equilibrium in the project area. Projects invested in by Hoang Anh Gia Lai are mainly the poor forests that are destroyed or incapable of growing well. The replacement of these poor forests with rubber trees and sugarcanes help green barren hills and regenerate the green environment for the project area. As a business operating in the field of agriculture, hydro power and mining, Hoang Anh Gia Lai interacts directly with natural resources such as soil, water, etc. Therefore, Hoang Anh Gia Lai constantly updates and applies new scientific and technical advances to minimize negative influences on the environment.

In addition, since 2008, Hoang Anh Gia Lai has built a natural conservation of about 50 ha with a lot of rare animals such as deer, wild boars, and many kinds of birds.

For sugarcane projects, Hoang Anh Gia Lai not only produces sugar but also takes advantage of by-products and the waste of the manufacturing process to produce bio fuel and fertilizer so as to re-fertilize sugarcanes and rubber trees and supply energy for domestic and international consumption. The creation of valuable chain in the sugarcane complex not only brings high production efficiency but also helps protect the environment and create products that benefit the environment.

For hydro power projects, Hoang Anh Gia Lai strictly complies with legal provisions on resettlement of local people as well as the evacuation compensation procedures. Hoang Anh Gia Lai has been granted the Certified Emission Reductions (CERs) for all of its hydro power plants. For mining projects, Hoang Anh Gia Lai abides by the regulation on reverting the land and restoring the land surface after exploitation.



From a poor forest...



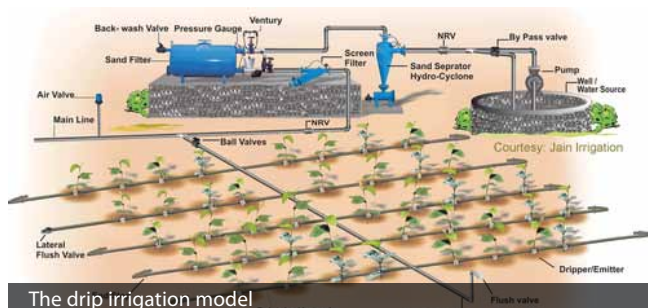
Hoang Anh Attapeu sugarcane plantation after developing the project



The nature reserve in Attapeu, Laos



Hoang Anh Gia Lai rubber plantation



The drip irrigation model



Water pipe from the reservoir to each rubber tree



The reservoir supplying water for the drip irrigation system



Installing Israel drip irrigation system



Certificate of Environmental Quality of furniture industry



Dak Srong 2 hydro power plant



Ba Thuoc 2 hydro power plant



Certificate on the operation of Dak Srong 2 project under the Clean Development Mechanism (CDM)



Certificate on the operation of Ba Thuoc 2 project under the Clean Development Mechanism (CDM)



# EFFECTIVE BUSINESS ASSOCIATES WITH SUSTAINABLE DEVELOPMENT

(Continued)

## CONTRIBUTION TO THE SOCIETY

Hoang Anh Gia Lai considers the local government and community as very important subjects contributing to the Group's success, so it centres on building a sustainable friendly relationship with them. The Group's investment in the project areas forms a very important premise for the development of local economy and changes the living habits of shifting cultivation, hunting, and gathering of local people to an industrial and settled lifestyle. The Group has constructed a lot of valuable infrastructures, contributing to the development of the society and economy and the communities within and around the project areas. The recognition of local government is an important evidence for the Group's contributions.

In Laos, Hoang Anh Gia Lai has built hundreds of kilometer of roads and bridges, and two international airports are under construction in Attapeu and Hua Phan provinces. In addition, Hoang Anh Gia Lai contributed USD 35 million to build such social works as a 200-bed hospital, a primary school, donating 1,000 houses to

local people, and building new administrative center for Phu Vong District, Attapeu Province. Previously, the Group also financed the Laos' Government USD 15 million to build more than 1,000 rooms for the athletes at the 25th SEA Games.

In Gia Lai, Hoang Anh Gia Lai contributed to build many cultural works and houses for the elderly and improved the provincial stadium. Especially, Hoang Anh Gia Lai invested to build a new 200-bed hospital with the technical support of the Medicine and Pharmacy University and the total investment of VND 200 billion.

When rubber plantations start to be tapped, thousands of local workers will be recruited and trained by Thailand and Vietnamese technical experts. This will help the local workers have more stable and higher incomes. Workers employed by the Group are also arranged accommodation in the houses built by the Group.



Se Su Bridge in Laos built by Hoang Anh Gia Lai



Building roads connecting villages and farms



School in Attapeu, Laos built by Hoang Anh Gia Lai



Hospital with 200 beds in Attapeu, Laos constructed by Hoang Anh Gia Lai



Building more than 1000 houses for the poor





Le Anh Xuan primary school in District 7, HCMC built by Hoang Anh Gia Lai



Doctors of Medical – Hoang Anh Gia Lai Hospital exam and deliver drugs to the poor patients



Giving gifts to the poor in Thanh Hoa province



HAGL Land grants gratuitous houses to the poor in Tien Giang province



Giving gifts to the poor in Attapeu, Laos



The 25<sup>th</sup> Sea-Games Athletes Village, Laos



HAGL Arsenal JMG Football Academy U17 had an equal match with Japanese U17



Medical University – Hoang Anh Gia Lai Hospital

# EFFECTIVE BUSINESS ASSOCIATES WITH SUSTAINABLE DEVELOPMENT

(Continued)

## CORPORATE GOVERNANCE

Hoang Anh Gia Lai strictly complies with the corporate governance practice and is committed to the transparency. Hoang Anh Gia Lai separated the role of Chairman and General Director into two independent positions taken up by two persons. The Board of Directors (BOD) of the current term consists of seven members, with the participation of two non-executive members from prestigious foreign investment organizations that are Jaccar and Dragon Capital. Hoang Anh Gia Lai will also elect a number of independent members to supplement to the BOD in accordance with Circular 121 on Corporate Governance. These independent members will have a neutral voice, protect minority shareholders and ensure the governance of Hoang Anh Gia Lai to be conducted in a fair and effective manner.

The Group also focuses on the application of information technology to management. Hoang Anh Gia Lai has applied successfully the enterprise resource planning system SAP with the total investment up to VND 140 billion. SAP ERP system has helped the Group to integrate all business activities into the sole system, improve the economic efficiency and manage in a timely manner. This helps summarize reports effectively and ensure to comply with regulations on information disclosure on a sufficient and timely basis although Hoang Anh Gia Lai has 52 subsidiaries.



The successful operation of SAP ERP system helps Hoang Anh Gia Lai integrate all business activities into a single system



## COMPLIANCE AND APPLICATION OF EXTERNAL INITIATIVES

Hoang Anh Gia Lai is one of few major economic groups in Vietnam that has successfully mobilized a large amount of capital from the domestic and international capital markets. The Group has attracted the interest of well-known investors and many prestigious investors in the world to invest in Hoang Anh Gia Lai. Approaching some investors with strict requirements on Environment–Social–Governance (ESG) raises the awareness of Hoang Anh Gia Lai on how to approach the ESG criteria. One of the external initiatives applied by Hoang Anh Gia Lai long time ago is the Environment and Social criteria of IFC and Dragon Capital.

During Dragon Capital's study of and investment in Hoang Anh Gia Lai, we were required to provide them with documents and reports on the projects' impact on the society and environment and the approval of relevant state agencies to assess the compliance with IFC's regulations on environment and society. In addition, we organized actual trips to Hoang Anh Gia Lai's projects for IFC and Dragon Capital to assess the compliance with the provisions of local country as well as the criteria of IFC and Dragon Capital.



Working with investors



Organizing actual tours to visit the projects of Hoang Anh Gia Lai



# OUTSTANDING EVENTS IN 2012



**25 APRIL 2012**

**Daksrong 3B hydro power plant with the capacity of 19.5 MW was officially connected to the national grid.** This is the

third hydro power project

of Hoang Anh Gia Lai coming into operation as planned and contributes to the Group's cash inflows.



**10 JUNE 2012**

**Mr. Doan Nguyen Duc, Chairman of Hoang Anh Gia Lai, represented Vietnamese businessmen to attend the "Ernst & Young – Entrepreneur of the year" award held by Ernst & Young Global Ltd in Monte Carlo, Monaco (France). "Ernst & Young – Entrepreneur of the year" award, founded in 1986**

and being celebrated in over 50 countries so far, was celebrated for the first time in Vietnam in 2011.



**8 AUGUST 2012**

**Hoang Anh Gia Lai and its partners officially proclaimed the successful operation of the SAP ERP (Enterprise Resource**

Planning) project with the infrastructure and

hardware of IBM, consulted and implemented by CSC (Computer Sciences Corporation). This is a corporate management and control model based on overall system analysis. The operation of this system aims to create the solid foundation for strong development plan of Hoang Anh Gia Lai in domestic and international market in the future.



**2 OCTOBER 2012**

**Hoang Anh Housing Construction and Development JSC (HAGL Land) officially opened to welcome customers to visit the model of Hoang**

Anh Thanh Binh apartment located at Nguyen Huu Tho Street, District 7, Ho Chi Minh City. Previously, on 11 September 2012, HAGL Land also announced to sell the land plots of Minh Tuan project located at Do Xuan Hop Street, District. 9, Ho Chi Minh City.



While the international and domestic economy faces many difficulties, Hoang Anh Gia Lai is also affected sharply. However, with the right business strategies and the pursuit of goals as set up by the management and the effort of all staffs, Hoang Anh Gia Lai has overcome difficulties in 2012 and obtained the following achievements:



## 4 OCTOBER 2012

**18 excellent players of HAGL Arsenal JMG Academy travelled to France, Belgium, and the UK for friendly match.**

After many years of studying and training, the players played very well and left a good impression with a welcome 1-0 win against U17 Arsenal. On 16 November, 2012, Mr. Steve Morrow, Technical Director of Arsenal Club and Mr. Arsene Wenger, Head Coach of Arsenal Club, sent a letter to summon 4 most excellent players of HAGL-Arsenal JMG Academy to Arsenal training center in London for training and playing with players of U18 Arsenal.



## 30 NOVEMBER 2012

**Ba Thuoc 2 hydro power plant with the capacity of 80MW was activated and connected to the national grid.** This is the biggest hydro power project of

Hoang Anh Gia Lai in Thanh Hoa province commenced in December 2009. The connection to the national grid of Ba Thuoc 2 hydro power plant not only marks the important contribution of Hoang Anh Gia Lai to the electrical energy development strategy of the country but also demonstrates the determination of Hoang Anh Gia Lai's leaders in the fluctuated economic situation nowadays.



## 18 DECEMBER 2012

**The signing ceremony of the Building – Operating – Transfer (BOT) contract and the Lease contract between the Directorate of Hotels and**

Tourism of Myanmar (DHT) and Hoang Anh Gia Lai took place in Nay Pyi Taw, Myanmar. Through this project, Hoang Anh Gia Lai is not only the first Vietnamese enterprise investing in hotel and tourism but also is the biggest foreign investor, accounting for 26% of total foreign investment in such fields as hotel, tourism and commercial center in Myanmar. The project is divided into two phases. The first one includes commercial center, office building 1 and five-star hotel. The second one includes serviced apartments and office building 2.



## 25 FEBRUARY 2013

**Hoang Anh Gia Lai formally held the inauguration ceremony of Hoang Anh Attapeu Sugarcane Industrial Zone and rubber latex processing**

**plant in Phuvong district, Attapeu province, Laos.** The project includes a sugar processing factory with the capacity of 7,000 tons per day and a thermal power center with the capacity of 30MW. The rubber processing plant project in the land area of 5 hectares with the capacity of 25,000 tons per year was completed and put into operation with two main products including rubber latex SVR 10 and SVR 20. When the two projects come into operation, they will greatly contribute to the economic and social development of Attapeu province, generate export turnover up to hundreds of millions of dollars per year, create jobs for thousands of people, and help Attapeu province become an industrial province and sustainable development in the future. Especially, this event also marked a remarkable advance in the cooperation of economy, trade and investment between Laos and Vietnam.

# FINANCIAL STATEMENT

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# GENERAL INFORMATION

## COMPANY

Hoang Anh Gia Lai Joint Stock Company (“the Company”) was incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty subsequent Amended Business Registration Certificates.

As at 31 December 2012, the Company has 52 subsidiaries and 3 associates as disclosed in Note 17 to the consolidated financial statements (31 December 2011: 50 subsidiaries and 3 associates).

The Group is principally engaged in developing apartments for sale and lease; construction; developing and operating rubber, sugarcane and palm oil plantations; developing and operating hydropower plants; mining; producing and trading furniture and granite products; building and operating hotels and resorts; and sport and entertainment activities.

The Company’s head office is located at No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam.

## BOARD OF DIRECTORS

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

<i>Name</i>	<i>Position</i>
Mr Doan Nguyen Duc	Chairman
Mr Nguyen Van Su	Member
Mr Doan Nguyen Thu	Member
Mr Le Hung	Member
Mr Nguyen Van Minh	Member
Ms Vo Thi Huyen Lan	Member
Mr Vu Huu Dien	Member

## BOARD OF SUPERVISORS

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

<i>Name</i>	<i>Position</i>
Mr Nguyen Van Ton	Head
Mr Nguyen Xuan Thang	Member
Mr Lam Hoang Hai	Member

## MANAGEMENT

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

<i>Name</i>	<i>Position</i>
Mr Nguyen Van Su	General director
Mr Doan Nguyen Thu	Deputy General Director
Mr Le Van Ro	Deputy General Director
Mr Tra Van Han	Deputy General Director
Mr Nguyen Van Minh	Deputy General Director
Mr Vo Truong Son	Deputy General Director

## LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Nguyen Van Su.

## AUDITORS

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



# REPORT OF MANAGEMENT

Management of Hoang Anh Gia Lai 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:



\_\_\_\_\_  
Nguyen Van Su  
General Director

26 March 2013

# INDEPENDENT AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders and the Board of Directors of Hoang Anh Gia Lai Joint Stock Company**

We have audited the consolidated financial statements of Hoang Anh Gia Lai Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as set out on pages 63 to 123 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 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 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.



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

26 March 2013



# **CONSOLIDATED FINANCIAL STATEMENTS**

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# CONSOLIDATED BALANCE SHEET

BO1-DN/HN

AS AT 31 DECEMBER 2012

VND'000

Code	ASSETS	Notes	31 December 2012	31 December 2011
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>14,309,403,742</b>	<b>13,308,282,830</b>
<b>110</b>	<b>I. Cash</b>	<b>5</b>	<b>2,518,419,171</b>	<b>2,896,456,731</b>
111	1. Cash		2,194,323,765	2,896,456,731
112	2. Cash equivalents		324,095,406	-
<b>120</b>	<b>II. Short-term investments</b>	<b>6</b>	<b>150,378,106</b>	<b>97,356,499</b>
121	1. Short-term investments		150,378,106	97,356,499
<b>130</b>	<b>III. Current accounts receivable</b>		<b>6,982,249,406</b>	<b>5,516,981,998</b>
131	1. Trade receivables	7	2,536,387,793	2,441,978,920
132	2. Advances to suppliers	8	3,093,883,253	2,014,657,045
135	3. Other receivables	9	1,354,726,410	1,063,293,721
139	4. Provision for doubtful debts		(2,748,050)	(2,947,688)
<b>140</b>	<b>IV. Inventories</b>		<b>4,265,374,475</b>	<b>4,448,617,080</b>
141	1. Inventories	10	4,265,427,959	4,448,670,564
149	2. Provision for obsolete inventories		(53,484)	(53,484)
<b>150</b>	<b>V. Other current assets</b>		<b>392,982,584</b>	<b>348,870,522</b>
151	1. Short-term prepaid expenses		79,458,594	20,502,365
152	2. Value-added tax deductibles		79,079,104	178,703,380
154	3. Tax and other receivables from the State		1,948,988	4,766,375
158	4. Other current assets	11	232,495,898	144,898,402
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>16,975,423,677</b>	<b>12,268,228,916</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>13,051,403,085</b>	<b>7,882,986,728</b>
221	1. Tangible fixed assets	12	2,907,046,483	1,925,771,122
222	Cost		3,331,218,473	2,241,677,921
223	Accumulated depreciation		(424,171,990)	(315,906,799)
224	2. Finance leases	13	13,652,261	17,304,319
225	Cost		21,273,991	21,273,991
226	Accumulated depreciation		(7,621,730)	(3,969,672)
227	3. Intangible fixed assets	14	180,126,133	120,741,616
228	Cost		185,518,415	124,644,161
229	Accumulated amortisation		(5,392,282)	(3,902,545)
230	4. Construction in progress	15	9,950,578,208	5,819,169,671
<b>250</b>	<b>II. Long-term investments</b>		<b>3,054,499,013</b>	<b>3,758,363,401</b>
252	1. Investments in associates	17.2	211,930,887	178,361,483
258	2. Other long-term investments	18	2,842,568,126	3,580,001,918
<b>260</b>	<b>III. Other long-term assets</b>		<b>581,286,912</b>	<b>304,759,236</b>
261	1. Long-term prepaid expenses	19	371,294,803	230,850,299
262	2. Deferred tax assets	35.2	200,119,804	69,047,286
268	3. Other long-term assets		9,872,305	4,861,651
<b>269</b>	<b>IV. Goodwill</b>		<b>288,234,667</b>	<b>322,119,551</b>
<b>270</b>	<b>TOTAL ASSETS</b>		<b>31,284,827,419</b>	<b>25,576,511,746</b>

# CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT 31 DECEMBER 2012

BO1-DN/HN

VND'000

Code	RESOURCES	Notes	31 December 2012	31 December 2011
<b>300</b>	<b>A. LIABILITIES</b>		<b>20,461,252,831</b>	<b>15,493,289,136</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>6,724,316,152</b>	<b>6,778,370,609</b>
311	1. Short-term loans and borrowings	20	2,517,411,756	3,201,903,706
312	2. Trade payables	21	695,516,850	742,270,498
313	3. Advances from customers	22	1,766,346,329	1,380,670,851
314	4. Statutory obligations	23	557,797,665	713,158,146
315	5. Payables to employees		53,944,944	47,756,874
316	6. Accrued expenses	24	724,197,822	450,693,971
319	7. Other payables	25	375,964,407	217,991,859
320	8. Short-term provision		33,136,379	23,924,704
<b>330</b>	<b>II. Non-current liabilities</b>		<b>13,736,936,679</b>	<b>8,714,918,527</b>
333	1. Other long-term liabilities	26	10,450,410	29,932,707
334	2. Long-term loans and debts	27	13,614,099,486	8,423,895,345
335	3. Deferred tax liabilities	35.2	112,386,783	261,090,475
<b>400</b>	<b>B. OWNERS' EQUITY</b>	<b>28</b>	<b>9,753,290,246</b>	<b>9,398,582,988</b>
<b>410</b>	<b>I. Equity</b>		<b>9,753,290,246</b>	<b>9,398,582,988</b>
411	1. Share capital		5,373,710,490	4,672,805,900
412	2. Share premium		2,880,972,568	2,880,972,568
416	3. Foreign exchange differences		158,975,136	139,176,056
417	4. Investment and development fund		8,622,737	8,622,737
418	5. Financial reserve fund		223,672,692	219,861,914
420	6. Undistributed earnings		1,497,302,701	1,867,109,891
422	7. Consolidation reserve		(389,966,078)	(389,966,078)
<b>439</b>	<b>C. MINORITY INTEREST</b>	<b>29</b>	<b>1,070,284,342</b>	<b>684,639,622</b>
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>31,284,827,419</b>	<b>25,576,511,746</b>

# CONSOLIDATED BALANCE SHEET (CONT'D)

B01-DN/HN

AS AT 31 DECEMBER 2012

## OFF BALANCE SHEET ITEM

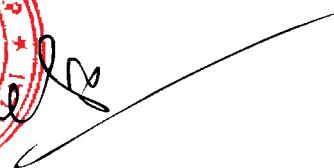
ITEM	31 December 2012	31 December 2011
Foreign currencies		
- United States dollar (US\$)	3,319,155	927,213
- Laos KIP (LAK)	840,248,759	1,226,239,573
- Cambodia Riels (KHR)	8,905,161	-
- Euro (EUR)	1,106	-
- Thai Baht (THB)	11,572,623	677,182



Nguyen Thi Do Quyen  
Preparer



Ho Thi Kim Chi  
Chief Accountant

Nguyen Van Su  
General Director

26 March 2013



# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

B02-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	31.1	4,399,516,897	3,152,105,785
02	2. Deductions	31.1	(5,039,250)	(1,853,970)
10	3. Net revenues from sale of goods and rendering of services	31.1	4,394,477,647	3,150,251,815
11	4. Costs of goods sold and services rendered	32	(3,193,911,944)	(1,726,299,628)
20	5. Gross profit from sale of goods and rendering of services		1,200,565,703	1,423,952,187
21	6. Finance income	31.2	502,050,048	1,226,990,002
22	7. Finance expenses	33	(677,235,144)	(537,002,813)
23	- In which: Interest expenses		(494,957,341)	(464,848,591)
24	8. Selling expenses		(166,818,625)	(163,985,523)
25	9. General and administrative expenses		(244,769,554)	(230,515,584)
30	10. Operating profit		613,792,428	1,719,438,269
31	11. Other income	34	62,765,153	44,233,778
32	12. Other expenses	34	(152,663,685)	(61,776,937)
40	13. Other loss	34	(89,898,532)	(17,543,159)
45	14. Shares in profit of associates		994,870	-
50	15. Profit before tax		524,888,766	1,701,895,110
51	16. Current corporate income tax expense	35.1	(439,426,901)	(542,132,693)
52	17. Deferred income tax credit	35.2	279,776,210	165,555,355
60	18. Net profit after tax		365,238,075	1,325,317,772
	Attributable to:			
61	18.1 Minority interests		15,273,829	157,333,971
62	18.2 Equity holders of the parent		349,964,246	1,167,983,801
70	19. Earnings per share	30		
	- Basic and diluted (VND)		651	2,174



Nguyen Thi Do Quyen  
Preparer



Ho Thi Kim Chi  
Chief Accountant



Nguyen Van Su  
General Director

26 March 2013

# CONSOLIDATED CASH FLOW STATEMENT

B03-DN/HN

FOR THE YEAR ENDED 31 DECEMBER 2012

VND'000

Code	ITEMS	Notes	Current year	Previous year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
01	<b>Profit before tax</b>		<b>524,888,766</b>	<b>1,701,895,110</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation		224,663,248	135,518,570
03	(Reversal of provision) provision		(199,638)	1,789,250
04	Unrealised foreign exchange gains		(210,263)	(16,492,549)
05	Profits from investing activities		(308,336,257)	(1,133,409,080)
06	Interest expense	33	494,957,341	464,848,591
08	<b>Operating profit before changes in working capital</b>		<b>935,763,197</b>	<b>1,154,149,892</b>
09	Increase in receivables		(448,947,168)	(457,785,761)
10	Decrease (increase) in inventories		1,157,824,831	(466,656,754)
11	Increase (decrease) in payables		499,799,741	(776,332,932)
12	(Increase) decrease in prepaid expenses		(198,883,059)	123,546,643
13	Interest paid		(335,461,063)	(312,687,688)
14	Corporate income tax paid	35.1	(623,468,952)	(186,868,807)
16	Other cash outflows from operating activities		(46,183,043)	(71,132,387)
20	<b>Net cash flows from (used in) operating activities</b>		<b>940,444,484</b>	<b>(993,767,794)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
21	Purchases and construction of fixed assets		(5,897,608,163)	(4,812,909,891)
22	Proceeds from disposals of fixed assets		27,992,372	31,246,169
23	Loan to other entities		-	(324,500,000)
25	Payment for purchase shares in other entities		(608,540,291)	(1,297,079,925)
26	Proceeds from sale of investments in other entities		435,070,000	763,005,652
27	Interest and dividends received		209,888,825	340,752,148
30	<b>Net cash flows used in investing activities</b>		<b>(5,833,197,257)</b>	<b>(5,299,485,847)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
31	Capital contribution from minority interest		23,683,717	9,194,738
31	Refund from escrow account		-	582,568,781
33	Borrowings received		10,461,022,378	10,269,426,024
34	Borrowings repaid		(5,968,183,382)	(4,674,380,580)
36	Dividends paid to equity holders of subsidiaries		(1,807,500)	(3,193,250)
40	<b>Net cash flows from financing activities</b>		<b>4,514,715,213</b>	<b>6,183,615,713</b>

# CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

B03-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year
50	Net decrease in cash		(378,037,560)	(109,637,928)
60	Cash at beginning of the year		2,896,456,731	3,006,094,659
70	Cash at end of the year	5	2,518,419,171	2,896,456,731



Nguyen Thi Do Quyen  
Preparer



Ho Thi Kim Chi  
Chief Accountant



Nguyen Van Su  
General Director

26 March 2013

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

B09-DN/HN

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 1. CORPORATE INFORMATION

Hoang Anh Gia Lai Joint Stock Company ("the Company") is incorporated under the Law on Enterprise of Vietnam pursuant to Business Registration Certificate No. 3903000083 issued by the Department of Planning and Investment of Gia Lai Province on 1 June 2006 and twenty subsequent Amended Business Registration Certificates.

As at 31 December 2012, the Company has 52 subsidiaries and 3 associates as disclosed in Note 17 to the consolidated financial statements (31 December 2011: 50 subsidiaries and 3 associates).

The Group is principally engaged in developing apartments for sale and lease; construction; developing and operating rubber, sugarcane and palm oil plantations; developing and operating hydropower plants; mining; producing and trading furniture and granite products; building and operating hotels and resorts; and sport and entertainment activities.

The Company's head office is located at No. 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam.

## 2. BASIS OF PREPARATION

### 2.1 Accounting standards and system

The consolidated financial statements of the Group expressed in thousands of Vietnam dong ("VND'000"), are prepared in accordance with 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 financial position and results of operations and cash flows 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.

### 2.4 Accounting currency

The consolidated financial statements are prepared in VND which is also the Company's accounting currency.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

B09-DN/HN

## 2. BASIS OF PREPARATION (continued)

### 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at and for the year ended 31 December 2012.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent 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, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

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

The subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group ceases to control. Where there is a loss of control over the subsidiaries, the consolidated financial statements still include results for the period of the reporting year during which the Group has control.

Except for subsidiaries acquired under common control which are accounted for under the pooling of interests method (*Note 3.12*), other subsidiaries have been included in the consolidated financial statements using the purchase method of accounting that measures the subsidiaries' assets and liabilities at their fair value at the acquisition date.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Change in accounting policy

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 foreign currency translation.

For the year ended 31 December 2012, the Group adopts 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 as a whole.

### 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 administrative 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:

Raw and construction materials tools and supplies and merchandise goods	- Actual cost on a weighted average basis.
Finished goods and work-in-process	- Cost of direct materials and labour plus attributable overheads based on the normal level of activities

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

B09-DN/HN

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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.

Land held for development which is presented as part of "Other long-term investments" is carried at the lower of cost and net realisable value. Costs include all expenditures directly related to the acquisition, site clearance, and land compensation. Net realisable value represents estimated current selling price less anticipated cost of disposal.

#### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment of value (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 in the consolidated income statement.

### **3.5 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises 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 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**

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

Buildings and structures	10 - 50 years
Machinery and equipment	5 - 20 years
Motor vehicles	8 - 20 years
Office equipment	3 - 10 years
Land use rights	45 years
Computer software	5 years
Other assets	8 - 15 years

Land use right with indefinite useful life is not amortised.

Depreciation of rubber plantations is calculated in accordance with Official Letter 1937/BTC-TCVN issued on 9 February 2010 by Department of Business Finance – Ministry of Finance providing guidance on depreciation of rubber plantations and Decision 221/QĐ-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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

B09-DN/HN

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

### 3.7 Depreciation (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 buildings, offices for lease, plantations, hydro power, mining and software implementation which have not yet been completed as at the date of these consolidated financial statements.

#### Plantation costs

Plantation costs include attributable costs related directly to the rubber, sugarcane or palm oil plantations 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.

#### Hydro power costs

Costs include attributable costs related directly to the hydro power project such as land compensation, land clearance, dam construction, transmission line and other related cost.

#### Mining costs

Costs include attributable costs related directly to the minerals such as land compensation, land clearance to exploit the mine.

#### Software implementation

Costs include attributable costs related directly to the software implementation such as software license, installation and training.

### 3.9 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised in the consolidated balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the consolidated income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

B09-DN/HN

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 3.10 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 the year 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.

## 3.11 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 and cost of tools and supplies. 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) and tools and supplies are amortised to the consolidated income statement over 3 to 5 years.

## 3.12 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as 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 the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is

measured at cost less any accumulated amortisation. Goodwill is amortised over 10 year period on a straight-line basis.

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, instead of an asset acquisition, 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.

## 3.13 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.

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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

B09-DN/HN

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

### 3.13 Investments in associates (continued)

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.

### 3.14 Investments in securities and other investments

Investments in securities and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the marketable investments at the balance sheet date representing the excess of the acquisition cost over the market value at that date in accordance with the guidance under Circular 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009.

Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

### 3.15 Payable and accruals

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

### 3.16 Accrual for severance allowance

The severance pay to employee is accrued at the end of each reporting year for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any changes to the accrued amount will be taken to the consolidated income statement.

This accrued severance pay is used to settle the severance allowance to be paid to employee upon severance of their labour contract following Article 42 of the Labour Code.

### 3.17 Earnings per share

Basic earnings per share amount is computed by dividing net profit 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 per share amounts are calculated by dividing the net profit 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.

### 3.18 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 upon the disposal of the investment.

### 3.19 Appropriation of net profit

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 Vietnam's regulatory requirements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## ► *Financial reserve fund*

Financial reserve 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 to protect the Group's normal operations from business risks or losses, or to prepare for unforeseen losses or damages and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

## ► *Investment and development fund*

Investment and development fund is appropriated from the Group's net profit as proposed by the Board of Management and subject to approval by shareholders at the Annual General Meeting. This fund is set aside for use in the Group's expansion of its operation or in-depth investments.

## ► *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.

### 3.20 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.

#### *Construction contracts*

Where the outcome of a construction contract can be estimated reliably and certified by customers, revenue and costs are recognised by reference to the amount of work completed at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

#### *Rendering of services*

Where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

#### *Interest*

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

#### *Rental income*

Rental income arising from operating leases is accounted for on a straight line basis over the lease terms on ongoing leases.

#### *Dividend income*

Income is recognised when the Group's entitlement as an investor to receive the dividend is established.

#### *Sale of electricity*

Revenue is recognised based on the actual electricity sold and transferred to the grid at the pre-agreed tariff.

#### *Income from disposal of investments*

Income from disposal of investments is recognised when the investments transfer procedures are completed and the involving parties have fulfilled their respective contractual obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

### 3.21 Taxation

#### *Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the 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 with in 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 consolidated 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 reassessed 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 with in the equity account.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 3.22 Financial instruments

### *Initial recognition and presentation*

#### Financial assets

Financial assets within the scope of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance ("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 short-term deposits, trade and other receivables, loan receivables, quoted and unquoted financial instruments.

#### 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

### 4.1 *Additional acquisition of interest in Minh Tuan Trading and Services Co., Ltd.*

On 25 April 2012, the Company's subsidiary, Hoang Anh Construction and Development House Joint Stock Company, acquired additional 15% interest in Minh Tuan Trading and Services Co., Ltd. ("MTC") from MTC's non-controlling shareholders for a total consideration of VND'000 26,750,000.

Management has assessed that the acquisition of MTC is an acquisition of a group of assets, rather than a business acquisition. As a result, the excess amounting to VND'000 12,322,877 of the purchase consideration over the share in net assets of MTC on acquisition date which comprised mainly of land at the acquisition date has been recognised in the consolidated balance sheet as part of the value of MTC's land.

### 4.2 *Additional acquisition of interest in Minh Thanh Co., Ltd.*

On 25 June 2012, the Company's subsidiary, Hoang Anh Construction and Development House Joint Stock Company, acquired additional 3% interest in Minh Thanh Co., Ltd ("Minh Thanh") from Minh Thanh's non-controlling shareholders for a total consideration of VND'000 8,720,000.

Management has assessed that the acquisition of Minh Thanh is an acquisition of a group of assets, rather than a business acquisition. As a result, the excess amounting to VND'000 6,857,642 of the purchase consideration over the share in net assets of Minh Thanh on acquisition date which comprised mainly of land at the acquisition date has been recognised in the consolidated balance sheet as part of the value of Minh Thanh's land held for development.

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

The Company's subsidiary, Hoang Anh Gia Lai Rubber JSC, 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 4. BUSINESS COMBINATIONS (continued)

### 4.4 Additional acquisition of interest in Gia Lai Mineral Joint Stock Company

The Company's subsidiary, Hoang Anh Gia Lai Minerals JSC, acquired additional 1.14% equity interest in its subsidiary, Gia Lai Mineral Joint Stock Company ("GLM"), from the non-controlling shareholders of GLM for total purchase consideration of VND'000 2,000,000 and recognised a negative goodwill by VND'000 909,582 as finance income.

### 4.5 Acquisition of interest in Thanh Binh Construction Investment Consulting Co., Ltd.

On 31 October 2012, the Company's subsidiary, Hoang Anh Construction and Development House Joint Stock Company, acquired 70% share capital in Thanh Binh Construction Investment Consulting Co., Ltd. ("Thanh Binh") from Thanh Binh's existence shareholders, for total purchase consideration VND'000 845,088,223.

Management has assessed that the acquisition for interest in Thanh Binh is an acquisition of Thanh Binh – Kenh Te Project rather than a business acquisition. As a result, the excess amounting to VND'000 425,630,286 of the purchase consideration over the share in net assets of Thanh Binh on acquisition date, which comprised mainly of project at the acquisition date, has been recognised in inventories of the consolidated balance sheet as part of the value of Thanh Binh – Kenh Te Project's work in progress.

### 4.6 Additional acquisition of interest in Hoang Anh Construction and Housing Development Joint Stock Company and deemed disposal of partial interest in Hoang Anh Gia Lai Rubber Joint Stock Company

The Company's subsidiary, Hoang Anh Gia Lai Rubber Joint Stock Company ("HAGR") issued 17,340,000 new shares or approximately 4.335% of its equity to the minority shareholders of Hoang Anh Construction and Housing Development Joint Stock Company ("HAH") in exchange for 17,340,000 existing shares or approximately 8.670% of equity in HAH held by these minority shareholders.

On 31 December 2012, the Company purchased the said 17,340,000 shares or approximately 8.670% equity in HAH from HAGR at cost.

Accordingly, the Group gave up approximately 4.335% equity in HAGR to the minority interest and gained further control of 8.670% in HAH. The resulting difference on a book value basis of the exchange amounting to VND'000 64,779,570 has been charged directly against financial expense.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 5. CASH

VND'000

	31 December 2012	31 December 2011
Cash in banks	2,507,983,574	2,888,351,683
Cash on hand	10,362,121	8,105,048
Cash in transit	73,467	-
<b>TOTAL</b>	<b>2,518,419,171</b>	<b>2,896,456,731</b>

The Group has also pledged portion of its cash in banks of VND'000 46,158,915 as security for the bank loans (Note 20).

## 6. SHORT-TERM INVESTMENTS

VND'000

	31 December 2012	31 December 2011
Net carrying value of:		
Da Lat resort (*)	81,783,240	81,783,240
Subsidiaries held for sale (**)	68,594,866	-
Binh Dinh Constrexim Joint Stock Company	-	15,573,259
<b>TOTAL</b>	<b>150,378,106</b>	<b>97,356,499</b>

(\*) Da Lat resort has been approved for disposal to a third party, pending completion of the legal procedures.

(\*\*) Management decided to dispose two subsidiaries Hoang Anh Ban Me Hydropower Joint Stock Company ("HABM") and Hoang Anh Thanh Hoa Mineral Company Limited ("HATH") and reclassified the net carrying value of HABM and HATH amounting to VND'000 48,310,126 and VND'000 20,284,740, respectively, to other short-term investments.

## 7. TRADE RECEIVABLES

VND'000

	31 December 2012	31 December 2011
Receivables from sale of apartments	1,406,112,042	1,522,044,202
Construction receivables	788,038,634	575,145,413
Trade and service receivables	342,237,117	344,789,305
<b>TOTAL</b>	<b>2,536,387,793</b>	<b>2,441,978,920</b>

Included in construction receivables was a receivable of VND'000 618,267,513 for the construction of the Giai Viet apartments project (31 December 2011: VND'000 535,057,747).

Included in trade and service receivables were amounts due from related companies aggregating to VND'000 95,890,173 (Note 36).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 8. ADVANCES TO SUPPLIERS

VND'000

	31 December 2012	31 December 2011
Advances to contractors for construction of the Group's apartments and purchase of machinery and equipment (*)	2,201,033,594	892,583,884
Advances to suppliers of goods and services	459,955,832	370,584,299
Advances for acquisition of land and real estate projects	432,893,827	751,488,862
<b>TOTAL</b>	<b>3,093,883,253</b>	<b>2,014,657,045</b>

(\*) Advances to contractors were mainly due from related companies aggregating to VND'000 1,132,327,105 (Note 36); HongKong Tongqing International Trading Limited Company and Nam Bo Dong Construction Limited Company amounting to VND'000 515,903,156 and VND'000 128,129,083, respectively for hydropower projects in Attapeu and Thanh Hoa.

## 9. OTHER RECEIVABLES

VND'000

	31 December 2012	31 December 2011
Loans to other companies (i)	816,125,370	582,734,898
Receivables from Thanh Binh project	158,265,300	-
Receivables from employees (ii)	107,575,098	98,448,219
Receivables from disposal of investments (iii)	15,979,275	135,500,000
Accrued interest on bank deposits	17,219,000	54,939,275
Short-term loans to the employees (iv)	82,975,489	40,719,122
Others	156,586,878	150,952,207
<b>TOTAL</b>	<b>1,354,726,410</b>	<b>1,063,293,721</b>

(i) This mainly represents the loans to Hoang Phuc Investment Construction and Housing Development JSC which are unsecured and bear interest rate of 20.4% per annum.

(ii) This represents advances to employees for business purpose.

(iii) Receivable from disposal of investments represents the balance of the consideration from the disposal of the Company's total equity interest in Binh Dinh Constrexim JSC in this year (Note 31.2).

(iv) These loans are unsecured, have term of repayments ranging from three to twelve months from the drawdown date and bear interest rates which are based on market and adjusted every six months.

Included in other receivables were amounts due from related companies aggregating to VND'000 11,633,404 (Note 36).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 10. INVENTORIES

VND'000

	31 December 2012	31 December 2011
Apartments for sale under construction	2,903,942,225	3,782,780,316
Residential land lots of Minh Tuan project	583,076,481	-
Finished goods	91,035,980	127,920,513
Merchandise goods	27,049,012	41,315,077
Goods in transit	4,227	5,844
Goods in consignment	1,115,331	270,595
Work in process	231,468,300	162,521,592
Of which from:		
Manufacturing	117,642,312	100,279,589
Construction contract	110,435,703	59,977,920
Rendered services	3,390,285	2,264,083
Raw materials	397,288,182	286,768,359
Construction materials	13,400,320	39,193,400
Tools and supplies	17,047,901	7,894,868
<b>TOTAL</b>	<b>4,265,427,959</b>	<b>4,448,670,564</b>

All the apartments for sale under construction including the associated land have been mortgaged to secure the Group's outstanding borrowings.

## 11. OTHER CURRENT ASSETS

VND'000

	31 December 2012	31 December 2011
Business advances to employees	230,089,464	140,416,001
Shortage of assets awaiting resolution	262,041	2,778,129
Short-term deposits	2,144,393	1,704,272
<b>TOTAL</b>	<b>232,495,898</b>	<b>144,898,402</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 12. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Perennial trees	Other assets	Total
							VND'000
<b>Cost</b>							
Beginning balance	1,119,070,664	822,555,099	267,608,485	11,724,609	6,698,345	14,020,719	2,241,677,921
Additions	556,900,158	499,947,849	66,271,503	3,588,998	102,257,949	122,147,577	1,351,114,034
Transfer from construction in progress	543,645,032	310,534,831	23,637,900	-	102,257,949	93,142,099	1,073,217,811
Newly purchases	13,255,126	189,413,018	42,633,603	3,588,998	-	29,005,478	277,896,223
Decreases	(55,434,536)	(141,590,915)	(34,290,033)	(999,851)	-	(29,258,147)	(261,573,482)
Disposals	(1,941,389)	(31,706,280)	(24,362,212)	(384,190)	-	(38,192)	(58,432,263)
Foreign exchange difference	(5,505,444)	(341,126)	-	(615,661)	-	22,401	(6,439,830)
Reclassification	(47,987,703)	(109,543,509)	(9,927,821)	-	-	(29,242,356)	(196,701,389)
Ending balance	1,620,536,286	1,180,912,033	299,589,955	14,313,756	108,956,294	106,910,149	3,331,218,473
<b>Accumulated depreciation</b>							
Beginning balance	(83,434,257)	(163,466,798)	(58,062,321)	(5,388,753)	(1,084,995)	(4,469,675)	(315,906,799)
Charges for the year	(53,282,180)	(87,965,169)	(31,167,311)	(2,684,109)	(2,885,333)	(8,139,122)	(186,123,224)
Decreases	18,417,505	50,837,300	8,042,407	235,814	-	325,007	77,858,033
Disposals	524,974	9,549,159	3,625,111	235,814	-	17,505	13,952,563
Foreign exchange difference	369,518	190,093	1,666,014	-	-	19,509	2,245,134
Reclassification	17,523,013	41,098,048	2,751,282	-	-	287,993	61,660,336
Ending balance	(118,298,932)	(200,594,667)	(81,187,225)	(7,837,048)	(3,970,328)	(12,283,790)	(424,171,990)
<b>Net carrying amount</b>							
Beginning balance	1,035,636,407	659,088,301	209,546,164	6,335,856	5,613,350	9,551,044	1,925,771,122
Ending balance	1,502,237,354	980,317,366	218,402,730	6,476,708	104,985,966	94,626,359	2,907,046,483
In which:							
Pledged/mortgaged as loan security (Notes 20 and 27)	1,502,237,354	980,317,366	-	-	-	-	2,482,554,720

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 13. FINANCE LEASES

			VND'000
	<i>Machinery &amp; equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
<b>Cost</b>			
Beginning and ending balances	5,970,000	15,303,991	21,273,991
<b>Accumulated depreciation</b>			
Beginning balance	(950,415)	(3,019,257)	(3,969,672)
Charges for the year	(1,085,000)	(2,567,058)	(3,652,058)
Ending balance	(2,035,415)	(5,586,315)	(7,621,730)
<b>Net carrying amount</b>			
Beginning balance	5,019,585	12,284,734	17,304,319
Ending balance	3,934,585	9,717,676	13,652,261

## 14. INTANGIBLE FIXED ASSETS

			VND'000
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost</b>			
Beginning balance	115,550,815	9,093,346	124,644,161
Additions	60,989,536	75,540	61,065,076
Reclassification	(117,464)	(73,358)	(190,822)
Ending balance	176,422,887	9,095,528	185,518,415
<b>Accumulated amortisation</b>			
Beginning balance	(1,877,992)	(2,024,553)	(3,902,545)
Charges for the year	(1,131,205)	(873,664)	(2,004,869)
Reclassification	442,747	72,385	515,132
Ending balance	(2,566,450)	(2,825,832)	(5,392,282)
<b>Net carrying amount</b>			
Beginning balance	113,672,823	7,068,793	120,741,616
Ending balance	173,856,437	6,269,696	180,126,133
<i>In which:</i>			
<i>Pledged/mortgaged as loan security</i>			
<i>(Notes 20 and 27)</i>	173,856,437	-	173,856,437

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 15. CONSTRUCTION IN PROGRESS

VND'000

	31 December 2012	31 December 2011
Rubber and palm oil plantations	4,537,710,906	2,681,137,143
Hydro-power plants	2,408,631,295	1,804,623,794
Sugarcane factory	1,409,276,938	13,869,016
Offices for lease	791,067,695	749,048,049
Mining facilities	219,154,090	212,474,190
Sugarcane plantations	183,862,540	82,371,926
Buildings, plants and factories	172,512,176	159,418,062
Computer hardware and SAP software under development	121,929,088	61,431,326
Other construction works	106,433,480	54,796,165
<b>TOTAL</b>	<b>9,950,578,208</b>	<b>5,819,169,671</b>

Rubber and palm oil plantations, hydro-power plants and sugarcane factory have been mortgaged to secure the Group's outstanding borrowings.

## 16. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 1,067,138,917 (year ended 31 December 2011: VND'000 705,594,844). These are costs incurred on the bank loans and bonds used to finance the construction and development of fixed assets, mining facilities, hydro power, rubber plantation and apartment projects.

## 17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

### 17.1 Investments in subsidiaries

On 25 June 2012, Hoang Anh Gia Lai Hydropower Joint Stock Company (a subsidiary of the Company) issued 10,000,000 new shares to Mr. Hewi Lim Yau (a Taiwanese investor) under the share issuance agreement No. 01/HDMBCP/HAGLH-LIM YAU HEWI dated 25 June 2012 at price aggregating to VND 313 billion which was fully paid in cash on 28 June 2012. This transaction reduced the Company's equity in Hoang Anh Gia Lai Hydropower Joint Stock Company from 98.8% to 92.63%. Accordingly, the Group recognized a gain of VND'000 201,825,429 from this deemed disposal transaction in the consolidated income statements for the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Status of operation</i>	<i>Date of establishment or acquisition</i>	<i>% holding</i>
<b>Real estate</b>				
(1) Hoang Anh Construction and Housing Development JSC	HCMC, Vietnam	Operating	04/06/2007	99.41
(2) Phu Hoang Anh JSC	HCMC, Vietnam	Operating	15/01/2007	93.45
(3) Hoang Nguyen Investment Construction and Housing Development JSC	HCMC, Vietnam	Operating	29/03/2007	88.47
(4) Minh Tuan Trading and Services Co., Ltd.	HCMC, Vietnam	Operating	22/06/2007	90.66
(5) Hoang Anh Me Kong Corporation	HCMC, Vietnam	Operating	24/10/2007	50.70
(6) Phuc Bao Minh Trading Construction Services Corporation	HCMC, Vietnam	Pre-operating	04/10/2008	98.99
(7) Minh Thanh Co., Ltd.	HCMC, Vietnam	Pre-operating	28/11/2008	52.16
(8) Hoang Anh Incomex Construction and Housing Development Co., Ltd.	HCMC, Vietnam	Pre-operating	2007	79.53
(9) An Tien Co., Ltd.	HCMC, Vietnam	Operating	10/01/2008	87.23
(10) Hoang Tho Investment Construction and Housing JSC	HCMC, Vietnam	Operating	20/12/2010	99.41
(11) Hoang Anh Gia Lai (Bangkok) Co., Ltd.	Bangkok, Thailand	Pre-operating	2009	(i) 46.72
(12) Dong Nam Housing Business and Investment Corporation	HCMC, Vietnam	Pre-operating	02/04/2010	99.31
(13) An Phu Construction JSC	Gia Lai, Vietnam	Operating	9/2010	99.41
(14) Hoang Anh Real Estate Administrative Services Corporation	HCMC, Vietnam	Operating	30/05/2007	50.70
(15) Hoang Anh Far East Service Corporation	HCMC, Vietnam	Operating	03/10/2009	72.37
(16) Thanh Binh Construction Investment Consulting Co., Ltd.	HCMC, Vietnam	Pre-operating	31/10/2012	69.59
<b>Energy</b>				
(17) Hoang Anh Gia Lai Hydropower JSC	Gia Lai, Vietnam	Operating	05/06/2007	93.20
(18) Hoang Anh - Thanh Hoa Hydroelectric JSC	Thanh Hoa, Vietnam	Operating	18/10/2007	86.09
(19) Hoang Anh Dak Bla Hydropower JSC	Kontum, Vietnam	Pre-operating	30/05/2007	91.33
(20) Hoang Anh Tona Hydropower JSC	Gia Lai, Vietnam	Pre-operating	20/06/2010	88.54
(21) Hoang Anh Attapeu Power Co., Ltd.	Attapeu, Laos	Pre-operating	18/7/2011	93.20



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

### 17.1. Investments in subsidiaries (continued)

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

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Status of operation</i>	<i>Date of establishment or acquisition</i>	<i>% holding</i>
<b>Agriculture plantation</b>				
(22) Hoang Anh Gia Lai Rubber JSC	Gia Lai, Vietnam	Pre-operating	26/05/2010	91.17
(23) Gia Lai Industrial Forest Plantation JSC	Gia Lai, Vietnam	Pre-operating	09/09/2008	91.02
(24) Hoang Anh Attapeu Agriculture Development Co., Ltd.	Attapeu, Laos	Pre-operating	22/05/2008	91.17
(25) Hoang Anh - Quang Minh Rubber JSC	Gia Lai, Vietnam	Operating	01/02/2007	58.95
(26) Hoang Anh Dak Lak JSC	Dak Lak, Vietnam	Operating	12/09/2007	91.15
(27) Hoang Anh Andong Meas One Member Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	17/02/2011	91.17
(28) Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd.	Attapeu, Laos	Operating	12/01/2007	58.95
(29) Hoang Anh Oyadav Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	16/07/2010	91.17
(30) Heng Brothers Co., Ltd.	Phnom Penh, Cambodia	Pre-operating	25/01/2010	91.17
(31) CRD Co., Ltd.	Phnom Penh, Cambodia	Pre-operating	15/12/2010	91.17
(32) Dak Lak Tan Dai Thang JSC	Dak Lak, Vietnam	Pre-operating	27/11/2010	77.48
(33) Ban Me Rubber JSC	Dak Lak, Vietnam	Pre-operating	15/01/2010	74.74
(34) Hoang Anh Gia Lai Sugar Cane JSC	Gia Lai, Vietnam	Pre-operating	26/01/2011	72.94
(35) Hoang Anh Rattanakiri Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	18/11/2009	91.17
(36) Hoang Anh Lum Phat Co., Ltd.	Rattanakiri, Cambodia	Pre-operating	24/8/2011	91.17
(37) Hoang Anh Lum Phat JSC	Gia Lai, Vietnam	Pre-operating	07/03/1012	89.35
(38) Hoang Anh Attapeu Sugar Cane Co., Ltd.	Attapeu, Laos	Operating	01/11/2011	72.94
<b>Mining</b>				
(39) HAGL Mineral JSC	Gia Lai, Vietnam	Operating	08/12/2007	99.78
(40) Gia Lai Mineral JSC	Gia Lai, Vietnam	Operating	12/04/2007	83.50
(41) Hoang Anh GL – Kontum Mineral Co., Ltd.	Gia Lai, Vietnam	Operating	09/02/2010	99.78
(42) Hoang Anh Xekong Mineral Co., Ltd.	Attapeu, Laos	Pre-operating	15/10/2009	99.78

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Status of operation</i>	<i>Date of establishment or acquisition</i>	<i>% holding</i>
<b>Manufacturing</b>				
(43) Hoang Anh Gia Lai Wooden Furniture JSC	Gia Lai, Vietnam	Operating	28/09/2009	84.01
(44) Raw Materials One Member Co., Ltd.	Gia Lai, Vietnam	Operating	15/03/2010	84.01
<b>Construction, trading and services</b>				
(45) Hoang Anh Gia Lai Sport JSC	Gia Lai, Vietnam	Operating	12/01/2009	69.88
(46) Central HAGL JSC	Da Nang, Vietnam	Operating	06/07/2007	51.85
(47) Hoang Anh Gia Lai Hospital JSC	Gia Lai, Vietnam	Operating	07/05/2008	99.00
(48) V&H Corporation (Lao) Co., Ltd.	Vientiane, Laos	Pre-operating	06/01/2009	80.00
(49) V&H Corporation Co., Ltd.	Vientiane, Laos	Pre-operating	27/03/2009	100.00
(50) Hoang Anh Gia Lai Bridge & Road JSC	Gia Lai, Vietnam	Operating	22/12/2009	55.12
(51) Hoang Anh Gia Lai Vientiane Co., Ltd.	Vientiane, Laos	Pre-operating	06/05/2010	100.00
(52) Hoang Anh Gia Lai Real Estate and Hotel Management JSC	Da Nang, Vietnam	Operating	27/07/2012	94.50

(i) The Group has more than 50% controlling interest in this company.

Pre-operating status means the subsidiary is still under investment stage and has not yet started its business operations as at 31 December 2012.

## 17.2. Investments in associates

VND'000					
		31 December 2012		31 December 2011	
<i>Name of associates</i>	<i>Business activities</i>	<i>% holding</i>	<i>Carrying value VND'000</i>	<i>% holding</i>	<i>Carrying value VND'000</i>
Bidiphar Rubber JSC	Rubber plantation	39.63	195,578,247	32.68	163,003,713
East Asia Investment and Construction Consultant JSC	Electric design and consultancy	25.00	7,870,422	25.00	7,882,160
Hoang Anh Gia Dinh JSC	Real estate	25.00	8,482,218	25.00	7,475,610
<b>TOTAL</b>			<b>211,930,887</b>		<b>178,361,483</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 18. OTHER LONG-TERM INVESTMENTS

VND'000

	31 December 2012	31 December 2011
Land held for development (i)	1,426,399,155	2,058,578,090
Investments in Business Cooperation Contract ("BCC") for development of real estate projects (ii)	1,199,857,250	1,199,857,250
Loans to the Laos Government (iii)	186,471,568	292,746,425
Investments in other companies	25,326,903	25,326,903
Others	4,513,250	3,493,250
<b>TOTAL</b>	<b>2,842,568,126</b>	<b>3,580,001,918</b>

(i) The movement of land held for development during the current year follows:

VND'000

Beginning balance	2,058,578,090
Increase from:	
Compensation costs	9,360,221
Interest capitalisation	25,376,492
Acquisition of additional interest in the subsidiaries (Note 4.2)	6,857,642
Transfer to work in progress	(673,773,290)
Ending balance	1,426,399,155

(ii) The ending balance of investment in BCC comprised of:

- A BCC between Hoang Anh Construction and Housing Development Joint Stock Company, a subsidiary, and Dai Loc Hung Thinh One Member Co Ltd and Tan Hai Travel Trading Services and Real Estate Trading and Investment Joint Stock Company to develop a residential area of 147,941 square meters at Phong Phu Village, Binh Chanh District, Ho Chi Minh City. Under the BCC, the Group has 30% interest in the project.
- A BCC between Hoang Anh Construction and Housing Development JSC, a subsidiary, and Tan Thuan Investment and Construction Co Ltd to develop an apartment building on an area of 28,127 square meters in District 7, Ho Chi Minh City. Under the BCC, the Group has 45% interest in the project.
- A BCC between Hoang Anh Construction and Housing Development JSC, a subsidiary, and Van Phuc Real Estate Investment Joint Stock Company to develop an apartment building on an area of 339,301 square meters in Hiep Binh Phuoc, Thu Duc, Ho Chi Minh City. Under the BCC, the Group has 40% interest in the project.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

(iii) Loans to the Laos Government represent the interest-free loans in accordance with the Memorandum of Understanding signed with the Laos Government on 4 April 2008. Details are as follows:

US\$

	31 December 2012	31 December 2011
Beginning balance	14,055,426	14,833,070
Wood received in the year	(96,477)	(777,644)
Cash received in the year	(5,000,000)	-
<b>Ending balance</b>	<b>8,958,949</b>	<b>14,055,426</b>
<b>Ending balance (VND'000)</b>	<b>186,471,568</b>	<b>292,746,425</b>

## 19. LONG-TERM PREPAID EXPENSES

VND'000

	31 December 2012	31 December 2011
Costs of bond issuance	147,062,464	136,743,831
Sugarcane stem expense	109,065,107	-
Tools and supplies	61,125,655	36,970,801
Selling expenses for apartments under construction	14,868,619	8,754,358
Model house costs	9,532,350	7,274,051
Office rental fee	6,321,976	2,140,369
Others	23,318,632	38,966,889
<b>TOTAL</b>	<b>371,294,803</b>	<b>230,850,299</b>

## 20. SHORT-TERM LOANS AND BORROWINGS

VND'000

	31 December 2012	31 December 2011
Loans payable to banks	1,449,340,439	2,262,714,604
Loans payable to other entities and individuals	32,100,000	29,600,000
	1,481,440,439	2,292,314,604
Current portion of long-term bank loans and bonds (Note 27)	1,035,971,317	909,589,102
<b>TOTAL</b>	<b>2,517,411,756</b>	<b>3,201,903,706</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 20. SHORT-TERM LOANS AND BORROWINGS (continued)

Short-term loans from banks comprise:

VND'000

	31 December 2012	31 December 2011
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	902,518,988	758,015,249
Bank for Investment and Development of Vietnam (BIDV)	261,291,969	410,682,160
Vietnam Thuong Tin Commercial Bank (Vietbank)	161,275,000	150,000,000
Laos – Viet Bank	54,304,057	126,833,982
Industrial and Commercial Bank of Vietnam (VietinBank)	47,583,035	20,069,236
Agriculture and Rural Development Bank of Vietnam (Agribank)	17,367,390	25,567,390
Saigon-Hanoi Commercial Joint Stock Bank (SHB)	5,000,000	5,000,000
Bank for Investment and Development of Cambodia PLC (BIDC)	-	197,657,720
Saigon Thuong Tin Commercial Bank (Sacombank)	-	568,888,867
<b>TOTAL</b>	<b>1,449,340,439</b>	<b>2,262,714,604</b>

The Group obtained these loans to finance its working capital requirements. These loans bear interest at floating rates and are secured by the Group's deposits, account receivables, land use rights, plants, machinery and equipment and inventories.

The terms and conditions of loans payable to banks are as follows:

Name of banks	31 December 2012 VND'000	Term	Interest rate	Collateral (Notes 5, 10, 12, 14 and 15)
<b>Vietcombank, Gia Lai branch</b>				
Loan contract No. 186/12/ NHNT, 18/7/2012	32,619,240	12 months from the drawdown date	Floating rate	Rubber plantations, land use right, building and structures at HAGL Hotel Danang Plaza
Loan contract No. 185/11/ NHNT, 29/9/2011	99,371,303	6 months for each drawdown	Floating rate	Land use right and attached assets
Loan contract No. 165/12/ NHNT, 3/7/2012	33,460,180	12 months from the drawdown date	Floating rate	Rubber plantations, land use right, building and structures at HAGL Hotel Danang Plaza
Loan contract No. 27/12/ NHNT, 16/1/2012	19,950,000	12 months from the drawdown date	Floating rate	Unsecured
Loan contract No. 293/12/ NHNT, 29/10/2012	10,045,000	12 months from the drawdown date	Floating rate	Rubber plantations, land use right, building and structures at HAGL Hotel Danang Plaza

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Name of banks</i>	<i>31 December 2012</i> <i>VND' 000</i>	<i>Term</i>	<i>Interest rate</i>	<i>Collateral (Notes 5, 10, 12, 14 and 15)</i>
<b><i>Vietcombank, Gia Lai branch</i></b>				
Loan contract No. 197/12/ NHNT, 28/8/2012	244,511,990	9 months from the drawdown date	Floating rate	Rubber plantations, land use right, building and structures at HAGL Hotel Danang Plaza
Loan contract No. 65/11/ NHNT, 7/3/2011	4,076,351	12 months for each drawdown	Floating rate	Unsecured
Loan contract No. 115/12/ NHNT, 28/06/2012	32,648,545	6 months for each drawdown	Floating rate	Unsecured
Loan contract No. 64/11/ NHNT, 14/03/2011	176,183,717	12 months for each drawdown	Floating rate	Unsecured
Loan contract No. 220/11/ NHNT, 19/10/2011	14,092,331	6 months for each drawdown	12.8% per annum	Land use right and attached assets as machinery and equipment
Loan contract No. 244/11/ HDTD, 01/12/2011	146,447,532	7 months for each drawdown	Floating rate	Building, machinery and equipment
Loan contract No. 38/12/ NHNT, 14/02/2012	1,942,442	12 months from the drawdown date	Floating rate	Machinery and equipment
<b><i>Vietcombank, Ho Chi Minh branch</i></b>				
Loan contract No. 0342/ TD8/12LD, 19/6/2012	12,460,223	6 months for each drawdown	Floating rate	Land use right at Lot E, Binh Chieu Industrial zone, Thu Duc, HCMC
<b><i>Vietcombank, Quy Nhon branch</i></b>				
Loan contract No. 446/ NHTD, 14/9/2011	8,169,207	7 months for each drawdown	12.6% per annum	Unsecured
Loan contract No. 364/ HDTD, 18/6/2012	2,403,398	6 months for each drawdown	12.4% per annum	Factory, machinery and equipment at Quy Nhon

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 20. SHORT-TERM LOANS AND BORROWINGS (continued)

The terms and conditions of loans payable to banks are as follows (continued):

<i>Name of banks</i>	<i>31 December 2012</i> <i>VND' 000</i>	<i>Term</i>	<i>Interest rate</i>	<i>Collateral (Notes 5, 10, 12, 14 and 15)</i>
<b><i>Vietcombank, Quy Nhon branch (continued)</i></b>				
Loan contract US\$ No. 490/HDTD, 16/8/2012	8,187,445	6 months from the drawdown date	4.9% per annum	Unsecured
Loan contract No. 541/HDTD, 17/9/2012	9,970,869	6 months from the drawdown date	12.5% per annum	Unsecured
Loan contract No. 633/HDTD, 17/11/2012	4,999,579	6 months from the drawdown date	12.5% per annum	Unsecured
Loan contract No. 636/HDTD, 29/11/2012	14,912,342	7 months from the drawdown date	12% per annum	Machinery and equipment in factory
<b><i>Vietcombank, Kontum branch</i></b>				
Loan contract No. 4/12/NHNT, 16/1/2012	26,067,294	4 months for each drawdown	Floating rate	Unsecured
<b>TOTAL Vietcombank</b>	<b>902,518,988</b>			
<b><i>BIDV, Head Office</i></b>				
Loan contract No. 21/2012/101247, 12/4/2012	31,560,694	1 month for each drawdown	16% per annum	Term deposit's An Tien of VND'000 46,158,915
<b><i>BIDV, Gia Dinh branch</i></b>				
Loan contract No. 222/2012/HD, 7/9/2012	50,000,000	12 months from the drawdown date	16% per annum	Land use right and attached houses
Loan contract No. 350/2011/HD, 29/12/2011	39,980,026	12 months for each drawdown	17% per annum	Unsecured
<b><i>BIDV, Binh Dinh branch</i></b>				
Loan contract No. 01/2012/HD/3442948, 24/3/2012	30,000,000	12 months from the drawdown date	Floating rate	Inventory, term deposit and receivables
<b><i>BIDV, Gia Lai branch</i></b>				
Loan contract No. 01/2011/HD, 12/7/2011	109,751,249	9 months for each drawdown	Floating rate	Unsecured
<b>TOTAL BIDV</b>	<b>261,291,969</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Name of banks</i>	<i>31 December 2012</i> <i>VND' 000</i>	<i>Term</i>	<i>Interest rate</i>	<i>Collateral (Notes 5, 10, 12, 14 and 15)</i>
<b><i>Vietbank, Hau Giang Branch</i></b>				
Loan contract No. PHGI.DN.02071211, 7/12/2011	82,600,000	7 months for each drawdown	Floating rate	A part of Giai Viet project - owned by Giai Viet Company
<b><i>Vietbank, Ho Chi Minh Branch</i></b>				
Loan contract No. PHGI.DN 02040412, 6/4/2012	19,575,000	6 months for each drawdown	18% per annum	A part of Giai Viet project - owned by Giai Viet Company
<b><i>Vietbank, Gia Lai Branch</i></b>				
Loan contract No. PHGI.DN 06040412, 26/9/2012	59,100,000	6 months from the drawdown date	18.5% per annum	A part of Giai Viet project - owned by Giai Viet Company
<b>TOTAL Vietbank</b>	<b>161,275,000</b>			
<b><i>Laos – Viet bank</i></b>				
Loan contract No. 028/LVB. NVKD/2012, 19/10/2012	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.
<b><i>Vietinbank, Gia Lai branch</i></b>				
Loan contract No. 204/HDTD, 29/6/2012	27,620,334	6 months for each drawdown	Floating rate	Land use right and attached assets at Ham Rong, DakDoa, Gia Lai and Nguyen Nghiem, Quang Ngai
Loan contract No. 328/HDTD, 13/9/2012	10,000,000	6 months from the drawdown date	Floating rate	Unsecured
Loan contract No. 397/HDTD, 17/10/2012	9,962,701	6 months from the drawdown date	Floating rate	Unsecured
<b>TOTAL Vietinbank</b>	<b>47,583,035</b>			



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 20. SHORT-TERM LOANS AND BORROWINGS (continued)

The terms and conditions of loans payable to banks are as follows (continued):

Name of banks	31 December 2012 VND'000	Term	Interest rate	Collateral (Notes 5, 10, 12, 14 and 15)
<b>Agribank, branch 4, HCMC</b>				
Loan contract No. 1902-LA 200700577,12/7/2007	17,367,390	12 months for each drawdown	1.50% per month	House at 303, Phan Dinh Phung, Ward 15, Phu Nhuan, HCMC
<b>SHB, Gia Lai branch</b>				
Loan contract No. 68/2011/ HDHM, 23/09/2012	5,000,000	6 months from the drawdown date	16.5% per annum	Unsecured

## 21. TRADE PAYABLES

	VND'000	
	31 December 2012	31 December 2011
Payable for purchase of goods and services	371,502,150	228,503,986
Payable to construction contractors	223,089,594	74,423,792
Payable for purchase of machinery and equipment	64,271,925	55,301,948
Payable for purchase of land use rights	-	320,517,144
Others	36,653,181	63,523,628
<b>TOTAL</b>	<b>695,516,850</b>	<b>742,270,498</b>

Included in trade payables were amounts due to related companies aggregating to VND'000 113,397,673 (Note 36).

## 22. ADVANCES FROM CUSTOMERS

	VND'000	
	31 December 2012	31 December 2011
Advances from customers for purchase of apartments	1,518,357,238	1,365,245,892
Advances from trade customers	246,113,638	13,589,911
Others	1,875,453	1,835,048
<b>TOTAL</b>	<b>1,766,346,329</b>	<b>1,380,670,851</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 23. STATUTORY OBLIGATIONS

VND'000

	31 December 2012	31 December 2011
Corporate income tax (Note 35.1)	375,700,758	583,261,927
Value-added tax payable	157,724,539	115,532,164
Natural resource tax	10,658,085	3,991,568
Personal income tax	3,154,846	4,554,712
Import duty	-	47,366
Others	10,559,437	5,770,409
<b>TOTAL</b>	<b>557,797,665</b>	<b>713,158,146</b>

## 24. ACCRUED EXPENSES

VND'000

	31 December 2012	31 December 2011
Interest expenses	399,403,027	252,990,207
Land use right of Hoang Anh Golden House Project (Note 32)	160,000,000	-
Construction costs for apartments	53,370,070	123,164,415
Operating costs	58,961,410	35,662,427
Sub-contractor costs	5,655,844	5,546,178
Warranty and maintenance expenses	24,090,573	28,994,252
Others	22,716,898	4,336,492
<b>TOTAL</b>	<b>724,197,822</b>	<b>450,693,971</b>

## 25. OTHER PAYABLES

VND'000

	31 December 2012	31 December 2011
Payable for apartments maintenance	85,024,791	17,327,132
Payable to other companies	91,064,822	29,304,498
Payable for land acquisition	42,964,000	18,259,456
Payables to employees	26,236,036	41,917,858
Payable for acquisition of Bidiphar Rubber JSC	-	30,342,591
Others	130,674,758	80,840,324
<b>TOTAL</b>	<b>375,964,407</b>	<b>217,991,859</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 26. OTHER LONG-TERM LIABILITIES

VND'000

	31 December 2012	31 December 2011
Provision for severance allowance	7,156,661	6,696,681
Deposits received from tenants for office lease	3,235,249	3,419,648
Deposits received from selling Certified Emissions Reduction (CER)	-	19,757,878
Others	58,500	58,500
<b>TOTAL</b>	<b>10,450,410</b>	<b>29,932,707</b>

## 27. LONG-TERM LOANS AND DEBTS

VND'000

	31 December 2012	31 December 2011
Long-term bank loans (Note 27.1)	4,918,082,340	3,434,542,285
Domestic straight bonds (Note 27.2)	3,930,000,000	1,830,000,000
Bonds with warrants to bond holders of Rubber (Note 27.3)	2,000,000,000	-
Convertible and exchangeable bonds (Note 27.4)	2,230,000,000	2,230,000,000
International straight bonds (Note 27.5)	1,520,711,335	1,811,945,875
Finance lease	10,351,691	14,863,829
Other loans	40,925,437	12,132,458
<b>TOTAL</b>	<b>14,650,070,803</b>	<b>9,333,484,447</b>
<i>In which</i>		
Current portion of bank loans and bonds (Note 20)	1,035,971,317	909,589,102
Non-current portion	13,614,099,486	8,423,895,345

### 27.1 Long-term bank loans

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

VND'000

	31 December 2012	31 December 2011
Bank for Investment and Development of Vietnam (BIDV)	2,835,303,206	2,230,503,461
Saigon Thuong Tin Commercial Bank (Sacombank)	1,109,300,465	484,907,142
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	517,684,210	563,140,682
Laos – Viet Bank	255,196,459	-
Asia Commercial Bank (ACB)	138,098,000	73,491,000
Agriculture and Rural Development Bank of Vietnam (Agribank)	48,000,000	60,000,000
Industrial and Commercial Bank of Vietnam (VietinBank)	14,500,000	22,500,000
<b>TOTAL</b>	<b>4,918,082,340</b>	<b>3,434,542,285</b>

The Group obtained these loans mainly to finance the construction and development of hydropower projects, rubber and sugar cane plantations, apartment projects, hotels and resorts and purchases of machinery and equipment.

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<i>Name of banks</i>	<i>31 December 2012</i> <i>VND' 000</i>	<i>Term</i>	<i>Interest rate</i>	<i>Collateral (Notes 10, 12, 14 and 15)</i>
<b>BIDV, Dak Lak branch</b>				
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 Thuoc City, Dak Lak
Loan Agreement No. 01/2009/HDTD, 6/8/2009 (TK 63182000158703)	10,043,814	120 months from the first drawdown date	12-month saving deposit interest rate plus 4% per annum	All assets from Dak Psi 2B
Loan Agreement No. 01/2009/HDTD 20/1/2009 (TK 63182000136338)	2,885,000	60 months from the first drawdown date	12-month term deposit interest rate plus 4.50% per annum	All assets of concrete factory - period II
Loan Agreement No. 01/2007/HDTD, 8/8/2007 (TK 63182000093530)	10,000	60 months from the first drawdown date	12-month deposit rate plus 4% per annum	All assets of concrete factory - period I
<b>BIDV, Gia Lai branch</b>				
Loan Agreement No. 01/2010/HD-TD, 1/4/2010 (TK 62082370002035)	675,995,593	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	68,563,494	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 la 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 la Pa, Gia Lai



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## 27. LONG-TERM LOANS AND DEBTS (continued)

### 27.1 Long-term bank loans (continued)

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

Name of banks	31 December 2012 VND' 000	Term	Interest rate	Collateral (Notes 10, 12, 14 and 15)
<b>BIDV, Gia Lai branch (continued)</b>				
Loan Agreement No. 01/2008/HD, 5/9/2008	5,870,501	60 months from the first drawdown date, comprising a 18-month grace period and a 42-month repayment period	Basic rate multiplied by 150%, adjusted each month on 26th	HAGL head office building in Gia Lai Province
Loan Agreement No.01/2004/HD, 25/8/2004	2,805,573	108 months from the first drawdown, comprising a 24-month grace period and a 84-month repayment period	12-month deposit rate plus 2.4% per annum, adjusted twice per year on the 1 <sup>st</sup> February and 1 <sup>st</sup> August	All assets at Hoang Anh Gia Lai Hotel
<b>BIDV, Thanh Hoa branch</b>				
Loan Agreement No. 01/2010/BT2-HDTD, 10/1/2010	909,519,352	144 months from the first drawdown date	Fixed-term deposit 12 months plus 3.5%/year	All assets of Ba Thuoc II hydro-power project
<b>BIDV, Binh Dinh branch</b>				
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 Company shares held by the Chairman
<b>BIDV, Gia Dinh branch</b>				
Loan Agreement No. 003/2011/0001168, 4/10/2011	342,583,753	36 months from the first drawdown date	12-month deposit rate plus 4% per annum	An Tien Co., Ltd's right and benefit from payments of customers in accordance with contract No. 01/HDMB/2010, Land use right of An Tien Project
<b>TOTAL BIDV</b>	<b>2,835,303,206</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

<i>Name of banks</i>	<i>31 December 2012</i> <i>VND' 000</i>	<i>Term</i>	<i>Interest rate</i>	<i>Collateral (Notes 10, 12, 14 and 15)</i>
<b>Sacombank, Da Nang branch</b>				
Loan Agreement No. LD1214500238, 24/5/2012	350,000,000	Repayment within 84 months from the first drawdown date	1.55%/month for the first three months, and will be determined at the 13 month deposit rate plus 0.55% per annum	Land use right and attached assets at Hai Chau District, Da Nang city
Loan Agreement No. 10270, 28/5/2009	160,711,732	Repayment within 72 months from the first drawdown date	0.875%/month for the first six months; and will be determined at the 13 month deposit rate plus 0.36% per month for the following months, adjusted twice per annum	Land in Binh Hien, Binh Thuan, Da Nang; Land in Bau Thac Gian, Thac Gian, Da Nang; land in Hao Hai, Ngu Hanh Son, Da Nang
Loan Agreement No. LD 0931400065, 10/11/2009	38,693,750	108 months from the first drawdown date	1.53% per month	Land in Phan Lang, An Khe, Thanh Khe, Da Nang
Loan Agreement No. 7683, 6/8/2007	26,718,750	120 months, repayable in 32 quarterly instalments starting in December 2009	1.1% per month for the first six month; and will be determined at the 13 month saving deposit rate plus 0.45% per month, adjusted twice per annum	Land in Nguyen Van Linh, Hai Chau, Da Nang
<b>Sacombank, Gia Lai branch</b>				
Loan Agreement No. LD1024200255, 30/8/2010	231,808,650	103 months from 30 August 2010 to 9 April 2019	1.30% per month for the first month, afterward interest rate depends on each drawdown date	All assets from project Dak Srong 3B
Loan Agreement No. 6100002968, 8/6/2009; 6100002992, 11/6/2009; 6100003016, 17/6/2009; 6100003040, 25/6/2009; 6100003115, 30/6/2009	1,367,583	36 months, repayable starting on 27 September 2009	1.58% per month	All cars financed by the loan

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 27. LONG-TERM LOANS AND DEBTS (continued)

### 27.1 Long-term bank loans (continued)

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

Name of banks	31 December 2012 VND' 000	Term	Interest rate	Collateral (Notes 10, 12, 14 and 15)
<b>Sacombank, HCMC</b>				
Loan Agreement No. LD1214300282, 22/5/2012	300,000,000	36 months from the first drawdown date	1.55% per month	Land use right and attached assets at 47/67 Luong Minh Nguyet, Tan Thoi Hoa, Tan Phu, Ho Chi Minh City
<b>TOTAL Sacombank</b>	<b>1,109,300,465</b>			
<b>Vietcombank, Gia Lai branch</b>				
Loan Agreement No. 01/2009/HAGLH-HDTD, 20/3/2009	203,280,000	120 months from the first drawdown date, 26 March 2009 with grace period of 2 years	Reference rate plus 3.0% per annum	All assets from project Dak Srong 2
Loan Agreement No. 02/2009/HAGLH-HDTD, 5/8/2009	164,890,928	120 months from the first drawdown date, 20 August 2009 with grace period of 2 years	Reference rate plus 3.4% per annum	All assets from project Dak Srong 2A
Loan Agreement No. 183/11/NHNT, 9/9/2011	62,906,662	84 months from the first drawdown date	Floating rate	Assets on land, materials for the Hospital project and equipment
Loan Agreement No. 140/05A/NHNT, 27/6/2006	40,397,812	120 months from from the first drawdown	Floating rate	Land use rights and all assets of Da Nang Plaza project
Loan Agreement No. 116/11/NHNT, 14/11/2011	34,030,000	36 months from the first drawdown date, comprising a 6-month grace period and a 30-month repayment period	Floating rate	Machinery, equipment, transportation and others assets of mining project at Mo Rai District, Sa Thay, Kontum
Loan Agreement No. 125/10/NHNT, 25/2/2010	3,600,000	60 months from the first drawdown date	14.5 % per annum and adjusted as declaration by Vietcombank	Assets, machinery and equipment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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<i>Name of banks</i>	<i>31 December 2012</i> <i>VND' 000</i>	<i>Term</i>	<i>Interest rate</i>	<i>Collateral (Notes 10, 12, 14 and 15)</i>
<b><i>Vietcombank, chi nhánh Gia Lai</i></b>				
Loan Agreement No. 207/11/NHNT, 10/10/2011	2,400,000	36 months from the first drawdown date	Floating rate	Machinery and vehicles
Loan Agreement No. 01/2012/HATN-HDTD, 30/8/2012	3,012,435	144 months from the first drawdown date	12-month savings deposit interest rate plus 4% per annum	All assets from project Dak Srong 3A
<b><i>Vietcombank, Quy Nhon branch</i></b>				
Loan Agreement No. 141/ NHTD, 20/3/2009	1,604,992	60 months from the first drawdown date, comprising a 5-month grace period and a 55-month repayment period	12-month deposit rate plus 6.5% per annum	Assets formed from the loans
Loan Agreement No. 336/ NHTD, 21/4/2010	1,280,116	Payment within 66 months from the first drawdown date	12.5% per annum	Assets formed from the loans
Loan Agreement No. 374/ NHTD, 29/6/2009	141,265	60 months from the first drawdown date	12-month deposit rate plus 6.5% per annum	Assets formed from the loans
Loan Agreement No. 192/ NHNT, 23/6/2008	140,000	60 months from the first drawdown date	10.50% per annum	Land use rights for Lots B3, B8a, B8b, B9, A26 at Quy Nhon furniture factory, Phu Tai Industrial zone
<b>TOTAL Vietcombank</b>	<b>517,684,210</b>			



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 27. LONG-TERM LOANS AND DEBTS (continued)

### 27.1 Long-term bank loans (continued)

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

Name of banks	31 December 2012 VND' 000	Term	Interest rate	Collateral (Notes 10, 12, 14 and 15)
<b>Laos - Viet Bank</b>				
Loan Agreement No. 006/ LVB.NVKD/2012, 20/3/2012	151,210,992	108 months from 20 March 2015	Floating rate	All assets of Nam Kong 2 hydro power project
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
<b>TOTAL Laos - Viet Bank</b>	<b>255,196,459</b>			
<b>ACB, Gia Lai branch</b>				
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
<b>Agribank, Branch 9, HCMC</b>				
Loan Agreement No. 01307033/HDTD, 18/10/2007	48,000,000	60 months from the first drawdown date	1.46% per month	All assets of Phuoc Long B project
<b>Vietinbank, Gia Lai branch</b>				
Loan Agreement No. 99/ HDTD, 25/8/2006	14,500,000	96 months, repayable in 32 quarterly instalments starting on 25 March 2007	12-month deposit rate plus 3.00% per annum, and adjusted twice per annum on 1 February and 1 August	All assets at Hoang Anh Da Lat resort which were formed from and financed by the loan

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 27.2 Domestic straight bonds

Outstanding domestic straight bonds comprised of bonds amounting to VND 530 billion, VND 500 billion, VND 1,700 billion and VND 850 billion, issued by the Company and VND 350 billion issued by its subsidiary.

### *Domestic straight bonds were issued by the Company*

- i) On 8 October 2010, the Company issued VND 530 billion straight bonds at par value of VND 1 billion per unit which will be redeemable at par value by 8 October 2013. The bonds bear interest rate of 15.2% per annum in the first interest payment period and an average 12-month saving deposit rate applicable to individuals of four local banks plus (+) a margin of 4.2% per annum in the following periods. The proceeds were used to finance the working capital requirements and the ongoing real estate projects of its subsidiaries. The bonds are secured by 33.75 million Company shares held by the Chairman.

These bonds were reclassified as current portion and presented in financial statements as short-term loan (Note 20).

- ii) On 28 December 2011, the Company issued bonds aggregating to VND 500 billion (par value at 1 billion each unit). The bonds are payable after three (3) years from 28 December 2011 with interest rate of 18% for the first year and the interest rate for the subsequent years is average rate of 12-month saving interest rate paid in arrears quoted from four (4) commercial banks including Vietnam Bank for Agriculture and Rural Development - Gia Lai Province Branch, Vietnam Joint Stock Commercial Bank for Industry and Trade - Gia Lai Province Branch, Bank for Investment and Development of Vietnam - Gia Lai Province Branch, and Bank for Foreign Trade of Vietnam - Gia Lai Province Branch, plus a margin of 4% per annum.

These bonds were issued to finance the working capital of the Company and finance its investments in projects including planting and cultivating the 10,000 ha rubber plantation in Rattanakiri province in Cambodia, planting and cultivating the 9,950 ha rubber and palm oil plantation in Attapeu province in Laos, construction of sugar factory with capacity of 7,000 tons of sugarcane per day, thermo-electric station with capacity of 30 MW and ethanol and microbial fertilizer production factory and construction of hydro power factory Nam Kong 2 with capacity of 66MW. The bonds are secured by land use right and 10,000 ha of rubber plantation of Hoang Anh Attapue Agriculture Development Co., Ltd. in Attapeu province of Laos.

- iii) On 25 April 2012, the Company announced the issuance of new bonds with a total value of VND 2,500 billion (the par value per bond is VND 100,000) which was arranged by ACB Securities Limited Company. These bonds will be repaid after five (5) years with an interest rate of 18.5% for the first year and the average of interest rate of individual savings deposit in Vietnam dong with the term of thirteen (13) months plus margin of 6.5% per annum for subsequent periods. As at 31 December 2012, the Company has issued the bonds to Vietnam Thuong Tin Commercial Joint Stock Bank, ACB Securities Limited Company and Vietnam Export Import Commercial Joint Stock Bank in accordance with the contract dated 26/04/2012, contract No. 01/HDMBTP.12 dated 14/05/2012 and contract number 1506/2012/HD/EIB-HAGL dated 18/06/2012 with total proceeds of VND 450 billion, VND 450 billion and VND 800 billion, respectively. Accordingly, total proceeds from these bond issuances as at 31 December 2012 were VND 1,700 billion. The proceeds from the bond issuance were used to finance investment projects of the Group including the project of planting 10,000 hectares of new rubber trees in Rattanakiri Province, Cambodia; projects of sugar cane, thermal power, ethanol and locate fertilizer plants in Attapeu, Lao People's Democratic Republic; Dak Srong 3A hydropower project, 10.2 MW capacity, in Krong Pa District, Gia Lai, Vietnam; Nam Kong 2 hydropower project, 66MW capacity, at Phou Vong District, Attapeu, Laos and to restructure existing debts of the Group. The bonds are secured by 72.7 million Company shares held by the Chairman.

- iv) On 17 August 2012, the Company issued VND 850 billion straight bonds at par value of VND 1 billion per unit which will be redeemable at par value on 17 August 2015. The bonds bear interest rate of 16% per annum in the first interest payment period and by the average of 12-month VND individual savings deposit interest rate quoted by Gia Lai branches of four commercial banks, including Agribank Gia Lai Branch; Vietcombank Gia Lai Branch; BIDV Gia Lai Branch and Vietinbank Gia Lai Branch at each Interest Rate Determination Date plus a margin of 5% per annum. The interest is payable on semi-annual basis falling on 17 February and 17 August. The proceeds were used to finance the working capital requirements and to pay the debts of the Company. The bonds are secured by land lease right and attached assets 4,897.54 hectares in Attapeu and Sekong, Lao People's Democratic Republic held by Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd..

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 27. LONG-TERM LOANS AND DEBTS (continued)

### 27.2 Domestic straight bonds (continued)

#### *Domestic straight bonds were issued by its subsidiary*

- v) On 7 January 2011, 10 February 2011, 14 March 2011 and 11 July 2011, PHA, issued three tranches of straight bonds with the same amount of VND 100 billion and a straight bond of VND 50 billion each at par value of VND 1 billion per unit which will be redeemable at par value by 7 January 2014, 10 February 2014, 14 March 2014 and 11 July 2014, respectively. The bonds issued on 7 January 2011, 10 February 2011, 14 March 2011 and 11 July 2011 bear interest rate of 21.00%, 21.00%, 22.00% and 24.00% per annum, respectively, in the first interest payment period and will be subsequently adjusted monthly to a 12-month saving deposit interest rate (payable at maturity) of Vietnam Prosperity Joint – Stock Commercial Bank (“VPBank”) plus (+) a margin of 5.00%, 5.00%, 7.00% and 10.50% per annum, respectively. Total proceeds amounting to VND 350 billion have been used to finance PHA apartment project. The bonds are secured by 30,567.4 square meters of land use rights on lots 402 and 404, Nguyen Huu Tho Street, Phuoc Kien Ward, Nha Be District, Ho Chi Minh City, all assets on the land and benefits and income arising from the land use rights and the assets on land.

### 27.3 Bonds with warrants to bond holders of Rubber

On 5 December 2012, Hoang Anh Gia Lai Rubber Joint Stock Company (“HAGR”), a subsidiary, 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 quarter 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) month 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) month, 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, HAGR 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 total 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 HAGR 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, Lao People’s Democratic Republic; to restructure existing debts of HAGR and finance working capital and finance other investment projects of the Group. These bonds are secured by 143 million HAGR shares held by the Company.

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

### 27.4 Convertible and exchangeable bonds

On 19 August 2010, the Board of Directors approved a detailed plan to execute the issuance of the convertible bonds amounting to VND 1,100 billion to Northbrooks Investments (Mauritius) Pte Ltd, an affiliate of Temasek Holdings Pte Ltd of Singapore in accordance with the terms and conditions stipulated in the shareholders’ resolution dated 18 August 2010. On 31 August 2010, the Company issued VND 1,100 billion convertible bonds at par value of VND 1 million per unit. The bonds have a term of one year and will be converted into equity at the bond holder’s option upon maturity. Interest is waived if conversion option is exercised at a conversion price of VND 67,375 per share which is subject to for dilutive events adjustments. Otherwise, interest is charged from the purchase date at the average 12-month saving deposit rate applicable to individuals of four local banks (Asia Commercial Bank, Sai Gon Thuong Tin Commercial Joint Stock Bank, Vietnam Technological and Commercial Joint Stock Bank, and Vietnam Export Import Commercial Joint Stock Bank) plus (+) three percent per annum determined at the issuance date (interest payable at maturity).

On 1 July 2011, the Company and Northbrooks Investments (Mauritius) Pte Ltd signed an amendment to the bond subscription agreement. Accordingly, the Terms and Conditions of the Convertible Bonds issued on 31 August 2010 were adjusted as follows:

- **Maturity:** The original maturity date of 31 August 2011 was extended to 31 August 2013 with the bondholder’s options to extend by 1 or 2 years with the same terms and conditions.
- **Conversion Price:** VND 39,058 per share (adjusted down from the original conversion price of VND 67,375 per share on the issuance of bonus share at the rate of 2:1 on 21 January 2011 and the issuance of shares as dividend at a ratio of 100:15 on 11 May 2012) and subject to adjustment.

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- ▶ Interest Rate: Deposit Rate plus 3% per annum; payable annually. "Deposit Rate" means the average of 1-year savings deposit rates for individuals quoted by Asia Commercial Bank, Sai Gon Thuong Tin Commercial Joint Stock Bank, Vietnam Technological and Commercial Joint Stock Bank, and Vietnam Export Import Commercial Joint Stock Bank on 19 August 2010, and will be adjusted annually.
- ▶ Conversion and Anti-Dilution: The Convertible Bonds can be converted in whole or in part into the issued shares of the Company from 1 March 2013 until the Maturity Date. The conversion price may be adjusted to a lower price on the occurrence of any of the following: (i) issuance of bonus shares, (ii) share split, (iii) consolidation of shares, (iv) reclassification of shares, (v) declaration of any dividend, (vi) issue of new shares below the current market price per share and (vii) any other dilutive event.

On 15 July 2011, the Group issued Exchangeable Bonds amounting to VND'000 1,130,000,000 to Northbrooks Investments (Mauritius) Pte Ltd, as follows:

- ▶ Par value per bond: 1,000,000 VND.
- ▶ Number of bonds: 1,130,000.
- ▶ Maturity: 4 years from the Closing Date with the bondholder's rights to extend by two years in certain events.
- ▶ Coupon: Coupon is payable annually based on the interest rate determined as follows:
- ▶ Interest rate =  $5\% \times (1 + \text{Changing in Exchange Rates})$
- ▶ "Change in Exchange Rates" means the change in exchange rate of USD against VND quoted by HSBC on the Closing Date and on the date falling two Business Days prior to the Interest Payment Date
- ▶ If the calculation of interest rate as defined above is not permitted under the applicable regulations, the interest rate shall be calculated in accordance with the following formula:  
Interest =  $5\% \times (1+y)^n$ .

where "y" means (i) a rate to be agreed upon by the Investor and the Group at least five (5) Business Days prior to the first day of the Interest Payment Period, or (ii) in the event the Investor and the Group are unable to reach an agreement, ten percent (10%).

"n" means the number of Interest Payment Periods which have elapsed from the Closing Date up to and including such Interest Payment Period.

- ▶ Exchange: The Bondholder has the right to exchange the Bonds in whole or in part into a number of Shares of Hoang Anh Gia Lai Rubber Joint Stock Company held by the Company at any time commencing on (i) the date of Listing of these Shares or (ii) the third anniversary of the Closing Date, whichever is later, and expiring on (i) the Maturity Date or (ii) the date immediately preceding the sixth anniversary of the Closing Date in the event the maturity of the Bonds is extended.
- ▶ Purpose: to finance the Group's investment projects and its working capital requirements of Hoang Anh Gia Lai Rubber Joint Stock Company

## 27.5 International straight bonds

On 20 May 2011, the Company issued US\$ 90 million bonds which have par value of US\$ 100,000 per unit and are redeemable at par value by US\$ 18 million, US\$ 18 million and the remaining amount on 20 May 2014, 20 May 2015 and 20 May 2016, respectively. These discounted bonds of 96.181% bear coupon rate of 9.875% per annum. Coupon interest is payable semi-annually on 20 May and 20 November. The proceeds are being used to finance the ongoing hydropower and rubber plantation projects and the operations of the Group.

On 5 July 2012 and 13 July 2012, the Company repurchased US\$ 6.2 million and US\$ 8.8 million bonds at 97% of the par value respectively, which were parts of US\$ 90 million international bonds issued on 20 May 2011. On 15 August 2012, the Company delisted the remaining international bonds due to small number of bondholders, low trading transactions volume and high listing costs.

As at 31 December 2012, the bonds are secured by the Company's ownership in Hoang Anh Gia Lai Mineral JSC.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 28. OWNERS' EQUITY

### 28.1 Increase and decrease in owners' equity

	Share capital	Share premium	Consolidation reserve	Foreign exchange difference	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
Beginning balance as at 1 January 2011	3,115,206,970	3,504,012,140	(363,632,578)	59,665,483	8,622,737	210,865,390	1,657,427,614	8,192,167,756
Issuance of bonus shares	1,557,598,930	(623,039,572)	-	-	-	-	(934,559,358)	-
Net profit for the year	-	-	-	-	-	-	1,167,983,801	1,167,983,801
Share swap	-	-	(26,900,500)	-	-	-	-	(26,900,500)
Disposal of partial interest in HAH	-	-	567,000	-	-	-	-	567,000
Remuneration of the Board of Directors and Supervisors	-	-	-	-	-	-	(9,496,398)	(9,496,398)
Foreign exchange differences	-	-	-	79,510,573	-	-	11,442,613	90,953,186
Appropriation to financial reserve fund	-	-	-	-	-	8,996,524	(8,996,524)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(16,691,857)	(16,691,857)
<b>Ending balance as at 31 December 2011</b>	<b>4,672,805,900</b>	<b>2,880,972,568</b>	<b>(389,966,078)</b>	<b>139,176,056</b>	<b>8,622,737</b>	<b>219,861,914</b>	<b>1,867,109,891</b>	<b>9,398,582,988</b>

VND'000

On 26 January 2011, the Company issued bonus shares to existing shareholders at 2:1 ratio (one new share for every two existing shares held), of which 60% was funded from undistributed earnings of the year 2009 and 40% was taken from the outstanding share premium fund. This issuance was made based on the shareholders' resolution No. 1808/10/NQCD-HAGL dated 18 August 2010 (the written opinions collected from the shareholders). Accordingly, the Company has recorded the additional share capital of VND'000 1,557,598,930 and the reduction in share premium and undistributed earnings of VND'000 623,039,572 and VND'000 934,559,358, respectively. On 28 January 2011, the Company received the amended Business Registration Certificate (eighteenth amendment) issued by the Planning and Investment Department of Gia Lai Province which approved the increase in the Company's share capital to VND'000 4,672,805,900.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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	Share capital	Share premium	Consolidation reserve	Foreign exchange difference	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
								VND'000
Beginning balance as at 1 January 2012	4,672,805,900	2,880,972,568	(389,966,078)	139,176,056	8,622,737	219,861,914	1,867,109,891	9,398,582,988
Issuance of dividend shares for existing shareholders	700,904,590	-	-	-	-	-	(700,904,590)	-
Net profit for the year	-	-	-	-	-	-	349,964,246	349,964,246
Remuneration of the Board of Directors and Supervisors	-	-	-	-	-	-	(1,663,799)	(1,663,799)
Foreign exchange differences	-	-	-	19,799,080	-	-	(5,445,459)	14,353,621
Appropriation to financial reserve fund	-	-	-	-	-	3,810,778	(3,810,778)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	(7,946,810)	(7,946,810)
<b>Ending balance as at 31 December 2012</b>	<b>5,373,710,490</b>	<b>2,880,972,568</b>	<b>(389,966,078)</b>	<b>158,975,136</b>	<b>8,622,737</b>	<b>223,672,692</b>	<b>1,497,302,701</b>	<b>9,753,290,246</b>

On 11 May 2012, the Company issued shares as dividend for the financial year 2010 to its existing shareholders at a ratio of 100:15 (i.e. 15 shares for every 100 shares held). The undistributed earnings was appropriated to finance this dividend share issuance. The issuance was executed under the Resolution of Annual Shareholders Meeting dated 26 April 2011. Accordingly, the Company has recorded the additional share capital of VND'000 700,904,590 and the corresponding decrease in undistributed earnings by the same amount. On 11 May 2012, the Company received the amended Business Registration Certificate (20<sup>th</sup> amendment) issued by the Planning and Investment Department of Gia Lai Province which approved the increase in the Company's share capital to VND'000 5,373,710,490.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 28. OWNERS' EQUITY (continued)

### 28.2 Shares

	31 December 2012 Shares	31 December 2011 Shares
Shares authorised to be issued	537,371,049	467,280,590
Shares issued and fully paid	537,371,049	467,280,590
<i>Ordinary shares</i>	537,371,049	467,280,590
Outstanding shares	537,371,049	467,280,590
<i>Ordinary shares</i>	537,371,049	467,280,590

## 29. MINORITY INTERESTS

	VND'000 <i>Current year</i>
Beginning balance	684,639,622
Share of profit during the year	15,273,829
Acquisition of interest in Thanh Binh Construction Investment Consulting Co., Ltd.	179,767,687
Purchase of shares in subsidiaries	(35,204,371)
Disposition of part of equity in subsidiaries	200,751,358
New capital contributions	23,683,717
Others	1,372,500
<b>Ending balance</b>	<b>1,070,284,342</b>

## 30. EARNINGS PER SHARE

The following table shows the income and share data used in the basic earnings per share calculations:

	<i>Current year</i>	<i>Previous year</i>
Net profit attributable to ordinary equity holders of the parent (VND'000)	349,964,246	1,167,983,801
Weighted average number of ordinary shares during the year for basic earnings per share	467,280,590	311,520,697
Weighted average number of bonus shares	-	155,759,893
Weighted average number of dividend shares (*)	70,090,459	70,090,459
Adjusted weighted average number of ordinary shares	537,371,049	537,371,049
<b>Earnings per share</b>		
Basic and diluted earnings per share (VND)	651	2,174

(\*) The weighted average number of ordinary shares in the previous year has been retrospectively adjusted for the dividend shares issued in May 2012.

As disclosed in Note 27.4 to the consolidated financial statements, on 31 August 2010, the Company issued VND 1,100 billion convertible bonds at par value of VND 1 million per unit. The convertible bonds 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 31. REVENUES

### 31.1 Revenues from sale of goods and rendering of services

	VND'000	
	Current year	Previous year
<b>Gross revenues</b>	<b>4,399,516,897</b>	<b>3,152,105,785</b>
<i>Of which:</i>		
<i>Sale of apartments</i>	2,829,431,254	1,761,325,972
<i>Revenue from construction contracts</i>	477,247,523	334,208,008
<i>Sale of goods</i>	352,166,056	482,288,011
<i>Sale of minerals</i>	361,618,402	339,659,089
<i>Rendering from services</i>	193,658,122	132,689,731
<i>Sale of electricity</i>	138,995,540	101,934,974
<i>Sale of rubber latex</i>	46,400,000	-
<b>Less</b>	<b>(5,039,250)</b>	<b>(1,853,970)</b>
Sales returns	(4,588,461)	(572,949)
Special consumption tax	(400,671)	(284,661)
Sales discount	(50,118)	(996,360)
<b>Net revenues</b>	<b>4,394,477,647</b>	<b>3,150,251,815</b>
<i>Of which:</i>		
<i>Sale of apartments</i>	2,829,431,254	1,760,329,612
<i>Revenue from construction contracts</i>	477,197,405	334,208,008
<i>Sale of goods</i>	349,683,286	481,715,062
<i>Sale of minerals</i>	359,512,711	339,659,089
<i>Rendering of services</i>	193,257,451	132,405,070
<i>Sale of electricity</i>	138,995,540	101,934,974
<i>Sale of rubber latex</i>	46,400,000	-

### 31.2 Finance income

	VND'000	
	Current year	Previous year
Gain on disposal of equity and other investments	216,439,735	766,911,905
Interest income from deposits with banks	169,951,450	361,242,074
Interest income from loans to other companies	98,246,798	53,389,868
Foreign exchange gains	11,354,362	42,753,257
Dividend income	2,217,100	696,682
Others	3,840,603	1,996,216
<b>TOTAL</b>	<b>502,050,048</b>	<b>1,226,990,002</b>

Gain on disposal of equity and other investments pertain to the following disposals:

	VND'000
Deemed disposal of the Company's partial equity interest in Hoang Anh Gia Lai Hydropower JSC (Note 17.1)	201,825,429
Full disposal of the investment in Binh Dinh Constrexim JSC	14,614,306
<b>TOTAL</b>	<b>216,439,735</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 32. COSTS OF GOODS SOLD AND SERVICES RENDERED

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Cost of apartments sold (*)	2,070,059,522	920,014,078
Cost of construction contracts	357,620,421	182,981,537
Cost of minerals	271,388,135	126,068,383
Cost of goods sold	247,283,498	395,947,877
Cost of services rendered	177,853,599	67,294,518
Cost of electricity	52,349,251	33,993,235
Cost of rubber latex	17,357,518	-
<b>TOTAL</b>	<b>3,193,911,944</b>	<b>1,726,299,628</b>

(\*) Including in cost of apartment sold, the Group accrued cost of land use right of Hoang Anh Golden House ("HAGH") project amounting to VND'000 160,000,000 based on valuation report issued by DATC Consultation Service for Property Real Estate Joint Stock Company – HCMC Branch in December 2012. The Group is in progress of finalising the cost of land use right of HAGH project with local authorities and the said accrued amount could be changed at a later date upon final determination by the local authorities.

## 33. FINANCIAL EXPENSES

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Interest expense on bank loans and bonds	494,957,341	464,848,591
Bond issuance expenses	57,306,871	45,716,144
Foreign exchange loss	11,185,120	15,513,242
Loss from divestment	-	1,766,665
Swap shares expense (Note 4.6)	64,779,570	-
Others	49,006,242	9,158,171
<b>TOTAL</b>	<b>677,235,144</b>	<b>537,002,813</b>

## 34. OTHER INCOME AND EXPENSES

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>62,765,153</b>	<b>44,233,778</b>
Proceeds from disposal of fixed assets	27,992,372	31,246,169
Income from CER	13,717,031	-
Others	21,055,750	12,987,609
<b>Other expenses</b>	<b>(152,663,685)</b>	<b>(61,776,937)</b>
Net carrying amounts of disposed assets	(55,631,432)	(27,090,301)
Penalty expenses	(57,181,079)	(9,952,156)
Depreciation of idle assets	(15,702,048)	(8,693,497)
Others	(24,149,126)	(16,040,983)
<b>Other loss</b>	<b>(89,898,532)</b>	<b>(17,543,159)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 35. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 25% of taxable profits.

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 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.

The CIT expense for the year comprised of:

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	439,426,901	542,132,693
Deferred tax benefit	(279,776,210)	(165,555,355)
<b>TOTAL</b>	<b>159,650,691</b>	<b>376,577,338</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 35. CORPORATE INCOME TAX (continued)

### 35.1 Current tax

	VND'000	
	Current year	Previous year
<b>Profit before tax</b>	<b>524,888,766</b>	<b>1,701,895,110</b>
<b>Adjustments to increase (decrease) accounting profit</b>		
<i>Adjustments to increase</i>		
Revenue from sale of apartments recognised in prior years and billed this year	1,719,446,856	1,186,486,441
Cost of electricity generated which is tax exempt	147,678,434	86,604,288
Loss from subsidiaries	706,563,904	81,237,050
Accrual expenses	65,312,205	39,295,592
Movement of intra-group unrealised profit	(34,755,244)	180,025,606
Expenses without adequate supporting documents	52,669,994	10,673,234
Cost of investment exceeding net carrying value of HAGH project and Phu Hoang Anh 1 project capitalised as land cost at acquisition of these projects at consolidation	286,936,593	-
The difference in the book values of the minority shares in HAGR effectively swapped with equivalent HAN shares (Note 4.6)	64,779,570	-
Others	91,669,754	54,564,214
<i>Adjustments to decrease</i>		
Cost from sale of apartments recognised in prior years and billed this year	(933,225,413)	(655,557,987)
Deductible interest expenses	(523,574,950)	(345,323,897)
Gain on deemed disposal of the Company's partial equity interest in Hoang Anh Gia Lai Hypro Power JSC (Note 31.2)	(201,825,429)	-
Revenue from sale of electricity which is tax exempt	(138,995,540)	(101,934,974)
Last year accrued expenses paid in the current year	(36,921,121)	(78,539,084)
Dividend income	(2,217,100)	(696,682)
Others	(20,027,575)	-
<b>Adjusted net profit before loss carry forward</b>	<b>1,768,403,704</b>	<b>2,158,728,911</b>
Tax loss carried forward	(22,293,195)	(25,705,557)
<b>Estimated current taxable profit</b>	<b>1,746,110,509</b>	<b>2,133,023,354</b>
<b>Estimated current CIT</b>	<b>430,569,987</b>	<b>533,255,839</b>
Under provision of CIT in previous year	16,128,999	8,876,854
CIT reduction in accordance with Circular No. 140/2012/TT-BTC	(7,272,085)	-
<b>Estimated current CIT for the year</b>	<b>439,426,901</b>	<b>542,132,693</b>
Provision for CIT payable on progress payments from buyers (2%)	1,489,364	-
CIT payable at beginning of year	583,261,927	259,682,893
CIT payable offsetting against value-added tax deductible in accordance with tax notice of local tax authority	(25,008,482)	(15,012,486)
Offsetting against 2% CIT payment in advance	-	(16,672,366)
CIT paid during the year	(623,468,952)	(186,868,807)
<b>CIT payable at end of year (Note 23)</b>	<b>375,700,758</b>	<b>583,261,927</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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## 35.2 Deferred tax

The following comprise the Group's deferred tax assets and liabilities recognized by the Group and the movements thereon during the year.

	Consolidated balance sheet		Credit (charge) to consolidated income statement	
	31 December 2012	31 December 2011	Current year	Previous year
<b>Deferred tax assets</b>				
Tax losses carried forward of subsidiaries	139,262,125	9,241,640	(130,020,485)	(4,440,831)
Unrealised intra-group profit	44,648,523	53,337,334	8,688,811	(45,006,402)
Accrued expenses	16,209,156	6,468,312	(9,740,844)	26,302,902
	<b>200,119,804</b>	<b>69,047,286</b>		
<b>Deferred tax liabilities</b>				
Negative goodwill credited to the consolidated income statement	61,439,435	61,439,435	-	-
Profit from apartment sale recognised but not yet issued invoice	-	200,761,464	(200,761,464)	(141,300,600)
Gain on deemed disposal of the Company's partial equity interest in Hoang Anh Gia Lai Hypro Power JSC	50,456,357	-	50,456,357	-
Others	490,991	(1,110,424)	1,601,415	(1,110,424)
	<b>112,386,783</b>	<b>261,090,475</b>		
<b>Deferred income tax credit to consolidated income statement</b>			<b>(279,776,210)</b>	<b>(165,555,355)</b>

## 36. TRANSACTIONS WITH RELATED PARTIES

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

Related parties	Relationship	Transactions	Amounts
VND'000			
Huynh De Construction Corporation	Related company	Sales of goods and service	94,019,944
		Construction	139,076,141
		Service	316,700
Truc Thinh Trading and Services Company Limited	Related company	Sales of goods and service	87,258,722
		Construction	75,146,292
		Service	187,359

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 36. TRANSACTIONS WITH RELATED PARTIES (continued)

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

			VND'000
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amounts</i>
<b>Trade receivables</b>			
Huynh De Construction Corporation	Related company	Sales of goods and subcontract work provided by the Group	67,394,768
Truc Thinh Trading and Services Company Limited	Related company	Sales of goods and subcontract work provided by the Group	28,495,405
<b>TOTAL</b>			<b>95,890,173</b>
<b>Advances to suppliers</b>			
Huynh De Construction Corporation	Related company	Advances for construction works (mainly Phu Hoang Anh 2 project)	1,115,388,605
A Dong Investment and Construction Consultant JSC	Associate	Advances for consulting and designing works	16,938,500
<b>TOTAL</b>			<b>1,132,327,105</b>
<b>Other receivables</b>			
Huynh De Construction Corporation	Related company	Borrowing	6,200,000
Hoang Anh Gia Dinh JSC	Associate	Borrowing	2,500,000
Others	Related parties	Others	2,933,404
<b>TOTAL</b>			<b>11,633,404</b>
<b>Trade payables</b>			
Huynh De Construction Corporation	Related company	Construction service	112,523,319
Truc Thinh Trading and Services Company Limited	Related company	Construction service	874,354
<b>TOTAL</b>			<b>113,397,673</b>

## 37. COMMITMENTS

### Operating lease commitments

The Group leases parcels of land in Vietnam to build factories, football facilities, hotels and for rubber trees plantation. The future minimum lease commitments under the operating lease agreements are as follows:

			VND'000
	31 December 2012	31 December 2011	
Less than one year	4,530,257	4,415,175	
From one to five years	17,660,700	17,660,700	
More than five years	131,930,689	128,649,264	
<b>TOTAL</b>	<b>154,121,646</b>	<b>150,725,139</b>	

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## Capital commitments

At 31 December 2012, the Group has contractual commitments for the construction work for its apartment and hydropower plant projects as follows:

	<i>Contracted amount</i>	<i>Recognised amount</i>	<i>VND'000 Remaining commitment</i>
<b><i>Apartments</i></b>			
Phu Hoang Anh 2	1,233,153,806	584,910,497	648,243,309
Tay Nguyen Plaza	29,440,331	20,169,865	9,270,466
<b><i>Hydropower plants</i></b>			
Dakrong 3A	301,524,812	150,578,761	150,946,051
Dakrong 3B	165,418,718	157,769,340	7,649,378
Nam Kong	1,419,476,106	191,656,779	1,227,819,327
Ba Thuoc 1	764,010,524	217,225,800	546,784,724
Ba Thuoc 2	574,372,772	529,460,835	44,911,937
<b>TOTAL</b>	<b>4,487,397,069</b>	<b>1,851,771,877</b>	<b>2,635,625,192</b>

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bonds, loans and borrowings 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 short-term deposits that arise directly from its operations. The Group also hold available-for-sale investment. In addition, the Group issued convertible bonds to finance its investment activities.

The Group is exposed to market risk, credit risk, liquidity risk and commodity price risk.

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, real estate price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bonds, loans and borrowings, deposits and available-for-sale investments.

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 and short-term deposits, loans and bonds.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 38. 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 and borrowings.

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

	<i>Increase/decrease basis point</i>	<i>Effect on profit before tax (VND'000)</i>
<b>For the year ended 31 December 2012</b>		
VND	+300	(81,581,596)
VND	-300	81,581,596
<b>For the year ended 31 December 2011</b>		
VND	+300	(5,825,702)
VND	-300	5,825,702

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).

	<i>Change in exchange rate (%)</i>	<i>Effect on profit before tax (VND'000)</i>
<b>For the year ended 31 December 2012</b>		
US\$	+2	(18,437,228)
US\$	-2	18,437,228
<b>For the year ended 31 December 2011</b>		
US\$	+ 2	(17,887,328)
US\$	- 2	17,887,328



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## *Equity price risk*

The Group's equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Group manages equity price risk by placing a limit on equity investments. The Group's Board of Directors reviews and approves all equity investment decisions. The exposure to equity price risk is assessed as low.

## *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.

## *Loans*

The Group mainly loans to Laos Government and Hoang Phuc Investment Construction and Housing Development JSC. The Group's management evaluates the risk in respect to these loans is as low.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### 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.

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

	VND'000		
	Less than 1 year	From 1 to 5 years	Total
<b>31 December 2012</b>			
Loans and borrowings	2,517,411,756	11,384,099,486	13,901,511,242
Convertible bonds	-	2,230,000,000	2,230,000,000
Trade payables	695,516,850	-	695,516,850
Other payables and accrued expenses	1,133,298,608	-	1,133,298,608
	<b>4,346,227,214</b>	<b>13,614,099,486</b>	<b>17,960,326,700</b>
<b>31 December 2011</b>			
Loans and borrowings	3,201,903,706	6,193,895,345	9,395,799,051
Convertible bonds	-	2,230,000,000	2,230,000,000
Trade payables	742,270,498	-	742,270,498
Other payables and accrued expenses	692,610,534	-	692,610,534
	<b>4,636,784,738</b>	<b>8,423,895,345</b>	<b>13,060,680,083</b>

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 cash, inventory, building, structure, machinery, land use right and its investment to fulfil the collateral requirements for the obtained loans and bonds (Note 20 and 27).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 39. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

VND'000

	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>31 December 2012</i>	<i>31 December 2011</i>	<i>31 December 2012</i>	<i>31 December 2011</i>
<b>Financial assets</b>				
Loans to others	186,471,568	292,746,425	186,471,568	292,746,425
Government bonds	20,000	20,000	20,000	20,000
Trade receivable	2,536,387,793	2,441,978,920	2,536,387,793	2,441,978,920
Other receivable	1,090,564,434	813,893,295	1,090,564,434	813,893,295
Short-term investment	150,378,106	97,356,499	150,378,106	97,356,499
Lands (lands held for development)	1,426,399,155	2,058,578,090	1,426,399,155	2,058,578,090
Investments in other companies	29,840,153	28,650,153	29,840,153	28,650,153
Cash and cash equivalents	2,518,419,171	2,896,456,731	2,518,419,171	2,896,456,731
Others	-	150,000	-	150,000
<b>TOTAL</b>	<b>7,938,480,380</b>	<b>8,629,830,113</b>	<b>7,938,480,380</b>	<b>8,629,830,113</b>
<b>Financial liabilities</b>				
Loans and borrowings	16,131,511,242	11,625,799,051	16,131,511,242	11,625,799,051
Payables to related parties	-	37,839,496	-	37,839,496
Trade payable	695,516,850	711,298,402	695,516,850	711,298,402
Other current liabilities	1,133,298,608	685,743,134	1,133,298,608	685,743,134
<b>TOTAL</b>	<b>17,960,326,700</b>	<b>13,060,680,083</b>	<b>17,960,326,700</b>	<b>13,060,680,083</b>

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 the balance sheet date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has seven reportable operating segments as follows:

- ▶ Real estate: developing apartments for sale and lease;
- ▶ Production: producing and trading furniture and granite products;
- ▶ Trading and services: managing properties and trading of goods;
- ▶ Construction: building apartments;
- ▶ Power: developing and operating hydropower plants;
- ▶ Mining: exploiting and selling iron ore; and
- ▶ Plantation: planting rubber, sugarcane and palm oil trees, processing and trading of rubber latex, rubber wood, sugar, palm oil...

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

Management monitors the operating results of its business units separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing, including finance costs and finance revenue, and income taxes are managed on a Group basis and are not allocated to operating segments.

The segment information of the hospitality industry has been combined into the trading and services industry during the year as the hospitality industry is currently not the Group's core business.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 40. SEGMENT INFORMATION (continued)

	Real estate	Production	Trading and services	Construction	Plantation	Power	Mining	Eliminations	TOTAL
For the year ended 31 December 2011									
<i>Revenue</i>									
External customers	1,760,329,612	481,715,062	132,405,070	334,208,008	-	101,934,974	339,659,089	-	3,150,251,815
Inter-segment elimination	-	818,726,824	51,087,055	453,417,638	-	-	-	(1,323,231,517)	-
<b>Total</b>	<b>1,760,329,612</b>	<b>1,300,441,886</b>	<b>183,492,125</b>	<b>787,625,646</b>	<b>-</b>	<b>101,934,974</b>	<b>339,659,089</b>	<b>(1,323,231,517)</b>	<b>3,150,251,815</b>
<i>Results</i>									
Segment results	840,315,534	85,767,185	65,110,552	151,226,471	-	67,941,739	213,590,706	-	1,423,952,187
Unallocated expenses									(412,044,266)
Profit before income tax, financial income and financial expense									1,011,907,921
Financial income									1,226,990,002
Financial expense									(537,002,813)
Profit before tax									1,701,895,110
Current corporate income tax									(542,132,693)
Deferred income tax credit									165,555,355
<b>Net profit for the year</b>									<b>1,325,317,772</b>
As at 31 December 2011									
<i>Assets and liabilities</i>									
Segment assets	9,272,410,265	1,095,127,883	506,706,688	1,384,852,529	4,727,434,422	2,908,620,502	586,136,668	-	20,481,288,957
Cash of the Group									2,896,456,731
Investments in associates									178,361,483
Unallocated assets									2,020,404,575
<b>Total assets</b>									<b>25,576,511,746</b>
Segment liabilities	(3,967,533,346)	(454,137,706)	(56,376,350)	(950,031,234)	(1,266,902,114)	(1,698,666,396)	(151,924,593)	-	(8,545,571,739)
Unallocated liabilities									(6,947,717,397)
<b>Total liabilities</b>									<b>(15,493,289,136)</b>

VND'000



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

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## 40. SEGMENT INFORMATION (continued)

	Real estate	Production	Trading and services	Construction	Plantation	Power	Mining	Eliminations	TOTAL
<b>For the year ended 31 December 2012</b>									
<i>Revenue</i>									
External customers	2,829,431,254	349,683,286	193,257,451	477,197,405	46,400,000	138,995,540	359,512,711	-	4,394,477,647
Inter-segment elimination	-	2,002,082,361	62,129,679	488,053,999	-	-	-	(2,552,266,039)	-
<b>Total</b>	<b>2,829,431,254</b>	<b>2,351,765,647</b>	<b>255,387,130</b>	<b>965,251,404</b>	<b>46,400,000</b>	<b>138,995,540</b>	<b>359,512,711</b>	<b>(2,552,266,039)</b>	<b>4,394,477,647</b>
<i>Results</i>									
Segment results	759,371,732	102,399,788	15,403,852	119,576,984	29,042,482	86,646,289	88,124,576	-	1,200,565,703
Unallocated expenses									(501,486,711)
Profit before income tax, financial income and financial expense									699,078,992
Financial income									502,050,048
Financial expense									(677,235,144)
Share profit from associates									994,870
Profit before tax									524,888,766
Current corporate income tax									(439,426,901)
Deferred income tax credit									279,776,210
<b>Net profit for the year</b>									<b>365,238,075</b>
<b>As at 31 December 2012</b>									
<i>Assets and liabilities</i>									
Segment assets	7,455,762,059	729,377,271	613,125,371	1,473,896,270	7,761,555,881	4,481,390,364	593,734,870	-	23,108,842,086
Cash of the Group									2,518,419,171
Investments in associates									211,930,887
Unallocated assets									5,445,635,275
<b>Total assets</b>									<b>31,284,827,419</b>
Segment liabilities	(4,054,514,382)	(783,962,849)	(134,185,223)	(691,972,723)	(4,185,631,574)	(1,849,143,346)	(222,875,030)	-	(11,922,285,127)
Unallocated liabilities									(8,538,967,704)
<b>Total liabilities</b>									<b>(20,461,252,831)</b>

VND'000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012

## 41. CORRESPONDING FIGURES

Certain accounts in the prior year's consolidated financial statements have been reclassified to conform to the presentation of current year's consolidated financial statements.

## 42. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

In accordance with Resolution of the General Shareholders No. 0401/13/NQDHCD-HAGL (voted in writing) dated 4 January 2013, General Shareholders approved, among others, the following significant events:

- Offering new shares at par value VND 10,000 per share to existing shareholders at the ratio of 5:1 (1 new share for every 5 shares held).
- Adjusting terms and conditions of the convertible bonds amounting to VND 1,100 billion of Northbrooks Investments (Mauritius) Pte Ltd
  - ▶ Maturity: 31 August 2015.
  - ▶ Conversion price: VND 25,000 per share and subject to adjustment.
  - ▶ Conversion: The Convertible Bonds can be converted in whole or in part into the issued shares of the Company from 1 August 2013 until the Maturity Date.
  - ▶ Right to request the Company to repurchase the Bonds: At anytime from 31 August 2013, Convertible Bond holders have the right to request the Company to repurchase in part or in full the Convertible Bonds at a price equal to par value plus the Convertible Bonds interest from last interest payment to repurchase date.
- Issuing a maximum of 75,000,000 shares at a price not less than VND 21,000 per share to convert international straight bonds with estimated total value of VND 1,564 billion.

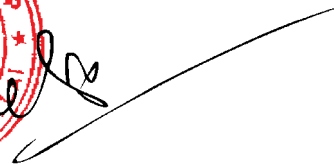
Except for the above events, there has been no other significant event occurring after the consolidated balance sheet date which would require adjustments or disclosures to be made in the consolidated financial statements.



Nguyen Thi Do Quyen  
Preparer



Ho Thi Kim Chi  
Chief Accountant



Nguyen Van Su  
General Director

26 March 2013



**UP-TO-DATE INVESTOR INFORMATION:**

**[http://www.hagl.com.vn/Group\\_Relations/ListCats/13](http://www.hagl.com.vn/Group_Relations/ListCats/13)**

Visit our website for the online version of our Annual Report and the latest information on our corporate governance practices and recent announcements.





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