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## Vingroup Joint Stock Company (formerly known as Vincom Joint Stock Company)

(Established in Vietnam as a Joint Stock Company with Business Licence No. 0103001016 pursuant to the Law on Enterprises)

### **U.S.\$115,000,000 5.00 per cent. Convertible Bonds due 2017 to be consolidated and form a single series with the U.S.\$185,000,000 5.00 per cent. Convertible Bonds due 2017 issued on 3 April 2012**

### **Issue price: 100 per cent. plus an amount corresponding to accrued interest from, and including, 3 April 2012, to, but excluding, 5 July 2012**

The U.S.\$115,000,000 5.00 per cent. Convertible Bonds due 2017 (the "**Additional Bonds**") will be issued by Vingroup Joint Stock Company (the "**Issuer**", "**Vingroup**" or the "**Company**"). The issue price of the Additional Bonds will be 100 per cent. of the aggregate principal amount of the Additional Bonds plus an amount corresponding to accrued interest from, and including, 3 April 2012, to, but excluding, 5 July 2012. Interest on the Bonds will be payable semi-annually in arrear on 3 April and 3 October of each year (each an "**Interest Payment Date**"). The first interest payment will be made on 3 October 2012. The Additional Bonds have the same terms and conditions as the U.S.\$185,000,000 5.00 per cent. Convertible Bonds due 2017 which were issued on 3 April 2012 (the "**Original Issue Date**") and referred to in the offering circular dated 27 March 2012 (the "**Offering Circular**") (the "**Existing Bonds**" and, together with the Additional Bonds, the "**Bonds**") in all respects except for the issue date and issue price and will be consolidated and form a single series with the Existing Bonds and vote together as one series on all matters with respect to the Bonds.

The Bonds are convertible by holders into ordinary shares of the Issuer (the "**Shares**") at any time up to the close of business (at the place where the Bond is deposited for conversion) on the tenth day prior to 3 April 2017 (the "**Maturity Date**"), unless previously converted, redeemed, or purchased and cancelled (subject as provided in the Offering Circular). The conversion price (subject to adjustment in the manner provided in the Offering Circular) (the "**Conversion Price**") is currently VND88,000 per Share with a fixed rate of exchange on conversion of VND20,900 per U.S.\$1, and is subject to reset in the circumstances provided in the Offering Circular. The Shares are listed on the Ho Chi Minh City Stock Exchange (the "**HOSE**"). On 25 June 2012, the closing price of the Shares on the HOSE was VND85,000 per Share. See "**Terms and Conditions of the Bonds—Conversion**" in the Offering Circular.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on the Maturity Date at 111.73 per cent. of their principal amount, together with accrued but unpaid interest calculated in accordance with the terms and conditions set out in the Offering Circular (the "**Conditions**"). The Bonds may be redeemed in whole (but not in part), at the option of the Issuer at any time after 3 April 2014, subject to satisfaction of certain conditions, at the Early Redemption Amount (as defined herein) together with accrued but unpaid interest to the date fixed for such redemption if the Closing Price (as defined in the Offering Circular) of the Shares on each of 20 consecutive Trading Days (as defined in the Offering Circular), the last of which occurs not more than 30 days prior to the date upon which notice of such redemption is published, (translated into United States Dollars at the Prevailing Rate) was at least 130 per cent. of the Early Redemption Amount as at each of such Trading Days for a Bond with a principal amount of U.S.\$100,000 divided by the Conversion Ratio in effect on each of such Trading Days. The Bonds may also be redeemed in whole (but not in part) at any time at the option of the Issuer at the Early Redemption Amount together with accrued but unpaid interest to the date fixed for such redemption (i) if at least 90 per cent. in principal amount of the Bonds originally issued have already been converted, redeemed or purchased and cancelled or (ii) in the event of certain changes in the laws and regulations relating to taxation in Vietnam. Holders of the Bonds will have the right to require the Issuer to redeem the Bonds (i) at the Early Redemption Amount together with accrued but unpaid interest on the Relevant Event Redemption Date (as defined in the Offering Circular), in the event that the Shares cease to be listed and/or admitted to trading or trading in the Shares is suspended for a period equal to or exceeding 30 Trading Days on the HOSE, or if applicable, the Alternative Stock Exchange (as defined in the Offering Circular), or a Change of Control (as defined in the Offering Circular) has occurred or (ii) at 104.21 per cent. of their principal amount together with accrued but unpaid interest (the "**Put Price**") on 3 April 2014 (the "**Put Option Date**"). In certain circumstances, the Bonds are subject to automatic cash settlement on conversion, and the Issuer shall satisfy its obligation to deliver Shares in full upon the conversion of the Bonds by the payment of the Cash Settlement Amount in accordance with the Conditions.

Approval-in-principle has been obtained for the Additional Bonds to be listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this supplemental offering circular (this "**Supplemental Offering Circular**"). Admission of the Additional Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, associates or the Additional Bonds. The Additional Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Bonds are listed on the SGX-ST. The Issuer has undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for listing on the HOSE.

**For a discussion of certain risk factors relating to the Bonds and the Shares, see "**Risk Factors – Risks Associated with the Bonds and the Shares**" of the Offering Circular.**

The Additional Bonds will be represented by a single Global Certificate (as defined in the Offering Circular) in registered form, deposited with a common depository for, and registered in the name of a nominee of, Euroclear Bank, S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on or about 5 July 2012, for the accounts of their respective accountholders and will be held together with the global certificate representing the Existing Bonds.

Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected through records maintained by Euroclear and Clearstream, Luxembourg. Except as described in the Offering Circular, definitive Certificates representing individual Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States of America (the "**United States**" or the "**U.S.**"). The Additional Bonds are being offered and sold only outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see "**Subscription and Sale**" of the Offering Circular.

This Supplemental Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, the Additional Bonds may not be offered or sold, nor may the Additional Bonds be the subject of an invitation for subscription or purchase, nor may this Supplemental Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Additional Bonds be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

This Supplemental Offering Circular, together with the accompanying term sheet setting out a summary of the terms and conditions of the Additional Bonds (the "**Term Sheet**"), should be read in conjunction with the Offering Circular. Investors should read the Offering Circular, the Supplemental Offering Circular and the Term Sheet in their entirety before making any decision to invest in the Additional Bonds. Unless otherwise defined herein, all defined terms used in the Offering Circular will have the same meaning in this Supplemental Offering Circular. Solely for the convenience of the reader, certain Vietnamese Dong amounts in this Supplemental Offering Circular have been translated into U.S. Dollars based on the exchange rate of U.S.\$1.00 = VND20,905 as at 22 June 2012, giving effect to rounding where applicable. The convenience translation is unaudited and should not be construed as a representation that the Vietnamese Dong amounts represent, or have been or could be converted into, U.S. Dollars at this or any other exchange rate.

To the extent that there is any conflict between the contents of the Offering Circular and those of the Supplemental Offering Circular, the contents of the Supplemental Offering Circular will prevail.

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## OVERVIEW

Vingroup Joint Stock Company (the "**Issuer**") proposes to issue 5.00 per cent. Convertible Bonds due 2017 in an aggregate principal amount of U.S.\$115,000,000 (the "**Additional Bonds**"). The Additional Bonds have the same terms and conditions as the U.S.\$185,000,000 5.00 per cent. Convertible Bonds due 2017 which were issued on 3 April 2012 and are referred to in the Offering Circular dated 27 March 2012 (the "**Existing Bonds**" and, together with the Additional Bonds, the "**Bonds**") in all respects except for the issue date and issue price and will be consolidated and form a single series with the Existing Bonds and vote together as one series on all matters with respect to the Bonds.

Credit Suisse (Singapore) Limited will act as an arranger and placement agent (the "**Arranger and Placement Agent**") in relation to the issue of the Additional Bonds and not as an underwriter or an initial purchaser. As such, the Arranger and Placement Agent will enter into a placement agency agreement with the Issuer (the "**Placement Agency Agreement**") pursuant to the issue of the Additional Bonds.

## DIVIDENDS AND DIVIDEND POLICY

### Payment of dividends by Vingroup in the form of bonus Shares

#### *Issuance of bonus Shares to existing shareholders*

At the 2012 annual meeting of general shareholders of Vingroup held on 25 April 2012, the shareholders had approved the payment of dividends from profits for the year 2011 and the first quarter of 2012, amounting to an aggregate of VND1,510,787,500,000 (U.S.\$72.3 million), in the form of bonus Shares to be issued to each existing shareholder, with each shareholder being entitled to subscribe for 275 new shares for every 1000 Shares held as of 6 June 2012.

The last day for registration of shareholders for the issue of the bonus Shares was 6 June 2012. In total, 151,078,750 bonus Shares with par value of VND10,000 each were issued in payment of dividends amounting to VND1,510,787,500,000 (U.S.\$72.3 million). On 19 June 2012, Vingroup received its amended business registration certificate reflecting an updated chartered capital of VND7,004,620,550,000 (U.S.\$335.1 million).

The newly issued bonus Shares will be listed and tradable on the HOSE from 28 June 2012.

#### *Adjustment to the Conversion Price of the Bonds resulting from the issuance of bonus Shares*

The initial Conversion Price of the Bonds was VND112,000 per Share. Pursuant to the above-mentioned payment of dividends by Vingroup in the form of bonus shares, in accordance with Condition 6(C)(2) of the Conditions, the Conversion Price of the Bonds has been adjusted in accordance with the following formula:

$$\text{VND112,000} \quad \times \quad \frac{100}{100 + 27.5} \quad = \quad \text{VND88,000}$$

The effective date of the new Conversion Price of VND88,000 per Share was 4 June 2012.

### VND 600 billion dividend declared by Royal City

At the 2012 annual meeting of shareholders of Royal City held on 16 April 2012, the shareholders of Royal City had approved the payment of dividends amounting to VND600 billion (U.S.\$28.7 million) in the form of cash. Vingroup is entitled to receive dividends amounting to VND590.2 billion (U.S.\$28.2 million) by the third quarter of 2012 pursuant to Vingroup's 98.36 per cent. effective interest in Royal City.

## **BUSINESS**

### **Recent Developments**

#### ***Vingroup increase of Charter Capital***

Vingroup has increased its charter capital from VND5,493,833,050,000 (U.S.\$262.8 million) to VND7,004,620,550,000 (U.S.\$335.1 million) pursuant to an issuance of 151,078,750 bonus Shares in payment of dividends from profits for the year 2011 and the first quarter of 2012, amounting to VND1,510,787,500,000 (U.S.\$72.3 million). On 19 June 2012, Vingroup received its amended business registration certificate reflecting an updated chartered capital of VND7,004,620,550,000 (U.S.\$335.1 million).

#### ***Sai Dong increase of Charter Capital***

Sai Dong is in process of increasing its charter capital from VND500 billion (U.S.\$23.9 million) to VND1,200 billion (U.S.\$57.4 million) pursuant to a rights issue of 70,000,000 new ordinary shares with par value of VND10,000 each to existing shareholders pro rata to their current shareholding ratio. The rights issue must be completed within 90 days from 6 June 2012, the date of the SSC certification for the rights issue.

#### ***Sale of Tower T18 in Times City***

Pursuant to a sale and purchase agreement dated 25 May 2012, the Group transferred a total area of 59,862 square metres (comprising floors 3 to 35, or 660 apartments) in a residential tower in the "Times City" project, "T18", to an independent third party. 70 per cent. of the total sale price has been received and the remaining amount is expected to be paid by September 2013. The apartments in Tower T18 are expected to be handed over to the purchaser, and the relevant infrastructure and facilities of Times City are expected to be completed, by September 2013.

#### ***Land Use Fee Payments***

As of 5 April 2012, the Group has paid a total of VND485 billion (U.S.\$23.2 million) in land use fees required to be paid for the "Times City" project, and the Group has also fully paid the entire VND500 billion (U.S.\$23.9 million) in land use fees required to be paid for the "Royal City" project.

#### ***Changes to the Board of Directors and Composition of the Board of Management***

On 14 June 2012, the BOM of the Company appointed Ms. Le Thi Thu Thuy, who has extensive knowledge and expertise in relation to real estate investments and the international finance markets, as the General Director in order to facilitate the Group's international integration. Her appointment as General Director took effect as of 19 June 2012 when the Company received the amended business registration certificate. Ms. Mai Thu Thuy, Mr. Dang Thanh Thuy and Mr. Tran Anh Tuan have been appointed as Deputy General Directors as of 16 April 2012.

In addition, Ms. Mai Huong Noi and Ms. Nguyen Dieu Linh have been removed from the positions of General Director and Deputy General Director on 14 June and 16 April 2012, respectively. The Board intends to nominate Ms. Mai Huong Noi to be a member of the BOM subject to the approval of the next general meeting of the Company's shareholders, the date of which has not currently been determined.

#### ***Proposed sale of 40 per cent. stake in Green City***

The Company intends to sell a 40.00 per cent. stake in Green City JSC to a third party. This third party had entered into a business co-operation contract to invest approximately VND1.4 billion (U.S.\$0.1 million) in Green City and intends to convert its investment in Green City into shares in Green City. In addition to such conversion of its investment, this third party has proposed to acquire the Group's 40.00 per cent. stake in Green City. If the transaction were to be consummated, the Company's ownership in Green City JSC is expected to decrease to 34.00 per cent. from 74.00 per cent. Once the disposition is completed, the buyer will be responsible for funding the project. The sale price will be negotiated on an arm's length basis.

## **Group Structure**

### ***Changes to the Structure of the Group***

#### *Vincom Retail Company Limited*

On 11 April 2012, Vincom Retail Company Limited ("**Vincom Retail**") became a subsidiary of the Group. As at 31 May 2012, Vincom Retail had a charter capital of VND6 billion (U.S.\$0.3 million), which has been fully paid-up. The Group holds a 91.42 per cent. effective interest in Vincom Retail through its 60.00 per cent. direct interest and 31.42 per cent. indirect interest through its subsidiaries Sai Dong JSC, PFV, Hanoi Southern City and Royal City JSC (each of which holds a 10 per cent. interest in Vincom Retail). The Group intends to move all its shopping malls (completed and under-development) into this newly established vehicle.

### **Update on Existing Projects**

#### ***Office Properties***

##### *Sale of Office Properties in Vincom Center Hanoi – Tower B*

The Group transferred its interest in the office component of Vincom Center Hanoi—Tower B and corresponding land use right certificate to Techcombank Asset Management One Owner Limited Company (a wholly-owned subsidiary of Techcombank) (the "**VCH Tower B Sale**"). Pursuant to the asset transfer agreement for the VCH Tower B Sale, the Group transferred a total area of 24,058.7 square metres comprising floors 7 through 23 and a portion of the first and second floors of Vincom Center Hanoi—Tower B. The total sale price is approximately VND1,323.8 billion (U.S.\$63.3 million) (excluding VAT), in which VND1,062.3 billion (U.S.\$50.8 million) was received on 30 March 2012 and the remaining amount VND261.5 billion (U.S.\$12.5 million) was fully received on 2 June 2012.

##### *Sale of Office and Other Properties in the "Vincom Village" project*

On 10 December 2011, Sai Dong JSC, a subsidiary of the Company, entered into an agreement to sell to Vietnam Investment Group JSC, a related party of Vingroup, the office and other properties on a leasehold area of 28,249 square metres and 112,695 square metres on which a lake and internal roads are laid out in the "Vincom Village" project for a sale price of VND890 billion (U.S.\$42.6 million) (excluding VAT). As of 31 May 2012, the Group has received approximately 21.5 per cent. of the total sales amount. The remaining amount of the sale price, which includes the VND211.6 billion (U.S.\$10.1 million) which was originally due to be paid on 31 March 2012, is due to be paid on 30 June 2012.

#### ***Residential Properties***

##### *"Vincom Village" Project*

In terms of payments received from its sub-developers for the "Vincom Village" project, as of 31 May 2012, Vingroup had received VND2,875 billion (U.S.\$137.5 million), VND527 billion (U.S.\$25.2 million), VND789 billion (U.S.\$37.7 million), VND1,707 billion (U.S.\$81.7 million), VND769 billion (U.S.\$36.8 million), and VND387 billion (U.S.\$18.5 million) from PCM JSC, Sun Rise Investment JSC, Dong Phu Hung-Binh Thuan JSC, Cu Lao Cham Trading Tourism and Investment JSC, Phu Gia JSC and Hop Thanh Investment and Mineral JSC, respectively, for an aggregate amount of VND7,055 billion (U.S.\$337.5 million).

## DESCRIPTION OF MATERIAL INDEBTEDNESS

### Updates on Existing Indebtedness

On 30 March 2012, the Group completed an early redemption of its VND1,000 billion (U.S.\$47.8 million) variable rate Bonds, which were issued in December 2009 and originally due for repayment on 18 December 2012.

As of 3 April 2012, the Group has completed an early repayment of the BIDV Loan, of which VND1,134 billion (U.S.\$54.2 million) was outstanding as at 31 December 2011. The original repayment date was 20 January 2015.

On 4 April 2012, the Group completed an early repayment of its unsecured convertible credit facility for U.S.\$40 million with Credit Suisse International as the original lender.

### New and Contemplated Offerings

Sai Dong Urban Development and Investment JSC, a subsidiary of the Company, has issued VND2,000 billion (U.S.\$95.7 million) aggregate principal amount of variable rate bonds in June 2012. The proceeds of such additional debt would be used for the development of the "Vincom Village" project and general corporate purposes. The bonds have a maturity of three years and are secured by a pledge of the office component of Vincom Center B Ho Chi Minh City in favour of the holders of the bonds.

Royal City Real Estate Development and Investment JSC, a subsidiary of the Company, is contemplating issuing VND1,000 billion (U.S.\$47.8 million) aggregate principal amount of variable rate bonds in June 2012. The proceeds of such additional debt would be used for the development of the "Royal City" project and general corporate purposes. It is expected that such bonds would have a maturity of three years. These bonds are intended to be secured by a pledge of the Vinpearl Hoi An project and the hotel component of Vinpearl Luxury Nha Trang and other assets.

Subject to final negotiation, all of the bonds intended to be issued by Sai Dong Urban Development and Investment JSC and Royal City Real Estate Development and Investment JSC are expected to be at a favourable interest rate for the first two years (about 8 per cent. per annum below the market rates) and at market interest rate for the third year. These bonds are intended to be issued to the same lender, and in exchange for the favourable interest rates in the first two years, the Group may be required to commit to give such lender or its appointed party an option to purchase the completed properties in a new project based in Hanoi, at prices to be determined at the time of signing of the relevant transaction documents. This project has not been previously disclosed as part of the Company's pipeline of projects under development.

**APPENDIX A**

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE  
THREE MONTHS ENDED 31 MARCH 2012**

**Consolidated Financial Statement**  
**For the three months ended 31 March 2012**  
**Of**  
**Vincom Joint Stock Company**  
**[now known as Vingroup Joint Stock Company]**

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## REPORT OF THE BOARD OF MANAGEMENT

Vincom Joint Stock Company (“the Company”) is a joint stock company established in Vietnam in accordance with Business Licence No. 0103001016 issued by the Hanoi Department of Planning and Investment on 3 May 2002 and Business Licence No. 0101245486 reissued on 12 May 2010. On 12 April 2012, the Company changed its name to Vingroup Joint Stock Company in accordance with the 39th amended Business License.

### Contact

Address: 191 Ba Trieu street, Le Dai Hanh ward, Hai Ba Trung Dist, Ha Noi  
Tel: (+84 4) 3974 9999  
Fax: (+84 4) 3974 8888  
Website: [www.vingroup.net](http://www.vingroup.net)

### THE BOARD OF MANAGEMENT AND BOARD OF DIRECTOR

The members of the Board of Management and board of director during the period and at the date of this report are:

#### *Board of Management*

Pham Nhat Vuong	Chairman
Le Khac Hiep	Vice-chairman
Pham Thuy Hang	Vice-chairman
Pham Thu Huong	Vice-chairman
Nguyen Dieu Linh	Vice-chairman
Le Thi Thu Thuy	Vice-chairman
Vu Tuyet Hang	Vice-chairman
Nguyen Trong Hien	Member
Ling Chung Yee Roy	Member

#### *Board of Supervision*

Nguyen The Anh	Head of supervisory board
Dinh Ngoc Lan	Member
Do Thi Hong Van	Member
Hoang Thuy Mai	Member
Nguyen Thi Van Trinh	Member

#### *Board of Director*

Mai Huong Noi	General Director	
Nguyen Dieu Linh	Vice General Director	Resigned on 16 April 2012
Pham Van Khuong	Vice General Director	
Hoang Bach Duong	Vice General Director	
Mai Thu Thuy	Vice General Director	Assigned on 16 April 2012
Dang Thanh Thuy	Vice General Director	Assigned on 16 April 2012
Tran Anh Tuan	Vice General Director	Assigned on 16 April 2012

The Board of Management of the Company is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the three-month period ended 31 March 2012.

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mai Huong Noi.

## CONFIRMATION OF THE BOARD OF DIRECTOR

The management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated state of affairs of the Group and of the Group's consolidated results and 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 Company and its subsidiaries will continue in 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 for the year ended 31 March 2012.

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 March 2012 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.



For and on behalf of the Management: 

  
Mai Hương Noi - General Director  
Hanoi, 16 June 2012

Vincom Joint Stock Company

[now known as Vingroup Joint Stock Company]

191 Ba Trieu street, Hai Ba Trung district, Hanoi

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

ASSETS	<i>Notes</i>	<i>31 March 2012</i> <i>VND</i>	<i>1 January 2012</i> <i>VND</i>
<b>NON-CURRENT ASSETS</b>			
Property and equipment	1	4,600,593,250,918	1,788,159,348,221
Intangible assets	2	821,744,754,050	169,407,501,624
Completed investment property	3	13,117,197,051,699	14,013,398,002,561
Investment property under construction	4	9,843,334,924,936	8,716,512,565,062
Construction in progress	5	2,529,204,366,568	1,238,649,099,611
Investment in associates	6	184,648,599,993	844,388,738,199
Deferred tax assets		116,266,329,228	80,995,093,810
Long-term prepayments	7	495,619,069,569	217,993,400,369
Other non-current financial assets	8	1,651,742,982,230	1,378,266,649,435
<b>Total non-current assets</b>		<b>33,360,351,329,190</b>	<b>28,447,770,398,892</b>
<b>CURRENT ASSETS</b>			
Inventories	9	14,608,345,560,522	12,027,140,416,200
Trade receivables		511,717,889,250	256,344,430,122
Advances to suppliers		2,182,887,408,862	2,041,076,551,047
Financial assets at fair value through profit or loss	12	17,470,944,001	1,542,780,441,335
Loans to and receivables from related parties	22	866,287,737,389	1,009,452,124,585
Short-term prepayment and other receivables	10	2,229,547,280,870	2,011,156,020,347
Short-term investments	11	3,433,075,780,466	3,291,708,220,004
Cash and cash equivalents	13	1,006,751,199,875	1,231,728,589,840
<b>Total current assets</b>		<b>24,856,083,801,235</b>	<b>23,411,386,793,480</b>
<b>Assets classified as held for sale</b>	-	-	-
<b>TOTAL ASSETS</b>		<b>58,216,435,130,425</b>	<b>51,859,157,192,372</b>

	<i>Notes</i>	<i>31 March 2012</i> <i>VND</i>	<i>1 January 2012</i> <i>VND</i>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued capital	21.1	5,493,833,050,000	3,911,498,930,000
Share premium	21.1	17,351,645,775,532	3,417,615,130,344
Treasury shares	21.2	(2,958,286,209,667)	(720,199,415,986)
Other reserves		7,845,114,930	7,845,114,930
Consolidation reserves	21.3	(12,104,443,644,561)	-
Retained earnings		7,300,794,930,297	8,061,814,440,493
<b>Equity attributable to equity holders of the parent</b>		<b>15,091,389,016,531</b>	<b>14,678,574,199,781</b>
Non-controlling interest		(408,294,361,573)	2,021,848,714,277
<b>Total equity</b>		<b>14,683,094,654,958</b>	<b>16,700,422,914,058</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	15	8,918,275,858,160	5,387,424,733,308
Long-term customers' deposits	16	143,591,529,626	134,639,788,668
Long-term deferred revenue	17	119,878,458,574	60,571,591,752
Deferred tax liabilities		3,757,273,075,534	3,634,172,647,470
Other long-term liabilities		532,190,407	2,158,436,757
		<b>12,939,551,112,300</b>	<b>9,218,967,197,955</b>
<b>CURRENT LIABILITIES</b>			
Short-term loans and borrowings	14	3,795,105,167,589	4,583,023,902,657
Financial liability designated as at fair value through profit or loss		-	111,732,260
Trade payables		690,039,113,000	538,965,024,622
Deposits and downpayment from customers	18	17,708,626,105,024	13,463,703,718,816
Payables to related parties	22	36,956,968,685	115,030,837,787
Short-term deferred revenue	17	87,089,294,329	97,863,546,034
Accruals	19	7,193,015,387,978	6,145,687,211,382
Corporate income tax payable		485,791,939,582	211,982,169,448
Other current liabilities	20	597,165,386,980	783,398,937,353
		<b>30,593,789,363,167</b>	<b>25,939,767,080,359</b>
<b>Total liabilities</b>		<b>43,533,340,475,467</b>	<b>35,158,734,278,314</b>
<b>Liabilities directly associated with assets classified as held for sale</b>		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>58,216,435,130,425</b>	<b>51,859,157,192,372</b>

Vincom Joint Stock Company  
[now known as Vingroup Joint Stock Company]  
191 Ba Trieu street, Hai Ba Trung district, Hanoi

**INTERIM CONSOLIDATED INCOME STATEMENT**  
For the three months ended 31 March 2012

	<i>Notes</i>	<i>For the three months ended 31 March 2012 VND</i>	<i>For the three months ended 31 March 2011 VND</i>
<b>Continuing operations</b>			
Rental income		271,980,455,920	232,003,685,003
Sale of inventory properties		1,333,513,562,905	240,529,752,910
Revenue from rendering of hotel, amusement park and other related services		277,108,995,164	-
<b>Revenue</b>		<b>1,882,603,013,989</b>	<b>472,533,437,913</b>
Cost of sales		(1,257,487,796,146)	(166,564,055,846)
<b>Gross profit</b>		<b>625,115,217,844</b>	<b>305,969,382,067</b>
Valuation (loss)/gains from completed investment property	3	(30,437,579,263)	234,809,455,647
Valuation gains from investment property under construction	4	692,998,674,462	795,580,715,937
Other operating income	25	9,673,057,767	28,802,054,764
Selling and distribution costs		(52,351,652,541)	(50,900,730,282)
Administrative expenses		(115,617,982,543)	(36,096,639,272)
Other operating expenses	26	(45,516,588,860)	(20,223,848,837)
<b>Operating profit</b>		<b>1,083,863,146,866</b>	<b>1,257,940,390,024</b>
Finance costs	24	(356,283,969,098)	(235,176,225,789)
Net loss on financial liabilities designated at fair value through profit or loss		(282,236,033)	(568,954,923,850)
Finance income	23	215,106,501,536	630,564,270,883
Share of profit of associates	6	(3,285,509,059)	271,865,078,631
<b>Profit before tax</b>		<b>939,117,934,212</b>	<b>1,356,238,589,899</b>
Income tax expense	27	(269,113,517,363)	(312,750,190,609)
<b>Profit for the year for continuing operations</b>		<b>670,004,416,848</b>	<b>1,043,488,399,290</b>
<b>Profit/loss from discontinued operation</b>		-	(2,508,919,315)
<b>Profit for the year</b>		<b>670,004,416,848</b>	<b>1,040,979,479,975</b>
<i>Attributable to:</i>			
Equity holders of the parent		719,361,381,868	879,002,239,681
Non-controlling interests		(49,356,965,019)	161,977,240,294

<i>Earnings per share:</i>	28		
▶ basic, for profit for the year attributable to equity holders of the parent		1,484	2,419
▶ diluted, for profit for the year attributable to equity holders of the parent		1,484	2,419
<i>Earnings per share from continuing operations:</i>	28		
▶ basic, for profit from continuing operations attributable to equity holders of the parent		1,484	2,426
▶ diluted, for profit from continuing operations attributable to equity holders of the parent		1,484	2,426

#### INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	<i>2012</i>	<i>2011</i>
		<i>VND</i>	<i>VND</i>
<b>Profit for the period</b>		<b>670,004,416,848</b>	<b>1,040,979,479,975</b>
<b>Other comprehensive income (loss) for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>670,004,416,848</b>	<b>1,040,979,479,975</b>
<i>Attributable to:</i>			
Equity holders of the parent		719,361,381,868	879,002,239,681
Non-controlling interests		(49,356,965,019)	161,977,240,294
		<b>670,004,416,848</b>	<b>1,040,979,479,975</b>

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the three months ended 31 March 2012

Attributable to equity holders of the parent

	Issued capital		Share premium		Treasury shares		Other reserves		Consolidation reserves		Retained earnings		Total		Non-controlling interest		Total equity		
	VND		VND		VND		VND		VND		VND		VND		VND		VND		
As at 1 January 2012	3,911,498,930,000	3,417,615,130,344	(720,199,415,986)	7,845,114,930	-	8,061,814,440,493	14,678,574,199,781	2,021,848,714,277	16,700,422,914,058										
Profit for the period																			
Other comprehensive income (loss)																			
Total																			
comprehensive income																			
Shares issued during the year	1,582,334,120,000	13,921,235,907,164																	
Re-issuance of treasury shares		12,794,738,024	369,930,001,599																
Piece meal acquisition 27.07 % Hanoi Southern City Development JSC																			
Share capital contribution by non-controlling interest																			
Vinpearl group merger to Vincom group			(2,608,036,793,280)																
Deemed acquisition of Green City Development JSC as a subsidiary																			
Deemed acquisition of Tay Tang Long Real Estate JSC as a sub																			
Deemed step-up acquisition of Royal City Development and Investment JSC																			
AT 31 March 2012	5,493,833,050,000	17,351,645,775,532	(2,958,286,209,667)	7,845,114,930		7,300,794,930,297	15,091,389,016,532	(1,000,289,157,586)	14,683,094,654,958										

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
 For the three months ended 31 March 2012

<i>Notes</i>	<i>2012</i> <i>VND</i>	<i>2011</i> <i>VND</i>
<b>OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	939,117,934,212	1,356,238,589,899
Profit before tax from discontinuing operations	-	4,569,080,685
Profit before tax	939,117,934,212	1,360,807,670,584
<i>Adjustment to reconcile profit before tax to net cash flows</i>		
Non-cash:		
Depreciation and amortisation	76,705,226,206	6,261,832,970
Unrealised foreign exchange loss	93,561,919	18,415,488,319
Loss/(profit) on disposal of property, plant and equipment		3,615,052,736
Provision for net realisable value of inventories	(265,263,495)	33,285,385,124
Gain on disposal of subsidiary/associate companies		(31,261,890,986)
(Increase)/decrease in amortized cost of loans and receivables	(34,924,688,264)	(1,289,104,621)
Loss/(gain) on financial liabilities designated as at fair value through profit or loss	282,236,033	568,954,923,850
Decrease in amortized cost of payables	(17,855,253,476)	(19,957,130,310)
(Decrease)/ increase in fair value of investment property and investment property under construction	(662,561,095,199)	(1,030,390,171,584)
Interest and dividend income	(168,241,565,758)	(174,283,629,536)
Interest expense	310,783,799,791	196,755,881,767
Share of net (profit)/loss of associates	3,285,509,059	(271,865,078,631)
Changes in fair value of held for trading investments	19,812,394,995	(412,452,790,900)
Cost of sales of disposed completed investment properties sourced from accumulated fair value gain from revaluation	857,368,022,020	-
<b>Operating income before changes in working capital</b>	<b>1,323,600,818,043</b>	<b>246,596,438,782</b>
Working capital adjustments:		
(Increase)/ decrease in trade and other receivables	(142,423,944,642)	487,924,783,037
Decrease /(Increase) in inventories	(899,570,117,995)	(849,693,804,665)
(Decrease)/Increase in trade and other payables	3,324,847,365,993	1,132,120,111,059
Increase in prepayments	(171,689,904,039)	(39,023,656,111)
Other cash inflows/(outflow) from operating activities	4,511,397,756	22,480,653,287
Corporate income tax paid	(108,062,044,744)	(437,800,363,780)
<b>Net cash flows from/ (used in) operating activities</b>	<b>3,331,213,570,371</b>	<b>562,604,161,609</b>

<i>Notes</i>	<i>2012</i> <i>VND</i>	<i>2011</i> <i>VND</i>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposals of equity investments in other entities	1,175,900,000,000	
Purchase of property and equipment	(578,598,851,448)	(1,533,933,413,357)
Acquisition of additional shares in existing subsidiary	(3,661,484,000,000)	-
Payments for equity investments in other entities	(67,044,601,499)	
Short-term deposit for interest gain	-	(200,000,000,000)
Collection of loans provided to related parties and others	697,795,253,910	-
Disbursement of loans to related parties and others	-	(287,000,000,000)
Collection of loans to related parties and others	-	471,009,943,518
Net outflow from sale of a subsidiary, net of cash disposed	-	(87,760,551,269)
Interest received	328,945,712,342	100,545,457,406
Cash inflow from merger	22,227,863,252	
<b>Net cash flows used in investing activities</b>	<b>(2,082,258,623,443)</b>	<b>(1,537,138,563,702)</b>
<b>FINANCING ACTIVITIES</b>		
Capital contribution from non-controlling interest	300,000,000	9,250,000
Proceeds from bond issuance and borrowings	1,105,587,191,731	497,997,000,000
Repayment of borrowings		(278,700,000,000)
Loan repayment	(2,305,732,911,248)	
Proceeds from sales of treasury shares	200,000,000,000	
Interest paid	(474,086,617,376)	(78,745,708,333)
Acquisition of additional interest in existing subsidiaries	-	-
<b>Net cash flows from financing activities</b>	<b>(1,473,932,336,893)</b>	<b>140,560,541,667</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(224,977,389,965)</b>	<b>(833,973,860,426)</b>
Cash and cash equivalents at 1 January	1,231,728,589,840	1,482,546,869,005
Impact of exchange rate fluctuation	-	-
<b>Cash and cash equivalents at 31 March 2012</b>	<b>1,006,751,199,875</b>	<b>648,573,008,579</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended 31 March 2012

### **I . CORPORATE INFORMATION**

Vincom Joint Stock Company ("the Company") is a joint stock company established in Vietnam in accordance with Business Licence No. 0103001016 issued by the Hanoi Department of Planning and Investment on 3 May 2002 and Business Licence No. 0101245486 reissued on 12 May 2010. On 12 April 2012, the Company changed its name to Vingroup Joint Stock Company in accordance with the 39th amended Business Licence.

The Company's shares were officially listed on the Ho Chi Minh City Stock Exchange ("HOSE") from 19 September 2007 pursuant to Decision No.106/QĐ-TTGDHCM issued by the Director of HOSE on 7 September 2007.

The principal activities of the Company are to construct and provide retail outlets, commercial offices for lease, residential units for lease and for sale, to provide entertainment services, to carry out investment activities and to conduct other businesses as stipulated in its business licenses.

The Company's head office is registered on the 11th Floor, Vincom City Towers, 191 Ba Trieu Street, Hai Ba Trung District, Hanoi, Viet Nam and its branch is located at No. 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam. The Company is now located at the Office building, Number 7, Bang Lang 1 Street, Vincom Village, Phuc Loi ward, Long Bien district, Hanoi, Vietnam

The Company's head office is located at office building, Vincom Village, Long Bien District, Hanoi, Vietnam and its branch is located at 72 Le Thanh Ton Street, Ben Nghe ward, District 1, Ho Chi Minh City, Vietnam.

The Company has the following subsidiaries:

#### **PFV Investment and Trading Joint Stock Company ("PFV")**

PFV was transformed into a joint stock company in accordance with Business License No. 0103025765 issued by Hanoi Department of Planning and Investment on 17 September 2008, with a registered chartered capital of VND 600 billion.

PFV's principal business activities are to construct and provide retail outlets, commercial offices for lease and high-end apartment units for sale. PFV's registered office is at 191 Ba Trieu street, Le Dai Hanh ward, Hai Ba Trung district, Hanoi, Vietnam. As at 31 March 2012, the Company holds 74.41% voting rights in this subsidiary.

#### **Royal City Real Estate Development & Investment Joint Stock Company ("Royal City")**

Royal City is a joint stock company established in accordance with Business License No. 0103038194 dated 11 June 2009 and the 2nd Amended Investment Certificate dated 8 July 2010, with a registered chartered capital of VND3,200 billion. The registered office address of this company is at 72A Nguyen Trai, Thuong Dinh Ward, Thanh Xuan District, Hanoi, Vietnam.

Royal City's principal business activities are to trade real estate properties, perform civil work, provide hospitality and entertainment services, and conduct other businesses as stipulated in its business license. Before merger, Vinpearl held 21.25% equity interest in Royal City. Therefore, upon merger, the Group increased its equity interest in this subsidiary to 98.36%.

#### **Hai Phong Land Development and Investment Joint Stock Company ("Hai Phong Land JSC")**

Hai Phong Land JSC is a joint stock company established in accordance with Business License No. 0203000675 dated 5 January 2004, and the 7th amendment on 2 June 2008, with a registered chartered capital of VND300 billion. The registered office address of this company is at 4 Le Thanh Tong Street, May To Ward, Ngo Quyen District, Hai Phong City, Vietnam.

Hai Phong Land JSC was granted with a land area of 9,125 square metres in accordance with Land Use Right Certificate No.T00498 issued by the Hai Phong People's Committee on 23 January 2008 at 4 Le Thanh Tong Street, May To Ward, Ngo Quyen District, Hai Phong City for the development of an office and apartment building complex. As at 31 March 2012, the Company directly and indirectly holds 90% voting rights in this subsidiary.

**Sai Dong Urban Development & Investment Joint Stock Company ("Sai Dong Land")**

Sai Dong Land is a joint stock company established in accordance with Investment Certificate No. 0103040736 dated 17 September 2009, with a registered chartered capital of VND500 billion. The registered office address of this company is at 191 Ba Trieu street, Le Dai Hanh ward, Hai Ba Trung district, Hanoi, Vietnam.

Its principal business activities are to trade real estate properties, construct buildings and perform civil works, and provide hospitality, entertainment, sauna, massage and advertising services. As at 31 March 2012, the Company holds 61% voting rights in this subsidiary.

**Hanoi Southern City Development JSC ("Hanoi South")**

Hanoi South is a joint stock company established in accordance with Business Licence No. 0103022741 issued by Hanoi Department of Planning and Investment on 6 March 2008, with a registered chartered capital of VND 300 billion. In accordance with the 8th Amended Investment Licence dated 5 August 2010, Hanoi South increased its registered chartered capital to VND 2,000 billion. The registered office address of this company is at 191 Ba Trieu street, Le Dai Hanh ward, Hai Ba Trung district, Hanoi, Vietnam.

Its principal business activities are to trade real estate properties, construct buildings and perform civil works, and provide hospital services and other services as stipulated in its business licenses. As at 31 March 2012, the Company directly and indirectly holds 97.90% voting rights in this subsidiary.

**Ho Tay Real Estate Development and Investment Joint Stock Company ("Ho Tay Land")**

Ho Tay Land is a joint stock company established in accordance with Business License No. 0104883913 issued by Hanoi Department of Planning and Investment on 25 August 2010, with a registered chartered capital of VND 50 billion. The registered office address of this company is at 69B Thuy Khe, Tay Ho district, Hanoi, Vietnam. Its principal business activities are to trade real estate properties, construct buildings and railway, road, public projects and provide hospitality, entertainment, sauna, massage and advertising services. As at 31 March 2012, the Company holds 70% voting rights in this subsidiary.

**Viet Thanh – Sai Dong Company Limited ("Viet Thanh – Sai Dong")**

Viet Thanh – Sai Dong is a two-member limited liability company established in accordance with Business License No. 0105748699 issued by Hanoi Department of Planning and Investment on 23 December 2011, with a registered chartered capital of VND100 billion. The registered address of this company is at No. 13, Hai Ba Trung street, Trang Tien ward, Hoan Kiem district, Hanoi, Vietnam.

Its principal business activities are to trade real estate properties, provide real estate consultancy and management services, provide advertising services and other activities as regulated in Business Registration Certificate. As at 31 March 2012, the Company indirectly holds 51% voting rights in this subsidiary.

**Vinpearl one-member Limited Liability Company ("Vinpearl")**

Vinpearl Joint Stock Company ("the Company") was previously a limited liability company operating under the name of Hon Tre Tourism and Trading Limited Liability Company. On 26 July 2006, the Company was transformed into a joint stock company under the name of Vinpearl Tourism and Trading Joint Stock Company in accordance with the Business License No.3703000217 issued by the Khanh Hoa's Department of Planning and Investment. On 8 May 2009, the Company changed its name to Vinpearlland Tourism Joint Stock Company in accordance with the 11th amended Business License and tax registration number 4200456848 from the Khanh Hoa's Department of Planning and Investment. On 28 June 2010, the Company changed its name to Vinpearl Joint Stock Company in accordance with the 14th amended Business License.

On 14 November 2011, the Company's General Shareholders has approved the resolution for the merger between Vinpearl Joint Stock Company ("Vinpearl") and Vincom Joint Stock Company ("Vincom"). On 19 December 2011, the two companies signed the merger agreement and according to which, Vincom will issue additional shares to exchange for the entire 205,498,489 outstanding shares of Vinpearl Joint Stock Company at the swap rate of 1 - 0.77, i.e. one Vinpearl share will be exchanged for 0.77 Vincom share. Subsequently, on 16 December 2011, the General Director of Ho Chi Minh Stock Exchange has issued Decision No.182/2011/QD-SGDHCM on the acceptance for the delisting of Vinpearl shares since 26 December 2011. On 17 January 2012, the merger was completed and the Company has received a new Business Licence to change its legal form from a joint stock company to an one-member limited liability company, owned by Vincom Joint Stock Company.

The Company's principal activities are to develop and operate a complex of five star hotels, resorts, golf court, tourist villages and amusement parks in Hon Tre Island, Nha Trang City, Khanh Hoa Province, Vietnam and to provide related tourism, transportation and entertainment services. The Company is also engaged in trading of investment properties and real estates, provision of civil and industrial construction services, and in investment activities.

The Company's head office is located in Hon Tre Island, Vinh Nguyen District, Nha Trang City, Khanh Hoa Province, Vietnam.

As at 31 March 2012, the Company indirectly holds 100% equity interest in this subsidiary.

**Vinpearl Da Nang One-member Limited Liability Company ("Vinpearl Da Nang")**

Vinpearl Da Nang, previously was Vinpearl Da Nang JSC, was established in accordance with the Business License No. 0401323008 dated 25 March 2009, issued by Da Nang's Department of Planning and Investment. On 27 October 2011, Vinpearl Da Nang increased its chartered capital to VND 388 billion as per the 5th amended Business Registration issued by Da Nang's Department of Planning and Investment. Its principal activities are to provide hotel, restaurant, resorts, supermarket services, etc.

The registered office of this company is at Hoa Hai Ward, Ngu Hanh Son District, Da Nang City, Vietnam.

After merge, Vinpearl Da Nang becomes subsidiaries of the Group. As at 31 March 2012, the Company hold 100% equity interest in this subsidiary.

**Vinpearl Hoi An One-member Limited Liability Company ("Vinpearl Hoi An")**

Vinpearl Hoi An, previously was Vinpearl Hoi An Tourism and Investment JSC, was established in accordance with the Business License No. 3303070380 dated 1 April 2008 issued by Quang Nam's Department of Planning and Investment, with a registered chartered capital of VND 300 billion. Its principal activities are to provide hotel, restaurant, resorts, golf course services, etc. The registered office of this company is at Phuoc Hai Block, Cua Dai Ward, Hoi An City, Quang Nam Province.

After merge, Vinpearl Hoi An becomes subsidiaries of the Group. As at 31 March 2012, the Company hold 100% equity interest in this subsidiary.

**Vincharm Development and Services One-member Limited Liability Company ("Vincharm")**

Vincharm, previously was Vincharm Development and Services JSC, was established in accordance with Business Registration No. 4103003593 dated 12 July 2005, with a registered chartered capital of VND400 billion. Its principal activities are real estate trading and broking, leasing, spa services, industrial - agricultural - construction machine trading & others. The registered office address of this company is at 191 Ba Trieu, Hai Ba Trung District, Hanoi.

After merge, Vincharm becomes subsidiaries of the Group. As at 31 March 2012, the Company hold 100% equity interest in this subsidiary.

**Future Property Invest Limited Company ("FPI")**

FPI was established in accordance with Investment license No. 321043000039 dated 15 May 2008 issued by Da Nang people Committee. FPI also received the 3rd Amended Investment License dated 51 May 2011 in which its registered chartered capital was increased to VND 1,056 billion (equivalent to US\$ 66 million). The registered office of this company is at Son Tra - Dien Ngoc Coastal Road (now known as Truong Sa Road), Hoa Hai ward, Ngu Hanh Son district, Da Nang city.

After merge, FPI becomes subsidiaries of the Group. As at 31 March 2012, the Company hold 100% equity interest in this subsidiary.

**Nam Qua Tourism Co., Ltd. ("Nam Qua")**

Nam Qua was established in accordance with the Business License No. 4201000025 issued by Lam Dong's Department of Planning and Investment on 8 August 2008, with a registered chartered capital of VND110 billion. Its principal activities are tourism services, hospitality, hotel and restaurant services. The registered office of this subsidiary is at 22 A Chi Lang Street, Ward 9, Da Lat City, Lam Dong. As at 31 March 2012, the Company holds 80% equity interest in this subsidiary.

#### **Hon Mot Tourism JSC (“Hon Mot”)**

Hon Mot Tourism JSC was established in accordance with Business License 4201203790 issued by Khanh Hoa’s Department of Planning and Investment on 28 July 2010 with initial chartered capital of VND167.4 billion in accordance with the first amended Business License issued by Khanh Hoa’s Department of Planning and Investment.

Its principal activities are tourism services, hospitality, hotel and restaurant services. The registered office of this subsidiary is located in Hon Tre Island, Vinh Nguyen District, Nha Trang City, Khanh Hoa Province, Vietnam. As at 31 March 2012, the Company holds 83.64% equity interest in this subsidiary.

#### **Tay Ho View Hotel and Tourism Limited Company (“Tay Ho View”)**

Tay Ho View is a two-member limited company established in accordance with Business Registration Certificate No. 0105246339 dated 6 April 2011 issued by Ha Noi’s Department of Planning and Investment with a registered chartered capital of VND 1,145,454,000,000 according to the 1st Amended Business Registration issued by Ha Noi’s Department of Planning and Investment. Its principal activities are to provide hotel, restaurant and real estate trading services. The registered office address of this company is at 58 Tay Ho Street, Quang An Ward, Tay Ho District, Hanoi. As at 31 March 2012, the Company holds 70% equity interest in this subsidiary.

#### **Green City Development JSC (“GCD”)**

GCD was established in accordance with the Business License No. 4103008366 issued by Ho Chi Minh City’s Department of Planning and Investment on 8 November 2007, and the subsequent amendments, with a registered chartered capital of VND1,000 billion, in which the Company holds a 50% equity interest. Its principal activities are real estate trading, hotel, restaurant services and other related services, civil and industrial construction, etc. The registered office of GCD is at 72 Le Thanh Ton, Ben Nghe Ward, District I, Ho Chi Minh City.

Before merge, the equity interest of Vinpearl and Vincom in GCD was 30% and 44% respectively. After merge, GCD becomes subsidiaries of the Group. As at 31 March 2012, the Company holds 74% equity interest in this subsidiary.

#### **Tay Tang Long Real Estate Company Limited (“Tay Tang Long”)**

Tay Tang Long Real Estate Company Limited was established as a two-members and more limited liability company in accordance with the Business License 4102064444 issued by the Ho Chi Minh City’s Department of Planning and Investment on 28 August 2008. The main activities of this company are real estate trading, lease of construction tools and equipment, hotel and restaurant services... The registered of this company is at 72 Le Thanh Ton Street, Ben Nghe Ward, District I, Ho Chi Minh City.

Before merge, the equity interest of Vinpearl and PFV, an existing subsidiary of the Group in Tay Tang Long was 49% and 10% respectively. After merge, Tay Tang Long becomes subsidiaries of the Group. As at 31 March 2012, the Group holds 59% equity interest in this subsidiary.

## **II . BASIS OF PREPARATION**

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial liability designated as at fair value through profit or loss, which have been measured at fair value, loans and receivables, that have been measured at amortised cost using the effective interest method, and investment properties which have been measured at fair value. The consolidated financial statements are presented in Vietnam dong (“VND”).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standard Board (IASB).

## **III . CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year, except for the followings:

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2011:

- ▶ IAS 24 Related Party Disclosures (amendment) effective 1 January 2011.
- ▶ IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010.
- ▶ IFRIC 14 Prepayments of Minimum Funding Requirement (amendment) effective 1 January 2011.
- ▶ Improvements to IFRSs (May 2010).

*IAS 24 Related Party Transactions (Amendment)*

The IASB has issued an amendment to IAS 24 that clarified the definitions of a related party. The new definitions emphasise a symmetrical view on related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements, for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group but the appropriate disclosures are included in Note 22.

*IAS 32 Financial Instruments" Presentation (Amendment)*

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these types of instruments.

*IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)*

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The Group is not subject to minimum funding requirement in Vietnam, therefore the amendment to the interpretation has no effect on the financial position or performance of the Group.

*Improvements to IFRSs*

In May 2010, the Board issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group:

- ▶ IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.
- ▶ IFRS 7 Financial Instruments – Disclosures: The amendment was intended to simplify the disclosures provided, by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.
- ▶ IAS 1 Presentation of Financial Statements: The amendment provides an option to present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity (SOCIE) or in the notes to the financial statements. The Group provides this analysis in the SOCIE.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- ▶ IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))
- ▶ IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)
- ▶ IAS 27 Consolidated and Separate Financial Statements
- ▶ IAS 34 Interim Financial Statements
- ▶ IAS 31 Interest in Joint Ventures
- ▶ IAS 34 Interim Financial Reporting
- ▶ IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
- ▶ IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- ▶ IAS 32 Financial Instruments: Presentation (Amendment)

#### IV . SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### **Judgements other than estimates**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### *Business combinations*

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

##### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the goodwill by reference to the cash generating units to which the goodwill is allocated. Estimating the recoverable amount is by reference to the higher of fair value less costs to sell and 'value in use'. A value in use calculation requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present values of those cash flows.

##### *Classification of property*

The Group determines whether a property is classified as investment property or inventory property:

- ▶ Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- ▶ Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property and commercial property that the Group develops and intends to sell before or on completion of construction.

##### *Operating lease contracts – the Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these property and so accounts for the leases as operating leases.

##### *Taxes*

Significant judgement is required to determine the total provision for current and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred taxation, the effective tax rate applicable on the temporary differences in investment property depends on the method by which the carrying amount of investment property will be realised.

The Group recognises liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made. Deferred tax assets and liabilities are recognised on a net basis to the extent they are relating to the same fiscal unit and fall due in approximately the same period.

#### Estimates

##### *Estimation of net realisable value for inventory*

Inventory is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

##### *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective tax jurisdictions.

##### *Valuation of property*

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise the Yield Method or the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

Investment property under construction is also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of investment properties under construction is determined using either the Discounted Cash Flow Method or the Residual Method.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date.

##### *Fair value of financial instruments*

As verifiable market prices are not available for a significant portion of the Group's financial assets and liabilities, the fair value that represents the amount which an asset can be exchanged and liabilities settled on an arms-length basis have been estimated by the Group's management according to the profile of the asset and liability base. In the opinion of the management, the carrying amount of the financial assets and liabilities included in the consolidated statement of financial position are reasonable estimation of their fair values.

## V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- ▶ Derecognises the assets (including goodwill) and liabilities of the subsidiary
- ▶ Derecognises the carrying amount of any non-controlling interest
- ▶ Derecognises the cumulative translation differences, recorded in equity
- ▶ Recognises the fair value of the consideration received
- ▶ Recognises the fair value of any investment retained
- ▶ Recognises any surplus or deficit in profit or loss
- ▶ Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

### 2 Property acquisitions and business combinations

Where property is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, corporate acquisitions are accounted for as business combinations.

### 3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

**4 Goodwill**

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Where goodwill is generated by the recognition, on the acquisition of a business, of deferred tax liabilities in excess of the fair value of such liabilities, the post-tax discount rate is adjusted in order to determine the appropriate pre-tax discount rate used to determine the value in use for impairment testing purposes. Therefore, the deferred tax liability in excess of its fair value, as determined at acquisition, is offset against the goodwill and the net amount tested to determine whether that goodwill is impaired.

To the extent that the deferred tax provision in excess of the fair value of that liability is subsequently reduced or eliminated, for example, through a change in the tax circumstances of the Group, the goodwill arising from the initial recognition of the deferred tax provision may become impaired.

**5 Investment in an associate**

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

**6 Interest in a joint venture**

The Group has an interest in a joint venture whereby there is a contractual agreement that establishes joint control over the economic activities of the entity. The Group recognizes its interest in the joint venture using the equity accounting method, where it is recognized to present its aggregate share of the profit or loss of joint ventures on the face of its income statement. Also, the investment needs to be presented as non-current assets on the face of the consolidated statement of financial position. The financial statements of the joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control and provided the former joint control entity does not become a subsidiary or associate, the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. Where the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

#### 7 Foreign currency translation

The Group's consolidated financial statements are presented in Vietnam dong. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### 8 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, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

##### *Rental income*

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

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when they arise.

##### *Interest income*

Interest income is recognised as it accrues using the effective interest rate method.

##### *Service charges and expenses recoverable from tenants*

Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue, as the management considers that the Group acts as principal in this respect.

##### *Sale of completed property*

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

A property is also regarded as sold when the significant risks and returns have been transferred to the buyer under those agreements which are under the legal form of a lease.

##### *Sales of property under development*

Where property is under development and agreement has been reached to sell such property when construction is complete, the management considers whether the contract comprises:

- ▶ A contract to construct a property, or
- ▶ A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- ▶ The buyer controls the work in progress, typically when the land on which the development is taking place is owned by the final customer; and
- ▶ All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

#### *Gains from securities trading*

Gains from securities trading are determined as the excess of selling prices against the cost of securities sold. Such gain is recognized on the trade date when the relevant contracts are executed.

#### *Dividends*

Revenue is recognised when the Group's right to receive the payment is established.

## 9 Taxes

### *Current income tax*

Current income tax assets and liabilities for the current and prior periods 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 or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *Deferred tax*

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts 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 goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- ▶ Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of deductible temporary 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 tax assets is reviewed at each reporting 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred 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 or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

## 10 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous years, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

## 11 Financial instruments – initial recognition and subsequent measurement

### a *Financial assets*

#### *Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the income statement.

The Group evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

#### Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them at maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. The Group did not have any held to maturity investments during the period ended 31 March 2012.

#### Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

The Group evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. The reclassification to held to maturity is permitted only when the entity has the ability and intent to hold until the financial asset accordingly

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

#### Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ The rights to receive cash flows from the asset have expired
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*b Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

*Available-for-sale financial investments*

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

*c Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings and derivative financial instruments.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of IAS 39 are satisfied. The Group designated the convertible bonds of US\$100,000,000 issued in December 2009 as at fair value through profit or loss.

*Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

*Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

*d Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position 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.

*e Fair value of financial instruments*

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

**12 Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**13 Treasury shares**

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

**14 Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Buildings and structures	25 to 48 years
Machinery and equipment	3 to 6 years
Motor vehicles	3 to 10 years
Office equipment	3 to 5 years
Others	4 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

**15 Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

*Group as a lessor*

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### 16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

#### 17 Investment property

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. The lease obligation is recognised under IAS 17 at fair value of the interest in the leasehold property.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset in the previous full period financial statements is recognised in the income statement in the year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

##### *Investment property under construction*

In May 2008, the IASB revised the scope of IAS 40 Investment Property such that investment property under development is classified as investment property and is measured at fair value. As set out in Note 2.4 - the amendment to IAS 40 investment property, effective from 1 January 2009, investment property under construction ("IPUC") is measured at fair value (subject to fair value being reliably determinable). When assessing whether the fair value of investment property under construction can be determined reliably, the Group considers, among other things:

- (i) Have construction contracts with the contractors been signed?
- (ii) Are the required building, letting and construction permits obtained?
- (iii) Can development costs be reliably estimated?

Investment property under construction for which fair value cannot be determined reliably, is measured at cost less impairment.

The fair values of IPUC were determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations were performed in accordance with International Valuation Standards Committee ("IVSC") using either the residual method approach or discounted cash flow approach, as deemed appropriate by the valuator. Each investment property under construction is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted discount rates that are higher than the current discount rates of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

## 18 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalised and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on a straight line basis over the useful life of the assets as follows:

Land rental rights	20 years
Computer software	3 years

Intangible assets which are land use rights with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

## 19 Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- ▶ Freehold and leasehold rights for land;
- ▶ Amounts paid to contractors for construction;
- ▶ Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

## 20 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

***Goodwill***

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

***Intangible assets***

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

**21 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

## V SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Judgements other than estimates

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### *Business combinations*

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

#### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the goodwill by reference to the cash generating units to which the goodwill is allocated. Estimating the recoverable amount is by reference to the higher of fair value less costs to sell and 'value in use'. A value in use calculation requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present values of those cash flows.

#### *Classification of property*

The Group determines whether a property is classified as investment property or inventory property:

► Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

► Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property and office building that the Group develops and intends to sell before or on completion of construction.

#### *Operating lease contracts – the Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these property and so accounts for the leases as operating leases.

#### *Taxes*

Significant judgement is required to determine the total provision for current and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred taxation, the effective tax rate applicable on the temporary differences in investment property depends on the method by which the carrying amount of investment property will be realised.

The Group recognises liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made. Deferred tax assets and liabilities are recognised on a net basis to the extent they are relating to the same fiscal unit and fall due in approximately the same period.

#### *Estimates*

##### *Estimation of net realisable value for inventory*

Inventory is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property and less estimated costs to complete construction.

*Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the prevailing conditions.

*Valuation of property*

The fair value of investment property is determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group assets.

Investment property under construction is also valued at fair value as determined by independent real estate valuation experts, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of investment properties under construction is determined using either the Discounted Cash Flow Method or the Residual Method.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at reporting date.

*Fair value of financial assets and liabilities*

As verifiable market prices are not available for a significant portion of the Group's financial assets and liabilities, the fair value that represents the amount which an asset can be exchanged and liabilities settled on an arms-length basis have been estimated by the Group's management according to the profile of the asset and liability base. In the opinion of the management, the carrying amount of the financial assets and liabilities included in the consolidated statement of financial position are reasonable estimation of their fair values.

## VI ACQUISITIONS AND DISPOSALS IN 2012

### Acquisition of additional equity interest in Hanoi South, an existing subsidiary

For three months period ended 31 March 2012, the Group, through its subsidiary, Sai Dong Land, acquired an additional 31.57% equity interest in Hanoi South, and thereby, increasing its equity interest in this subsidiary to 97.90%. The cash consideration of this acquisition was VND3,161,735,500,000, in which the Group's effective share is VND1,928,658,655,000. The carrying value of the additional interest acquired was VND448,278,699,300. The difference of VND1,480,379,955,700 between the consideration paid by the Group and the carrying value of the additional interest acquired has been charged to retained earnings within equity.

### Vinpearl merged into Vincom

On 14 November 2011, the Company's General Shareholders has approved the resolution for the merger between Vinpearl Joint Stock Company ("Vinpearl") and Vincom Joint Stock Company ("Vincom"). On 19 December 2011, the two companies signed the merger agreement and according to which, Vincom will issue additional shares to exchange for the entire 205,498,489 outstanding shares of Vinpearl Joint Stock Company at the swap rate of 1 - 0.77, i.e. one Vinpearl share will be exchanged for 0.77 Vincom share. Subsequently, on 16 December 2011, the General Director of Ho Chi Minh Stock Exchange has issued Decision No.182/2011/QD-SGDHCM on the acceptance for the delisting of Vinpearl shares since 26 December 2011. On 17 January 2012, the merger was completed and the Company has received a new Business Licence to change its legal form from a joint stock company to an one-member limited liability company, owned by Vincom Joint Stock Company.

Upon merger, the group's structure changes as follows:

► Vinpearl Hoi An One-member Limited Liability Company, Vinpearl Da Nang One-member Limited Liability Company, Vincharm Development and Services One-member Limited Liability Company, Future Property Invest Limited Company, Nam Qua Tourism Company Limited, Hon Mot Tourism Joint Stock Company, Tay Ho View Hotel and Tourism Limited Company becomes subsidiaries of the Group;

- ▶ Deemed acquisition of Green City Development JSC as a subsidiary: before merger, the equity interest of Vinpearl and Vincom in GCD was 30% and 44% respectively. After merger, both entities in Green City exceeded 50% and therefore, gave rise to a deemed acquisition of GCD as a subsidiary to Group;
- ▶ Deemed acquisition of Tay Tang Long Real Estate Company Limited as a subsidiary: before merger, the equity interest of Vinpearl and PFV, an existing subsidiary of the Group in Tay Tang Long was 49% and 10% respectively. After merger, the voting right of in Tay Tang Long exceeded 50% and therefore, gave rise to a deemed acquisition of Tay Tang Long as a subsidiary to Group;
- ▶ Deemed acquisition of Viettronics Dong Da JSC as an associate: before merger, the equity interest of Vincom and GCD, a subsidiary of the Group in Viettronics Dong Da was 19.95% and 25.6% respectively. After merger, both entities in Viettronics Dong Da was 45.55% and therefore, gave rise to a deemed acquisition of Viettronics Dong Da as an associate to Group;
- ▶ Deemed step-up acquisition of Royal City Real Estate Development and Investment JSC, an existing subsidiary of the Company: before merger, Vinpearl held 21.25% equity interest in Royal City. Therefore, upon merger, the Group increased its equity interest in this subsidiary to 98.36%;
- ▶ Deemed step-up acquisition of Vietnam Tourism JSC in Ho Chi Minh City, an existing associate of the Company: before merger, Vinpearl held 25.28% equity interest in Vietnam Tourism. Therefore, upon merger, the Group increased its equity interest in this associate to 46.31%.

## VII . SEGMENT INFORMATION

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

- ▶ Real estate operations: include the operations of investment properties held to earn rental income and the development of inventory properties for sale;
- ▶ Hospitality, beauty care and other related services operations: include the operations of providing of rendering of hotel, amusement park and other related services, i.e spa;
- ▶ Hospital and health care operations: include the operations of providing hospital services, sales of cosmetics and medical products, health machineries, tools and equipments by Vinmec International Hospital (which is owned by Hanoi South, a subsidiary);

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Period ended 31 March 2012	Real estate operations	Hospitality and beauty care	Hospital and health care operations	Adjustments and eliminations	Total
<b>Revenue</b>					
External customer	1,605,494,018,825	255,377,159,852	21,731,835,312		1,882,603,013,989
Inter-segment	6,682,196,455	152,959,370		(6,835,155,825)	-
<b>Total revenue</b>	<b>1,612,176,215,281</b>	<b>255,530,119,222</b>	<b>21,731,835,312</b>	<b>(6,835,155,825) &lt;1&gt;</b>	<b>1,882,603,013,989</b>
<b>Results</b>					
Depreciation and amortization	4,088,720,876,700	41,474,663,351	46,448,492,382		4,176,644,032,433
Share of profit of an associate	(5,845,168,977)	5,789,402,712		(3,229,742,794)	(3,285,509,059)
<b>Segment profit before tax</b>	<b>1,070,608,825,784</b>	<b>72,324,190,551</b>	<b>(59,407,871,766)</b>	<b>(144,407,210,357) &lt;2&gt;</b>	<b>939,117,934,212</b>
<b>Assets</b>					
Investment in associates and joint venture	15,109,140,182	48,510,586,088	-	121,028,873,723	184,648,599,993
Capital expenditure	758,567,471,919	3,025,712,518,754	18,816,750,293		3,803,096,740,965
<b>Operating assets</b>	<b>44,356,417,179,658</b>	<b>4,981,537,396,515</b>	<b>1,673,056,149,029</b>	<b>7,205,424,405,223 &lt;3&gt;</b>	<b>58,216,435,130,425</b>

Operating liabilities	25,968,852,440,070	222,936,769,362	4,503,644,506	17,337,047,621,530	<4>	43,533,340,475,467
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<1> Inter-segment revenues are eliminated on consolidation.

<2> Profit for each operating segment does not include finance income (VND215,106,501,536), finance costs (VND356,283,969,098) and share loss from associates (VND3,229,742,794) as these are managed on a group basis.

<3> Segment assets do not include deferred tax assets (VND116,266,329,228), short-term investments (VND3,433,075,780,466), loans and interest other receivables (VND2,001,120,065,174), other long-term investments (VND1,516,462,412,632) investment into associates (VND121,028,873,723) and financial assets at fair value through profit or loss (VND17,470,944,001) as these assets are managed on a group basis.

<4> Segment liabilities do not include long-term borrowings (VND8,918,275,858,160), short-term loans (VND3,795,105,167,589), other liabilities (VND40,193,402,720), accrual (VND826,200,117,528) and deferred tax liabilities (VND3,757,273,075,534) as these liabilities are managed on a group basis.

**VIII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1 PROPERTY AND EQUIPMENT**

Items	Buildings & structures	Machinery & equipment	Motor vehicles	Office equipment and others	Total
<b>Cost</b>					
Beginning balance	909,559,037,497	835,706,328,296	38,089,502,412	32,111,403,989	1,815,466,272,194
Additions	2,108,276,580,669	894,505,034,123	242,494,776,980	195,788,327,645	3,441,064,719,417
<i>In which:</i>					
<i>Newly purchased</i>	23,566,867,065	47,739,677,733	1,822,604,644	8,149,720,733	81,278,870,175
<i>Newly constructed</i>	42,390,647,500	-	-	-	42,390,647,500
<i>Other additions on business combination</i>	2,042,319,066,104	846,765,356,390	240,672,172,336	187,573,122,854	3,317,329,717,684
<i>Others</i>	-	-	-	65,484,058	65,484,058
Reclassification	(85,178,661,209)	85,454,872,609	(15,428,522,250)	15,152,310,850	-
Decreases	(408,230,126)	(123,525,925,377)	(457,861,818)	(5,476,320,416)	(129,868,337,737)
<i>In which:</i>					
<i>Sold, disposed</i>	-	(15,350,000)	(457,861,818)	-	(473,211,818)
<i>Reclassification to prepaid expenses</i>	-	(123,482,789,779)	-	(5,406,030,416)	(128,888,820,195)
<i>Other reduction</i>	(408,230,126)	(27,785,598)	-	(70,290,000)	(506,305,724)
Ending balance	2,932,248,726,831	1,692,140,309,651	264,697,895,324	237,575,722,068	5,126,662,653,874
<b>Accumulated depreciation</b>					
Beginning balance	518,283,351	5,829,727,409	8,672,898,111	12,286,015,102	27,306,923,973
Addition	180,540,864,488	232,097,679,064	43,090,651,912	43,719,836,297	499,449,031,761
<i>In which:</i>					
<i>Depreciation for the year</i>	20,105,348,754	39,591,104,052	5,426,868,931	7,202,096,393	72,325,418,129
<i>Other increase due to business combination</i>	160,435,515,734	192,506,575,012	37,663,782,982	36,517,739,904	427,123,613,632
Reclassification	-	236,676,595	(255,534,985)	18,858,390	-
Decreases	(227,327,669)	(2,984,722)	(453,149,879)	(3,090,508)	(686,552,778)
<i>In which:</i>					
<i>Sold, disposed</i>	-	-	(453,149,879)	-	(453,149,879)
<i>Other reduction</i>	(227,327,669)	(2,984,722)	-	(3,090,508)	(233,402,899)
Ending balance	180,831,820,170	238,161,098,346	51,054,865,159	56,021,619,281	526,069,402,956
<b>Net carrying amount</b>					
Beginning balance	909,040,754,146	829,876,600,887	29,416,604,301	19,825,388,887	1,788,159,348,221
Ending balance	2,751,416,906,661	1,453,979,211,305	213,643,030,165	181,554,102,787	4,600,593,250,918

**2 INTANGIBLE ASSETS**

Items	Goodwill	Project development right	Land rental right	Land use right	Computer software & others	Total
<b>Cost</b>						
Beginning balance	-	-	184,938,875,055	-	10,712,864,092	195,651,739,147
Additions	233,207,819,085	136,500,000,000	-	289,704,255,971	9,864,759,166	669,276,834,222
<i>In which:</i>						
<i>Newly purchased</i>	-	-	-	2,113,082,612	2,061,664,000	4,174,746,612

<i>Other additions on business combination</i>	233,207,819,085	136,500,000,000	-	287,591,173,359	7,803,095,166	665,102,087,610
Decrease	-	-	-	-	-	-
Ending balance	233,207,819,085	136,500,000,000	184,938,875,055	289,704,255,971	20,577,623,258	864,928,573,369
<b>Accumulated depreciation</b>						
Beginning balance	-	-	22,451,271,327	-	3,792,966,196	26,244,237,523
Additions	-	-	2,304,475,263	10,514,590,186	4,120,516,347	16,939,581,797
<i>In which:</i>						
<i>Depreciation for the year</i>	-	-	2,304,475,263	1,107,288,948	801,748,837	4,213,513,047
<i>Other additions on business combination</i>	-	-	-	9,407,301,239	3,318,767,510	12,726,068,749
Decrease	-	-	-	-	-	-
Ending balance	-	-	24,755,746,589	10,514,590,186	7,913,482,543	43,183,819,319
<b>Net carrying amount</b>						
Beginning balance	-	-	162,487,603,728	-	6,919,897,896	169,407,501,624
Ending balance	233,207,819,085	136,500,000,000	160,183,128,465	279,189,665,785	12,664,140,715	821,744,754,050

### 3 . COMPLETED INVESTMENT PROPERTY

	2012	2011
Balance at 1 January	14,013,398,002,561	13,662,268,342,043
Change in accounting policies	-	-
Balance at 1 January (restated)	14,013,398,002,561	13,662,268,342,043
Capital expenditure	29,332,097,184	20,486,539,699
Arised through merge Vinpearl	56,700,000,000	-
Adjustment to fair value	(30,437,579,263)	234,809,455,647
Disposal	(951,795,468,782)	-
Balance at 31 March	13,117,197,051,699	13,917,564,337,389

The fair value of completed investment property has been determined on a market value basis in accordance with the "International Valuation Standards" published by the International Valuation Standards Committee ("IVSC"). As set out in Note IV, in arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The valuations were performed by Savills, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

### 4 . INVESTMENT PROPERTY UNDER CONSTRUCTION

	2012	2011
Balance at 1 January	8,716,512,565,062	3,126,772,625,242
Change in accounting policies	-	-
Balance at 1 January (restated)	8,716,512,565,062	3,126,772,625,242
Capital expenditure	433,823,685,412	676,266,369,925
Transferred to construction in progress	-	(87,324,092,440)
Transferred to inventory	-	(629,725,933,832)
Transferred from construction in progress	-	1,148,780,881,377
Adjustment to fair value	692,998,674,462	795,580,715,937
Balance at 31 March	9,843,334,924,936	5,030,350,566,209

Unless stated at cost, the fair value of investment property under construction has been determined on a market value basis in accordance with the "International Valuation Standards" published by the International Valuation Standards Committee ("IVSC"). As set out in Note IV, in arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The valuations were performed by Savills, an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

**5 . CONSTRUCTION IN PROGRESS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Eden Project	1,153,705,876,014	1,058,990,067,382
Vincom Village project	130,127,401,157	121,917,606,033
Vincom Hai Phong project	12,487,651,507	11,787,651,507
Ho Tay project	43,462,649,818	43,439,922,545
Urban city Yen Phu - Ha Tay	1,420,144,690	1,420,144,690
Spa area - Vinpearl Nha Trang	17,366,805,243	-
Dolphin performing area - Vinpearl Nha Trang	13,039,720,890	-
Hon Mot project	23,717,330,317	-
Vinpearl Resort Hoi An	70,635,505,697	-
FPI project	79,148,160,000	-
Green city project	938,050,284,140	-
Tay Ho view project	24,183,949,490	-
Others	21,858,887,604	1,093,707,454
<b>Total</b>	<u><u>2,529,204,366,568</u></u>	<u><u>1,238,649,099,611</u></u>

**6 . INVESTMENT IN ASSOCIATES**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Vietnam Tourism Joint Stock Company in Ho Chi Minh City	48,510,586,088	19,526,641,165
Foreign Trade Concrete Company Limited	12,759,496,154	13,416,371,478
Green city Development joint stock company	-	793,961,311,972
Thang Long JSC	15,109,140,182	17,484,413,584
Viettronics Dong Da Company Limited	108,269,377,569	-
<b>Total</b>	<u><u>184,648,599,993</u></u>	<u><u>844,388,738,199</u></u>

*Vietnam Tourism Joint Stock Company in Ho Chi Minh City ("Vietnam Tourism")*

Vietnam Tourism is previously a state-owned company which was privatised in early 2007 in accordance with Business Licence No. 4103006768 dated 18 May 2007 with a chartered capital of VND 31,500,000,000. Its principal activities are to lease an office building and undertake tourism services. Vietnam Tourism's head office is located in 234 Nam Ky Khoi Nghia, District 3, Ho Chi Minh City, Vietnam. Before Vinpearl merger, Vinpearl held 25.28% equity interest in Vietnam Tourism. Therefore, upon merger, the Group increased its equity interest in this associate to 46.31%. The Group holds 46.31% voting rights in this associate at 31 March 2012.

The carrying value of the investment in Vietnam Tourism under the equity method as at 31 March 2012 is as follows:

	31-Mar-12
	VND
Beginning balance	19,526,641,165
Share in profit after tax during the period	5,789,402,712
Arised on business combination	23,194,542,211
<b>Ending balance</b>	<u><u>48,510,586,088</u></u>

*Foreign Trade Concrete JSC ("CFT")*

CFT is established in accordance with Business License No. 4102063302 dated 11 July 2008, and the first amendment dated 28 October 2008, with a registered chartered capital of VND 30 billion. Its principal activities are to produce and wholesale of concrete products, carry out civil and industrial construction, construct railway, highway and other businesses. The registered office address of this company is at the 1st floor, 35-37 Chuong Duong Port, Nguyen Thai Binh Ward, District 1, Ho Chi Minh city, Vietnam. The Group holds 30% voting rights in this associate at 31 March 2012.

The carrying value of the investment in CFT under the equity method as at 31 March 2012 is as follows:

	31-Mar-12
	VND
Beginning balance	13,416,371,478
Share in profit after tax during the period	(656,875,324)
<b>Ending balance</b>	<b>12,759,496,154</b>

**Green City Development JSC ("Green City")**

Green City Development Joint Stock Company is a joint stock company established in accordance with Business License No.4103008366 issued by Ho Chi Minh's Department of Planning and Investment on 16 September 2010, with a registered chartered capital of VND 1,000 billion. Its principal business activities are to trade real estates and other activities. The registered office address of this company is at 72 Le Thanh Ton, Ben Nghe Precinct, One District, Ho Chi Minh City. The Group's voting rights in this associate is 44% at 31 December 2011. Before Vinpearl merger as at 17 January 2012, the equity interest of Vinpearl and Vincom in GCD was 30% and 44% respectively. After merger, both entities in Green City exceeded 50% and therefore, gave rise to a deemed acquisition of GCD as a subsidiary to Group. The Group holds 74% voting rights in this associate at 31 March 2012.

The Group's equity interest in GCD as at 31 March 2012 is as follows:

	31-Mar-12
	VND
Beginning balance	793,961,311,972
Share in loss after tax during the period	(10,910,949,362)
Revert fair value of financial instrument	2,864,947,070
Transfer to investment into subsidiary due to Vinpearl merger	(785,915,309,679)
<b>Ending balance</b>	<b>-</b>

**Thang Long Real Estate Trading Investment JSC**

Thang Long is a joint stock company established in accordance with Business License No. 0104782591 issued by Hanoi Department of Planning and Investment on 30 June 2010, with a registered chartered capital of VND 50 billion. Its principal business activities are to trade real estate properties including office department, service and trade centre and flats. As at 31 March 2011, the Group holds 35% voting rights in this associate.

The Group's equity interest in Thang Long as at 31 March 2011 is as follows:

	31-Mar-12
	VND
Beginning balance	17,484,413,584
Share in profit after tax during the period	(195,107,574)
FV of financial instructions	(2,180,165,828)
<b>Ending balance</b>	<b>15,109,140,182</b>

**Vietronics Dong Da JSC ("Vietronics DD")**

Vietronics DD is a joint stock company established in accordance with Business License No. 0100102485 issued by Hanoi's Department of Planning and Investment on 13 July 2006, and the 5th amendment on 31 August 2010, with a registered chartered capital of VND 22 billion. The registered office address of this company is at No. 56, Nguyen Chi Thanh Street, Dong Da district, Hanoi. before merger, the equity interest of Vincom and GCD, a subsidiary of the Group in Vietronics Dong Da was 19.95% and 25.6% respectively. After merger, voting right of both entities in Vietronics Dong Da was 45.55% and therefore, gave rise to a deemed acquisition of Vietronics Dong Da as an associate to Group. The Group's voting rights in this associate is 45.55% at 31 March 2011.

The Group's equity interest in Sinh Thai as at 31 March 2011 is as follows:

	Beginning balance
	VND
Beginning balance	-
Share in profit after tax during the period	2,003,239,249
Transfer from other long-term investment due to Vinpearl merger	106,266,138,320
<b>Ending balance</b>	<b>108,269,377,569</b>

**7 . LONG-TERM PREPAYMENTS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Corporate income tax prepayment	308,732,236,619	179,475,800,316
Commission fees on operating leases	13,389,694,627	1,917,535,298
Tools and supplies related to rendering of hotel, amusement park and other related services	33,559,160,230	-
Tools and supplies related to providing hospital and health care service	120,757,112,462	-
Other long-term prepaid expenses	19,180,865,631	36,600,064,755
	<u>495,619,069,569</u>	<u>217,993,400,369</u>

Corporate income tax prepayment represents advance payment of corporate income tax at the rate of 2% of the downpayment amount from the customers who purchase residential properties from the Group in accordance with the Circular No. 130/2008/TT-BTC issued by Ministry of Finance on 26 December 2008. Such corporate income tax is prepaid and will be finalised with the tax authority upon the completion of the project development.

**8 . OTHER NON-CURRENT FINANCIAL ASSETS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Long-term loans to others	293,720,693,809	321,209,962,506
<i>Less: current portion of loan to others</i>	<i>(123,474,245,557)</i>	<i>(119,140,943,009)</i>
Investment in Thanh Nien Communication JSC	12,400,000,000	12,400,000,000
Dong Da Electronics JSC	-	42,820,138,903
8/3 Investment JSC	3,000,000,000	3,000,000,000
Tay Tang Long Real Estate JSC	-	635,000,000
Xavinco Land JSC	2,854,938,405	2,854,938,405
Vietronics Land Company Limited	3,016,278,843	3,016,278,842
Ecology Developing and Investment JSC	1,263,771,362,880	1,048,771,362,880
Investment in Nguyen Van Huyen project	54,000,000,000	54,000,000,000
Investment in Vietnam Tourism in Hanoi JSC	7,693,224,000	-
Investment in Thanh Nien Real Estate JSC	56,016,217,443	-
Investment in Thuan Phuong Energy Development JSC	3,000,000,000	-
Investment in BIDV	67,044,601,500	-
Advances for Hoang Cau project	8,699,910,908	8,699,910,908
<b>Total</b>	<u>1,651,742,982,230</u>	<u>1,378,266,649,435</u>

**9 . INVENTORIES**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Opening balance	12,027,140,416,200	2,264,169,759,164
Construction costs incurred	1,809,791,206,624	9,451,504,774,614
Transfer from construction in progress	-	749,995,185,240
Interest capitalised	163,135,700,970	461,888,232,251
Transfer from tangible assets	-	75,236,784,412
Disposals (recognised in cost of sale)	(5,678,230,607)	(975,654,319,481)
Increase due to Vinpearl merger	613,956,467,335	-
<b>Total</b>	<u>14,608,345,560,522</u>	<u>12,027,140,416,200</u>

**10 . SHORT-TERM PREPAYMENT AND OTHER RECEIVABLES**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Valued added tax deductibles	77,577,618,012	149,110,589,727
Tax and other receivables from the State	4,834,236,789	2,025,026,959
Advances to employees	-	4,724,347,426
Receivables from disposal of investments	1,517,587,750,741	1,583,957,060,484
Receivables from re-issue of treasury share	184,472,425,000	-
Short-term prepayment	42,519,723,223	25,158,931,470
Interest receivable from term deposit and loans to others	217,550,658,364	220,349,860,692
Others current assets	169,983,556,204	17,040,693,207
Others	15,021,312,537	8,789,510,382
<b>Total</b>	<u>2,229,547,280,870</u>	<u>2,011,156,020,347</u>

**11 . SHORT-TERM INVESTMENTS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Loans to others	411,254,129,494	638,742,276,995
Current portion of long-term loans to others (Note 8)	120,502,206,550	119,140,943,009
Short-term deposits	1,833,825,000,000	1,833,825,000,000
Trust-investment	1,067,494,444,422	700,000,000,000
<b>Total</b>	<u>3,433,075,780,466</u>	<u>3,291,708,220,004</u>

**12 . FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

These include investment in quoted shares held by the Group as at 31 March 2012 and 31 December 2011.

As at 31 December 2011, the Group held 19,950,929 shares of Vinpearl Joint Stock Company ("Vinpearl"). In accordance with the resolution of General Shareholders dated 15 November 2011, the shareholders have approved the merger between the Company and Vinpearl and the merger process is expected to be completed in January 2012. Subsequently, in accordance with the Decision No. 182/2011/QD-SGDHCM issued by the Director of Hochiminh City Stock Exchange on 16 December 2011, Vinpearl shares have been de-listed from 26 December 2011 for the purpose of the merger with Vincom Joint Stock Company.

Consequently, the fair value of Vinpearl shares held by the Group as at 31 December 2011, of VND1,528,540,425,335, was determined based on the swap rate as approved by the General Shareholders of these two companies, i.e. 1 Vinpearl share will be swapped into 0.77 Vincom share, and based on the market value of Vincom share being traded on the stock exchange as of that date. Upon the completion of the merger process in January 2012, these Vinpearl shares will be swapped into Vincom shares, and will be presented as treasury shares of the Group.

As at 31 March 2012, value of quoted shares held by group is VND17,470,944,000 DPM share.

**13 . CASH AND CASH EQUIVALENTS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Cash on hand	7,246,799,613	2,970,504,259
Cash in banks	922,259,061,909	653,273,454,363
Cash equivalents	76,755,293,384	575,484,631,218
Cash in transit	490,044,969	-
<b>Total</b>	<b><u>1,006,751,199,875</u></b>	<b><u>1,231,728,589,840</u></b>
Cash in US\$	1,212,531	67,681
Cash in Euro	3,424	106
Cash in AUD	300	

Cash equivalents include term deposit with term of 1 week to 3 months and bearing an interest rate from 5% of 14% per annum for Vietnam dong (2011: Cash equivalents include term deposit with term of 1 week to 1 month and bearing an interest rate from 6% of 14% per annum for Vietnam dong).

**14 . SHORT-TERM LOANS AND BORROWINGS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Convertible loan (i)	810,363,881,680	809,047,847,415
Short-term loans from bank (ii)	34,234,348,389	-
Current portion of long-term loans and debts	2,598,435,546,396	3,722,582,737,397
<i>Bonds (Note 15)</i>	<i>2,438,751,115,153</i>	<i>2,431,793,613,086</i>
<i>Loan from bank</i>	<i>159,684,431,244</i>	<i>219,889,124,311</i>
<i>Loan from Vinpearl JSC (iii)</i>	<i>-</i>	<i>1,070,900,000,000</i>
Others (iv)	352,071,391,124	51,393,317,845
	<b><u>3,795,105,167,589</u></b>	<b><u>4,583,023,902,657</u></b>

(i) This represents the carrying value of the host debt instrument in the US\$ 40,000,000 convertible loan issued on 12 July 2011. The host debt instrument bears interest rate of 6%, and has a term of 11 months.

On initial recognition, the Group has assessed that the embedded derivatives in the convertible loan agreements do not meet the definition of an equity instrument. Furthermore, on initial recognition, the Group has bi-furcated the embedded derivatives from the host debt instrument and carried such embedded derivatives as a financial liability at fair value through profit or loss. The host debt instrument is carried at amortised cost.

This loan is fully paid at 04 April 2012.

(ii) This represents the carrying value of short-term loan from Bank for Investment and Development of Vietnam - Khanh Hoa Branch with maturity of 6 months, interest payable monthly. Interest rate was varied from 13% to 16.5%. The collateral of these loans was the same as presented as per Note 14 (\*\*).

(iii) This represents short-term loan of Royal City, an existing subsidiary of the Group, granted from Vinpearl JSC. Upon Vinpearl merger, such loan was eliminated on consolidation basis already.

(iv) This represents short-term loans from various lenders, including VND33,066,634,052 from the Property management board of Vincom Center Hanoi - Tower C with an interest rate of 14% per annum; VND75,500,000,000 from Sinh Thai Investment and Development JSC with an interest rate of 18.5% per annum, VND3,576,527,778 non-bearing interest loan borrowed from an individual by Tay Ho View Hotel and Tourism Limited Company, a subsidiary, which will be due on 5 August 2012 and VND239,928,229,294 from various other individuals with an interest rate of 2% per annum. These loans are not secured.

15 . INTEREST-BEARING LOANS AND BORROWINGS

	31/03/2012	01/01/2012
Corporate bonds	5,652,347,155,489	3,178,646,503,624
Long-term borrowings	3,265,928,702,670	2,208,778,229,684
	<b>8,918,275,858,160</b>	<b>5,387,424,733,308</b>

**Corporate bonds**

As at 31 March 2012, the Company has the following bonds:

► The first bond has a face value of VND 1,000,000,000,000, unsecured, with a maturity date of 22 October 2012 and bears coupon rate of 10.3% per annum. The effective interest rate for this bond is 10.66% per annum. As at 31 March 2012, this bond is presented in short-term loans;

► The second bond has a face value of VND 2,000,000,000,000, unsecured, with a maturity date of 6 May 2013. The interest rate of this bond will be revised on an annual basis, equal to at the average 1-year saving rates of four banks, Agribank, Vietcombank, BIDV and Vietinbank, plus 4%. The interest rate applied for the year 2012 was 17.875% per annum and 15.5% per annum;

► The third bond has a carrying value of VND 1,000,000,000,000, issued on 11 May 2010 with a term of five years. The interest rate will be revised on an semi-annual basis, equal to the average 1-year savings account rate of Vietnam Joint Stock Commercial Bank for Industry and Trade – Hanoi branch (“Vietinbank”) + 5,5%. The interest rate applied for the year 2012 was 19.5% per annum and 17.5% per annum. The Company is under an obligation to submit the land use right certificate for the “Hotel - Office - Basement complex at Eden quadrangle” project as pledge asset for this bond within nine months since the issue date, 11 May 2010. Such deadline was then extended to 12 August 2012;

► The fourth bond has a carrying value of VND 650 billion (in which VND 300 billion, VND 150 billion and VND 200 billion were issued on 9 September 2009, 26 October 2009 and 29 April 2010 respectively), with a term of three years from issue date. The interest rate of this bond will be revised on an annual basis, equal to at the average 1-year saving rates of four banks Vietnam Bank for Agriculture and Rural Development Agribank, Joint Stock Commercial Bank for Foreign Trade of Vietnam (“Vietcombank”), Bank for Investment and Development of Vietnam (“BIDV”) and Vietnam Commercial Bank for Industry and Trade (“Vietinbank”) + 4%. The interest rate applied for the year 2012 was 17.88% per annum for the bond with carrying value of VND300 billion and VND150 billion, and 18% per annum and 15.875% per annum for the bond with carrying value of VND 200 billion. This bond is secured by the land use right and the assets on the land owned by Sun City JSC located at No. 13, Hai Ba Trung Street, Trang Tien ward, Hoan Kiem District, Hanoi. As at 31 March 2012, a portion of this bond (of VND 450 billion) is presented in short-term loans;

► The fifth bond has a carrying value of VND 500 billion issued on 6 May 2008, comprising of 500 bonds, par value of VND1 billion each and a maturity term of 5 years. Coupons are paid annually on 5 May and will be determined based on the average 12-month saving rates of 4 commercial banks + 4.5% per annum, as determined 7 days prior to the annual coupon payment date. Interest for current period is 18.375% per annum. This bond was secured by 15,351,148 VIC share held by some major shareholders of the Company;

► The sixth bond has a carrying value of VND1,000 billion issued on 18 March 2009 at a par value of VND1 billion each, which will mature in 5 years with floating coupon rate. Interest will be determined based on the most recent Government bonds’ interest rate + 3.5% per annum or average 12-month VND saving rates of 4 commercial banks + 2.5% per annum, but not exceeding 1.5 times of basis interest rate announced by the State Bank of Vietnam, as determined 7 days prior to the annual coupon payment date. Coupon is paid on 18 March each year. Interest for current period is 13.5% per annum. These bonds are secured by all assets, land use rights, water surface use rights and all assets on the land/water surface which were pledged for the loans;

► The seventh bond has a carrying value of VND2,000 bonds issued on 12 October 2009, comprising of 1,000 bonds, par value of VND1 billion each and a maturity term of 3 years, and another 1,000 bonds, par value of VND1 billion and have a maturity term of 5 years. Coupons are paid semi-annually on 12 April and 12 October. Bond interest is determined as follows:

• for the 1,000 bonds that mature in 3 years, interest will be determined based on the average 12-month saving rates of Bank for Investment and Commerce of Vietnam + 3% per annum. The bond interest rate for current period is 17% per annum.

• for the 1,000 bonds that mature in 5 years, interest will be determined based on the average 12-month saving rates of Bank for Investment and Commerce of Vietnam + 3.5% per annum. The bond interest rate for current period is 17.5% per annum.

Proceeds from these bonds are used to finance for capital expenditure requirements of the project 72A Nguyen Trai, Thuong Dinh Ward, Thanh Xuan District, Hanoi, which is being carried out by Royal City Real Estate Development & Investment JSC, an associate. These bonds are secured by land use rights and all assets to be formed by the bonds.

**Long term borrowings:**

Lender	31/03/2012	Maturity date	Interest rate (% per annum)	Collateral
	USD                      VND Equivalent			

Bank for Investment and Development of Vietnam – Quang Trung Branch	20,923,892,945	20/01/2015	Reference rate + 4.5%/year, and not greater than basic interest rate quoted by SBV and BIDV	▶ Land use rights and assets to be formed on the land area at 66-68-70-72 Le Thanh Ton, Ben Nghe, District 1, HCM City. ▶ Machines, equipments, vehicles and other properties directly relating to the Project. The mortgaged property has been mortgaged on April 13, 2012 after the Group repaid the loan on April 3, 2012.
Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”)	1,500,000,000,000	10/11/2018	Reference rate + 5.5%/year, and not greater than lending rate quoted by State Bank of Vietnam and Vietinbank	(*)
Ecology	11,895,076,833	23/11/2013	First year is 16.78%. Following year to 23 November 2013: average of 12 months time deposit as noticed by Bank for Industry and Trade + 5.78%	▶ No collateral
Bank for Investment and Development of Vietnam – Quang Trung Branch	848,063,806,356	17/01/2019	Reference rate + 4.5%/year, and not greater than basic interest rate quoted by SBV and BIDV	▶ Land use rights and assets to be formed on the land area of Vinmec project. ▶ Machines, equipments, vehicles and other properties directly relating to the Project.
BIDV - Khanh Hoa Branch				(**)
▶ 01/2006/HĐTD dated 17 April 2006	1,962,117	40,866,977,875	17/10/2014	USD 12 month saving rate + 4%
▶ 02/2006/HĐTD dated 22 December 2006	1,000,331	252,754,851,466	12/03/2017	VND 12 month saving rate + 3%
		20,834,884,487	12/03/2017	USD 12 month saving rate + 4%
▶ 04/2007/HĐTD dated 07 August 2007		65,926,428,261	15/08/2017	VND 12 month saving rate + 4%
Less: Current portion (Note 13.1)	(67,640,251,200)			
Vietcombank - Head Office				Land use rights and related assets on the land of the Vinpearl Da Nang Luxury Resort and Residences
▶ 01/2010/HĐTC/VCB-VPLDN dated 17 August 2010		328,456,428,259	17/09/2014	VND 12 month saving rate of Vietcom Bank + 3.8%
▶ 01/2010/HĐTC/VCB-VPLDN dated 17 August 2010	1,047,938	21,826,461,828	17/09/2014	USD 12 month saving rate Vietcom Bank + 4%

▶ 01/2010/HĐTC/ VCB-VPLDN dated 17 August 2010	290,142,907,930	23/05/2021	USD 12 month saving rate Vietcom Bank + 3.2%
▶ 01/2010/HĐTC/ VCB-VPLDN dated 17 August 2010	646,220	13,459,471,201	23/05/2021 VND 12 month saving rate Vietcom Bank + 3%
Less: Current portion (Note 13.1)	(81,582,233,571)		
	<u>4,656,606</u>	<u>3,265,928,702,670</u>	

(\*) Loan obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) is secured by followings:

- ▶ 60% of construction works at Vincom Village project (except assets on the E3 land area and villa area) owned by the Company
- ▶ Assets on the E3 land area at Vincom Village project owned by Vietnam Investment Group JSC. Vietnam Investment Group JSC will complete necessary procedures to pledge these to Vietinbank
- ▶ 60% of land use right of 145 ha at Vincom Village project (equivalent to total land area of Vincom Village project after excluding villa area)
- ▶ 60% of movable properties sourced from the project’s expenditures
- ▶ 60% of rights pertained to assets, benefits, compensations and others relating to Vincom Village project in the present and future

(\*\*) The loans obtained from BIDV - Khanh Hoa are secured by land use rights, VPL and VIC shares, the water surface use rights and all assets that are acquired using the loan’s proceeds in accordance to these below mortgage contracts:

- ▶ Land use rights and all on-land assets mortgage contract No 01/2006/HĐTC dated 22 December 2006;
- ▶ Mortgage contract No.01/2009/HĐCC dated 18 November 2009 and the number of VPL shares held by VinGroup to be mortgaged is 5,045,000 shares;
- ▶ Mortgage contract dated 11 March 2009 and the number of VIC shares held by Mr. Pham Nhat Vuong to be mortgaged is 8,500,000 shares;
- ▶ Mortgage contract No.01/2010/HĐTC dated 24 September 2010 and the number of VPL shares held by VinGroup to be mortgaged is 9,715,000 shares;
- ▶ Assets mortgage contract No. 02/2006/HĐTC dated 22 December 2006;
- ▶ Land use rights and water surface use rights mortgage contract No 01/2007/HĐTC dated 7 August 2007; and
- ▶ Land use rights mortgage contract No 01/2008/HĐTC dated 26 September 2008.

**16 . LONG-TERM CUSTOMERS’ DEPOSITS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Deposits from tenants	247,298,360,896	177,923,730,729
Deposits from tenants to be refunded within the next twelve months	(103,706,831,270)	(43,283,942,061)
	<u>143,591,529,626</u>	<u>134,639,788,668</u>

**17 . DEFERRED REVENUE**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Deferred revenue	155,107,019,297	158,435,137,786
Deferred revenue to be realised within the next twelve months	(35,228,560,723)	(97,863,546,034)
	<u>119,878,458,574</u>	<u>60,571,591,752</u>

**18 . DEPOSITS AND DOWN PAYMENTS FROM CUSTOMERS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Deposits from tenants to be refunded within the next twelve months	89,527,674,509	43,283,942,061
Downpayments from customers for purchases of residential properties	17,619,098,430,515	13,420,419,776,755
	<u>17,708,626,105,024</u>	<u>13,463,703,718,816</u>

**19 . ACCRUALS**

	<u>31/03/2012</u>	<u>01/01/2012</u>
Accrued loan and bond interests	826,200,117,528	476,505,427,324
Accrual for cost of inventory properties sold	28,323,317,580	10,503,445,010
Accrual for construction costs	6,304,867,809,839	5,614,967,044,663
Other accrued expenses	33,624,143,031	43,711,294,385
	<u>7,193,015,387,978</u>	<u>6,145,687,211,382</u>

20 . OTHER CURRENT LIABILITIES

	<u>31/03/2012</u>	<u>01/01/2012</u>
Value added tax payable	153,122,060,384	76,779,430,139
Other taxes	63,573,146,278	20,425,064,860
Payables to employees	11,896,197,440	29,405,109,759
Social insurance payable	7,249,939,841	3,593,211,440
Payables for share acquisition	-	499,748,500,000
Downpayment for transfer of investments	130,220,000,000	68,279,000,000
Dividend payable to shareholders	71,125,546,044	71,246,439,635
Excess payment from customers for purchasing of Vincom Village	100,000,000,000	-
Other short-term payables	59,978,496,994	13,922,181,520
<b>Total</b>	<b><u>597,165,386,980</u></b>	<b><u>783,398,937,353</u></b>

21 . ISSUED CAPITAL AND RESERVES

21.1 . Issued capital

<i>Authorised shares</i>	<u>31/03/2012</u>	<u>01/01/2012</u>
Ordinary share of VND10,000 each	<u>5,493,833,050,000</u>	<u>3,911,498,930,000</u>
	<b><u>5,493,833,050,000</u></b>	<b><u>3,911,498,930,000</u></b>

*Number of ordinary shares issued and fully paid*

	<u>31/03/2012</u>	<u>01/01/2012</u>
At the beginning of the year	391,149,893	372,625,237
New shares issued	158,233,412	18,524,656
<b>At the end of the period</b>	<b><u>549,383,305</u></b>	<b><u>391,149,893</u></b>

On 14 November 2011, the Company's General Shareholders has approved the resolution for the merger between Vinpearl Joint Stock Company ("Vinpearl") and Vincom Joint Stock Company ("Vincom"). On 19 December 2011, the two companies signed the merger agreement and according to which, Vincom will issue additional shares to exchange for the entire 205,498,489 outstanding shares of Vinpearl Joint Stock Company at the swap rate of 1 - 0.77, i.e. one Vinpearl share will be exchanged for 0.77 Vincom share. Subsequently, on 16 December 2011, the General Director of Ho Chi Minh Stock Exchange has issued Decision No.182/2011/QD-SGDHCM on the acceptance for the delisting of Vinpearl shares since 26 December 2011. On 17 January 2012, the merger was completed and the Company has received a new Business Licence to change its legal form from a joint stock company to an one-member limited liability company, owned by Vincom Joint Stock Company. The Company has also recorded share premium amounting to VND13,922,337,537,799 (being the difference between the market value of the Company's shares and its par value on the issue date).

21.2 . Treasury shares

As at 31 March 2012:

- ▶ Royal City, a subsidiary, held 14,062,170 Vincom shares
- ▶ Hanoi South, a subsidiary, held 6,294,365 Vincom shares, which was converted from 8,175,500 Vinpearl share
- ▶ PFV, a subsidiary, held 9,067,850 Vincom shares, which was converted from 11,776,429 Vinpearl share
- ▶ GCD, a subsidiary, held 6,933,495 Vincom shares, which was converted from 9,004,539 Vinpearl share. In March 2012, this subsidiary has disposed 3,775,000 Vincom shares; and the remain is 3,158,495 Vincom shares.
- ▶ Vinpearl Hoi An, a subsidiary, held 4,316,910 Vincom shares, at a cost of VND423,057,180,000.

Such increases in was due to the merger between the Company and Vinpearl, which has been completed by 17 January 2012. Upon the completion of the merger process, these Vinpearl shares are swapped into Vincom shares, and are presented as treasury shares of the Group.

As at 31 December 2011, Royal City, a subsidiary, held 14,062,170 Vincom shares.

21.3 . Consolidation reserves

As disclosed in Note VI, consolidation reserve as at 31 March 2012 represents the difference between consideration transferred and the net assets of those under common control entities acquired during the period. The Company follows pooling of interest method in accounting for the business acquisitions under common control.

**22 . TRANSACTIONS WITH RELATED PARTIES**

**Significant transactions with related parties during the period were as follows:**

Related parties	Relationship	Transactions	Current year (VND)
Sinh Thai Investment and Development JSC	Associate of a company under common owners	Borrowing	(8,000,000,000)
		Bearing interest	(3,690,287,839)
		Interest settlement	7,970,000,000
		Received dividend	(112,496,598,640)
Vietnam Tourism in Ho Chi Minh City	Associate	Borrowing settlement	14,500,000,000
		Received from Nguyen Cong Tru project	(4,021,528,750)
		Interest payable	(832,889,627)
		Interest settlement	1,391,200,256
Vietnam Investment Group JSC	Common owners	Dividend receivable	1,991,000,000
		Rental office and food expenses payable	(3,664,999,311)
		Payment for rental office and food expenses	3,685,456,533
		Received payment from disposal E3	(70,000,000,000)
Hanoi Electronic	Major shareholder of Sai Dong Land	Received payment from disposal E3	(70,000,000,000)
		Earn interest	5,858,904,206
		Supporting expenses payable	(7,291,666,700)
		Payment for supporting expenses	7,291,666,700
		Received interest	7,150,685,000

**Amount due from related parties at the balance sheet date were as follows:**

Related parties	Relationship	Transactions	Receivable (VND)
Vietnam Tourism in Ho Chi Minh City	Associate	Service provision receivable	127,132,673
		Receivable expenses of Nguyen Cong Tru Project	23,731,835,238
		Dividend receivable	1,991,000,000
Vietnam Investment Group JSC	Common ownership	Receivable from disposal E3	768,200,000,000
		Provision of hotel rooms and related services	501,531,080
Family members of management	Family members of management	Rental and service receivable	8,279,920
Ecology Investment and Development JSC	Associate of a company under common owners	Interest receivables	1,612,500,000
Hanoi Electronics Corporation	Major shareholder of Sai Dong	Interest receivables	11,075,418,532
Vietnam Investment Group JSC	Common ownership	Other receivable	40,039,947
			<b>807,287,737,389</b>

Related parties	Relationship	Transactions	Payable (VND)
Vietnam Investment Group JSC	Common ownership	Rental office and food expenses	8,181,816
Key members of management		Downpayment for purchase of residential properties at Royal City project	29,420,435,749
Family members of management		Downpayment for purchase of residential properties at Times City project	3,960,860,259
Ecology Investment and Development JSC	Associate of a company under common owners	Interest payable	3,567,490,861
			<b>36,956,968,685</b>
<b>Loans (Note 14 and 15)</b> Ecology Investment and Development JSC	Associate of a company under common owners	Short term loan	75,500,000,000
		Long term loan	11,895,076,833
			<b>87,395,076,833</b>

Loans and interest receivables to related parties are as following:

Related parties	Relationship	Int. rate %/year	Maturity date	Collateral	Balance of loans /trust investments (VND)
<b>Short-term investments (Note 11)</b>					
Hanoi Electronic Company	Major shareholder of Sai Dong Land	19	30/06/2012	No collateral	50,000,000,000
Ecology Investment and Development JSC	Associate of a company under common owners	18.5	25/07/2012	Capital contribution of Sinh Thai at Tay Tang Long	9,000,000,000
<b>Sub total</b>					<b>59,000,000,000</b>
<b>Long-term investment (Note 8)</b>					
Hanoi Electronic Company	Major shareholder of Sai Dong Land	14	22/03/2015	No collateral	100,000,000,000
<b>Sub total</b>					<b>100,000,000,000</b>

23 FINANCE INCOME

	2012	2011
Interest income on term deposits and loans	159,478,986,410	174,283,629,536
Changes in fair value of held for trading securities	-	412,452,790,900
Change in amortised cost of loans/receivables and fair value of financial assets	44,308,338,103	22,766,394,772
Other finance income	11,319,177,022	21,061,455,675
	<b>215,106,501,536</b>	<b>630,564,270,883</b>

24 FINANCE COSTS

	2012	2011
Interest on debts and borrowings	310,783,799,847	196,755,881,768
Changes in fair value of held for trading securities	23,043,322,995	-
Change in amortised cost of loans/receivables	-	1,520,159,840
Other finance costs	22,456,846,256	36,900,184,181
	<b>356,283,969,098</b>	<b>235,176,225,789</b>

25 OTHER OPERATING INCOME

	2012	2011
Contract penalties	7,290,590,163	2,866,282,685
Disposal of fixed assets and tools	365,503,918	-
Others	2,016,963,686	25,935,772,079
	<b>9,673,057,767</b>	<b>28,802,054,764</b>

26 OTHER OPERATING EXPENSES

	2012	2011
Contract penalties	2,430,097,932	15,427,617
Disposal of fixed assets and tools	-	6,599,836,765
Penalty for late payment of land fee	42,981,385,104	-
Others	105,105,824	13,608,584,455
	<b>45,516,588,860</b>	<b>20,223,848,837</b>

27 INCOME TAX EXPENSES

Current and deferred corporate income tax for the three months ended 31 March 2012 and 31 March 2011 include :

	2012	2011
<b>Continued operation</b>		
Current corporate income tax charge	321,064,919,747	42,517,887,288
Deferred corporate income tax charge/ (credit)	(51,951,402,383)	270,232,303,321
	<b>269,113,517,363</b>	<b>312,750,190,609</b>
<b>Discontinued operation</b>		
Current corporate income tax charge	-	7,078,000,000
Deferred corporate income tax charge	-	-
	-	<b>7,078,000,000</b>

**28 EARNINGS PER SHARE**

Basic earnings per share amount is calculated by dividing the net profit after tax for the year attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (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.

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

	<u>2012</u>	<u>2011</u>
Net profit attributable to ordinary equity holders of the parent from continuing operations	719,361,381,868	879,002,239,681
<b>Net profit attributable to ordinary equity holders of the parent for basic earnings</b>	<b>719,361,381,868</b>	<b>879,002,239,681</b>
Interest on convertible loans	-	7,880,079,375
Profit attributable to ordinary equity holders of Vinpearl JSC		
<b>Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution</b>	<b>719,361,381,868</b>	<b>886,882,319,056</b>
	<u>2012</u>	<u>2011</u>
Net profit from continuing operations attributable to ordinary equity holders of the parent for basic earnings	719,361,381,868	879,002,239,681
Net profit from continuing operations attributable to ordinary equity holders of the parent adjusted for the effect of dilution	719,361,381,868	886,882,319,056
Weighted average number of ordinary shares:		
<b>Weighted average number of ordinary shares for basic earnings per share (*)</b>	<b>484,811,166</b>	<b>363,429,468</b>
<i>Effect of dilution</i>		
Convertible loans	-	7,206,819
<b>Weighted average number of ordinary shares adjusted for the effect of dilution</b>	<b>484,811,166</b>	<b>370,636,287</b>

(\*) The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

The USD convertible loan issued by the Company in July 2011 was included in the calculation of diluted earnings per share for the year 2011.

**IX. OTHER INFORMATION**

**1 . Events after the consolidated balance sheet date**

There have been no other significant events occurring after the reporting period which would require adjustments or disclosures to be made in the consolidated financial statements.

**ISSUER**

**Vingroup Joint Stock Company**  
Vincom Center Hanoi, Tower B  
191 Ba Trieu, Le Dai Hanh Ward  
Hai Ba Trung District, Hanoi  
Vietnam

**REGISTRAR**

**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg

**TRUSTEE**

**DB Trustees (Hong Kong) Limited**  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

**PRINCIPAL, CONVERSION AND TRANSFER AGENT**

**Deutsche Bank AG, Hong Kong Branch**  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

**LEGAL ADVISORS TO THE ISSUER**

*as to English law*

**Clifford Chance**  
28/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

*as to Vietnamese Law*

**VILAF**  
Suite 404-406  
Kumho Asiana Plaza Saigon  
39 Le Duan Street  
District 1, Ho Chi Minh City  
Vietnam

**LEGAL ADVISORS TO THE ARRANGER AND PLACEMENT AGENT**

*as to Vietnamese Law*

**YKVN Lawyers**  
Suite 1502  
The Metropolitan 235 Dong Khoi Street  
District 1, Ho Chi Minh City  
Vietnam

**LEGAL ADVISORS TO THE TRUSTEE**

*as to English law*

**King & Wood Malleons**  
13/F Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central  
Hong Kong