



Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited
Liability Company]

Consolidated Financial Statements

31 December 2011

 **ERNST & YOUNG**

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

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Vinpearl Joint Stock Company

[now known as Vinpearl one-member Limited Liability Company]

GENERAL INFORMATION

THE COMPANY

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.

THE BOARD OF MANAGEMENT

The members of the Board of Management during the year are:

Nguyen Trong Hien	Chairman	
Pham Nhat Vuong	Member	Resigned on 28 October 2011
Dang Thanh Thuy	Member	
Vu Tuyet Hang	Member	
Mai Thu Thuy	Member	

Following the change in its legal form to an one-member limited liability company, the Company's Chairman is Nguyen Trong Hien.

BOARD OF SUPERVISION

Members of the Board of Supervision during the year are:

Tran Viet Hung	Head of supervisory board
Luu Chi Hieu	Member
Nguyen Thu Phuong	Member

Following the change in its legal form to an one-member limited liability company, the Head of Supervisory Board is Tran Viet Hung.

Vinpearl Joint Stock Company
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GENERAL INFORMATION (continued)

BOARD OF DIRECTOR

Members of the Board of Director during the year are:

Nguyen Trong Hien	General Director	
Dang Thanh Thuy	Deputy General Director	
Tran Anh Tuan	Deputy General Director	
Nguyen Thi Huyen Tran	Deputy General Director	Resigned on 18 March 2011
Phung Thi Thanh Bac	Deputy General Director	Assigned on 18 March 2011
Nguyen Thinh	Chief accountant	Resigned on 5 May 2011
Tran Khanh Van	Chief accountant	Assigned on 5 May 2011

Following the change in its legal form to an one-member limited liability company, members of Board of Director include:

Dang Thanh Thuy	General Director	Assigned on 11 January 2012
Tran Anh Tuan	Deputy General Director	Reassigned on 18 January 2012
Nguyen Thi Huyen Tran	Deputy General Director	Reassigned on 18 January 2012
Tran Khanh Van	Chief Accountant	Reassigned on 18 January 2012

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Dang Thanh Thuy.

AUDITORS

The auditors of the Company are Ernst and Young Vietnam Limited.

Vinpearl Joint Stock Company
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REPORT OF THE MANAGEMENT

The management of Vinpearl Joint Stock Company ("the Company") presents its report and the consolidated financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2011 and for the year then ended.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

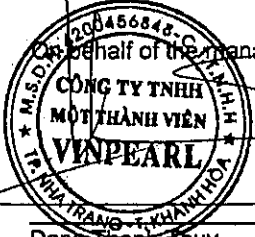
Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding 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 December 2011.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2011 and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

On behalf of the management: 



Dang Thanh Thuy
General Director

Khanh Hoa, Vietnam

10 March 2012

Reference: 60755008/14573503

INDEPENDENT AUDITORS' REPORT

To: **The Shareholders of Vinpearl Joint Stock Company
(now known as Vinpearl one-member Limited Liability Company)**

We have audited the accompanying consolidated financial statements of Vinpearl Joint Stock Company and its subsidiaries ("the Group") which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



10 March 2012

Ernst & Young Vietnam Ltd.

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2011.

	Notes	2011 VND	2010 restated VND
Continuing operations:			
Revenue from rendering of hotel, amusement park and other related services		954,717,308,269	661,358,646,695
Sales of inventory property		154,734,436,393	-
Rental income		6,969,413,606	3,349,520,970
Revenue		1,116,421,158,268	664,708,167,665
Cost of sales		(724,875,966,681)	(401,762,954,598)
Gross profit		391,545,191,587	262,945,213,067
Valuation gain/(loss) from completed investment property	14	31,500,000,000	(2,100,000,000)
Other operating income	9.1	52,802,634,135	145,777,976,967
Selling and distribution costs		(51,273,300,181)	(55,184,785,434)
Administrative expenses		(98,161,449,142)	(50,361,651,623)
Other operating expenses	9.2	(14,380,257,460)	(46,142,872,824)
Operating profit		312,032,818,939	254,933,880,153
Finance costs	9.3	(768,229,418,226)	(539,179,433,887)
Finance income	9.4	592,743,584,783	408,762,174,460
Share of profit from associates	8	224,253,136,212	215,700,442,195
Profit before tax from continuing operations		360,800,121,708	340,217,062,921
Income tax expense	10	(4,514,889,059)	(7,819,501,507)
Profit for the year from continuing operations		356,285,232,649	332,397,561,414
Discontinued operation			
Profit/(loss) after tax for the year from discontinued operation	24	91,154,294,723	(5,303,223,643)
Profit for the year		447,439,527,372	327,094,337,771
<i>Attributable to:</i>			
Equity holders of the parent		431,578,679,881	296,895,482,991
Non-controlling interest		15,860,847,491	30,198,854,780
<i>Earnings per share:</i>			
	11		
▶ Basic, profit for the year attributable to ordinary equity holders of the parent		2,164	1,722
▶ Diluted, profit for the year attributable to ordinary equity holders of the parent		2,164	1,722
<i>Earnings per share for continuing operations:</i>			
	11		
▶ Basic, profit from continuing operations attributable to equity holders of the parent		1,707	1,753
▶ Diluted, profit from continuing operations attributable to equity holders of the parent		1,707	1,753

Vinpearl Joint Stock Company
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CONSOLIDATED OF COMPREHENSIVE INCOME
 for the year ended 31 December 2011

	<i>Notes</i>	2011 VND	2010 <i>restated</i> VND
Profit for the year		447,439,527,372	327,094,337,771
Other comprehensive income/(loss), net of tax		-	-
Total comprehensive income, net of tax		447,439,527,372	327,094,337,771
<i>Attributable to:</i>			
Equity holders of the parent		431,578,679,881	296,895,482,991
Non-controlling interests		15,860,847,491	30,198,854,780
		447,439,527,372	327,094,337,771

Vinpearl Joint Stock Company
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CONSOLIDATED BALANCE SHEET
as at 31 December 2011

	Notes	2011 VND	2010 restated VND	2009 restated VND
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	12	2,900,492,122,780	1,183,223,208,000	1,192,105,566,363
Intangible assets	13	652,786,070,108	297,420,588,394	97,482,876,550
Completed investment property	14	56,700,000,000	25,200,000,000	27,300,000,000
Construction in progress	15	270,925,416,052	1,365,018,952,595	638,302,592,977
Investment in associates	8	1,125,078,227,400	1,318,769,209,154	663,653,127,950
Other non-current financial assets	16	281,709,441,443	66,709,441,443	10,693,224,000
Deferred tax assets	10	33,415,143,570	32,477,392,230	956,889,056
Loans to related parties	37	-	1,909,400,000,000	1,871,600,000,000
Long-term prepayments	17	40,522,690,229	10,328,519,873	12,932,989,623
Total non-current assets		5,361,629,111,582	6,208,547,311,689	4,515,027,266,519
CURRENT ASSETS				
Inventories	19	612,269,389,640	16,517,069,989	11,611,695,016
Short-term investments	20	748,254,582,584	173,138,936,371	401,092,602,609
Receivables and advances to related parties	37	106,575,102,308	138,011,642,921	778,589,854,584
Loans to related parties	37	1,377,482,804,933	988,852,905,892	775,550,306,655
Short-term prepayment and other receivables	21	247,491,138,528	329,957,211,482	49,971,556,114
Trade receivables	22	71,411,602,696	12,291,569,806	9,444,305,568
Financial assets at fair value through profit or loss	18	429,532,545,000	-	-
Value added tax deductible and income tax prepayment		32,830,563,172	9,393,395,082	6,096,184,214
Cash and cash equivalents	23	78,476,673,904	23,618,277,299	10,306,638,605
Total current assets		3,704,324,402,765	1,691,781,008,842	2,042,663,143,365
Assets classified as held for sale		-	-	975,572,647,647
TOTAL ASSETS		9,065,953,514,347	7,900,328,320,531	7,533,263,057,531

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2011

	Notes	2011 VND	2010 restated VND	2009 restated VND
EQUITY AND LIABILITIES				
EQUITY				
Issued capital	25.1	2,054,984,890,000	1,799,057,210,000	1,000,000,000,000
Share premium	25.1	1,381,596,472,000	-	-
Treasury shares	25.2	(238,330,065,159)	-	-
Consolidation reserves	25.3	(432,075,222,760)	-	-
Retained earnings		768,322,007,566	341,743,327,685	189,971,639,740
Other reserves		10,994,494,000	5,994,494,000	4,994,493,730
Equity attributable to equity holders of the parent		3,545,492,575,647	2,146,795,031,685	1,194,966,133,470
Non-controlling interests		48,055,735,956	535,154,217,458	445,090,707,869
Total equity		3,593,548,311,603	2,681,949,249,143	1,640,056,841,339
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	26	3,379,246,229,763	3,860,024,075,792	4,402,226,705,599
Long-term downpayment from customers	27	-	32,000,000,000	-
Long-term deferred revenue	28	17,669,559,106	-	-
Deferred tax liabilities	10	174,927,912,827	35,495,675,870	1,951,896,002
Other long-term liabilities	29	6,948,753,747	4,360,569,802	3,612,173,131
Total non-current liabilities		3,578,792,455,443	3,931,880,321,464	4,407,790,774,732
CURRENT LIABILITIES				
Short-term borrowings	30	1,234,522,174,788	672,457,620,790	572,123,608,864
Trade payables		126,219,925,638	49,126,583,456	36,909,118,132
Payables to related parties	37	280,165,790	231,417,466,852	315,984,312,457
Downpayment from customers	27	42,483,064,312	-	-
Short-term deferred revenues	28	5,735,582,724	-	-
Customers' deposits	32	63,979,161,305	34,805,201,060	22,496,839,444
Accruals and other payables	31	363,909,632,993	276,117,079,881	271,810,771,148
Income tax payable	10	21,481,118,798	8,415,397,189	-
Other current liabilities	33	35,001,920,953	14,159,400,696	-
Total current liabilities		1,893,612,747,301	1,286,498,749,924	1,219,324,650,045
Liabilities directly associated with assets classified as held for sale		-	-	268,090,791,415
TOTAL LIABILITIES AND EQUITY		9,065,953,514,347	7,900,328,320,531	7,533,263,057,531

Vinpearl Joint Stock Company
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 for the year ended 31 December 2011

For the year ended 31 December 2011:

	Attributable to the owners of the parent							Total equity VND
	Issued capital VND	Share premium VND	Treasury shares VND	Consolidation reserves VND	Retained earnings VND	Other reserve VND	Total VND	
Balance as at 1 January 2011	1,799,057,210,000	-	-	-	341,743,327,685	5,994,494,000	2,146,795,031,685	2,681,949,249,143
Profit for the year	-	-	-	-	431,578,679,881	-	431,578,679,881	447,439,527,372
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	431,578,679,881	-	431,578,679,881	447,439,527,372
Share issue during the year	255,927,680,000	1,381,596,472,000	-	-	-	-	1,637,524,152,000	1,637,524,152,000
Transfer to other reserves	-	-	-	-	(5,000,000,000)	5,000,000,000	-	-
Business combination involving entities under common control	-	-	-	(432,075,222,760)	-	-	(432,075,222,760)	(432,075,222,760)
Disposal of subsidiaries	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	(238,330,065,159)	-	-	-	(238,330,065,159)	(238,330,065,159)
Share capital contribution by non- controlling interest	-	-	-	-	-	-	-	-
Balance at 31 December 2011	2,054,984,890,000	1,381,596,472,000	(238,330,065,159)	(432,075,222,760)	768,322,007,566	10,994,494,000	3,545,492,575,647	3,593,548,311,603

Vinpearl Joint Stock Company
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 for the year ended 31 December 2011

For the year ended 31 December 2010:

	Atributable to the owners of the parent					Total equity VND
	Issued capital VND	Retained earnings/ (Accumulated losses) VND	Other reserve VND	Total VND	Non-controlling interest VND	
Balance at 1 January 2010	1,000,000,000,000	185,183,524,784	4,994,493,730	1,190,178,018,514	445,090,707,859	1,635,268,726,383
Change in accounting policy (Note 3.4)	-	4,788,114,956	-	4,788,114,956	-	4,788,114,956
Balance at 1 January 2010 (restated)	1,000,000,000,000	189,971,639,740	4,994,493,730	1,194,966,133,470	445,090,707,859	1,640,056,841,339
Profit for the year (restated)	-	296,895,482,991	-	296,895,482,991	30,198,854,780	327,094,337,771
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	296,895,482,991	-	296,895,482,991	30,198,854,780	327,094,337,771
Increase by stock dividends	129,997,590,000	(129,997,590,000)	-	-	-	-
Increase in capital in cash	669,059,620,000	-	-	669,059,620,000	-	669,059,620,000
Transfer to reserve	-	-	1,000,000,270	-	-	-
Change in associate's equity	-	(1,000,000,270)	-	(1,000,000,270)	-	(1,000,000,270)
Disposal of subsidiaries	-	(14,126,204,776)	-	(14,126,204,776)	-	(14,126,204,776)
Share in the assets contributed to Subsidiary	-	-	-	-	(212,513,637,183)	(212,513,637,183)
Share capital contribution by non-controlling interest	-	-	-	-	2,051,718,306	2,051,718,306
Balance at 31 December 2010	1,799,057,210,000	341,743,327,685	5,994,494,000	2,146,795,031,685	535,154,217,458	2,681,949,249,143

Vinpearl Joint Stock Company
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CONSOLIDATED CASH FLOWS STATEMENT
for the year ended 31 December 2011

	Notes	2011	2010
		VND	Restated VND
OPERATING ACTIVITIES			
Profit before tax from continuing operations		360,800,121,708	340,217,062,921
Profit before tax from discontinued operations	24	119,298,916,841	3,162,676,737
Profit before tax		480,099,038,549	343,379,739,658
<i>Adjustments to reconcile profit before tax to net cash flows</i>			
Non-cash:			
Depreciation and amortisation		136,482,428,288	70,103,600,865
Provision		-	57,986,610
Unrealised net foreign exchange (gain)/losses		(1,406,437,644)	1,724,441,809
Amortized cost of loans and receivables		(4,846,193,451)	6,731,067,000
Amortized cost of loans and payables		(124,947,616)	-
Change in fair value of financial instruments		79,862,835,000	-
Valuation (gain)/loss on investment property	14	(31,500,000,000)	2,100,000,000
Gain from exchange of Hon Mot project development right	9.1	-	(134,448,281,694)
Re-measurement of existing shareholding of previously held equity interest in subsidiary on acquisition date	9.4	(106,069,333,234)	-
Profit from partial disposal of subsidiary		(97,514,864,461)	-
Dividends received	9.1	(44,371,271,350)	-
Profit from investing activities		(17,467,366,116)	-
Interest income	9.4	(475,283,557,381)	(402,531,056,189)
Interest expense	9.3	654,645,177,483	526,509,963,571
Share of net profit of associates	8	(224,253,136,212)	(215,700,442,195)
Others		(7,816,903,292)	10,400,085,211
<i>Working capital adjustments:</i>			
Decrease/(increase) in trade and other receivables		235,720,643,482	(15,750,794,917)
Increase in inventories		(610,270,378,874)	(4,905,374,973)
(Decrease)/increase in trade and other payables		(25,709,593,665)	34,228,699,777
(Increase)/decrease in prepayment		(272,747,248,889)	27,824,180,094
Other cash inflows from operating activities		-	4,415,485,000
Other cash outflows from operating activities		-	(8,000,000,000)
Corporate income tax paid	10.1	(43,676,295,323)	(4,869,734,281)
Net cash flows used in operating activities		(376,247,404,706)	241,269,563,346

Vinpearl Joint Stock Company
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CONSOLIDATED CASH FLOWS STATEMENT (continued)
for the year ended 31 December 2011

	<i>Notes</i>	2011	2010
		VND	restated
		VND	VND
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		880,081,921	1,745,074,315
Purchase of property, plant and equipment		(719,851,928,242)	(587,778,065,475)
Loans to others		(543,400,000,000)	(150,004,680,000)
Collections from borrowers		243,400,000,000	371,510,000,000
Net outflow from disposal of a subsidiary, net of cash disposed		-	(2,359,044,696)
Payment for investments in other entities		(29,000,000,000)	(666,425,000,000)
Proceeds from sale of investments in other entities		350,642,800,000	5,000,000,000
Loans to related parties		(666,650,000,000)	(331,500,000,000)
Collections of loans to related parties		2,379,877,469,605	864,256,733,300
Interest and dividends received		511,385,865,393	391,308,775,580
Net cash from/(used in) investing activities		1,527,284,288,677	(104,246,206,976)
FINANCING ACTIVITY			
Capital contribution by shareholders		-	669,059,620,000
Capital contribution from non-controlling interest		1,873,426,314	248,000,000,000
Capital withdrawal by non-controlling interest		-	(68,218,454,775)
Proceeds from borrowings and corporate bonds		778,893,562,869	283,289,862,639
Repayment of borrowings		(1,133,959,596,910)	(776,860,063,493)
Interest paid		(742,985,879,639)	(479,881,663,336)
Net cash flows used in financing activity		(1,096,178,487,366)	(124,610,698,965)
Net increase in cash and cash equivalents		54,858,396,605	12,412,657,405
Cash and cash equivalents at the beginning of the year		23,618,277,299	11,205,619,894
Cash and cash equivalents at the end of the year	23	78,476,673,904	23,618,277,299

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for year ended 31 December 2011

1. CORPORATE INFORMATION

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 Vinpearland 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.

The Company has the following subsidiaries:

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 1, Ho Chi Minh City (previously at 182 Nguyen Van Thu, Da Kao Ward, District 1, Ho Chi Minh City).

On 17 June 2011, the Group disposed 20% equity interest in GCD to Vincom Joint Stock Company. This disposal thereby reduced its ownership interest in this company to 30%, and the Group lost the control in this company. As at 31 December 2011, the Group holds 30% equity interest in GCD.

Vietnam Tourism Nha Trang JSC ("Vietnam Tourism Nha Trang")

Vietnam Tourism Nha Trang was established in accordance with the Business License No. 3703000385 issued by Khanh Hoa's Department of Planning and Investment on 12 June 2008, with a registered chartered capital of VND10 billion.

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

1. CORPORATE INFORMATION (continued)

Its principal activities are passenger transportation, tourism agency, hotel, villa restaurant and other related services. The registered office of this subsidiary is at Hon Tre Island, Vinh Nguyen Ward, Nha Trang City, Khanh Hoa. As at 31 December 2011, the Company holds 80% equity interest in this subsidiary.

This company is in liquidation process in accordance with the Official letter No. 09/2011/TB-VIETNAMTOURISMNHATRANGJSC dated 25 May 2011 to the tax authority.

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 December 2011, 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 VND60 billion, in which the Company is a founding shareholder with 15% equity interest. On 19 October 2010, this subsidiary increased its chartered capital to VND167.4 billion in accordance with the first amended Business License issued by Khanh Hoa's Department of Planning and Investment. As per General Shareholders' Resolution dated 20 August 2010, the Company increased its equity interest in this subsidiary to 83.64% by using the land use rights and related assets on the land at 7 Tran Phu, Vinh Nguyen Ward, Nha Trang City as capital contribution to this company. Consequently, Hon Mot became a subsidiary of the Company.

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 December 2011, the Company holds 83.64% 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 December 2009, 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, Da Nang Province, Vietnam.

On 17 March 2011, the Group completed the acquisition of the remaining 60% equity interest in this company by issuing new ordinary shares to swap with the shares held by other existing shareholders in Vinpearl Da Nang. After this acquisition, the Group holds 100% equity interest in Vinpearl Da Nang.

On 24 March 2011, Vinpearl Da Nang changed its name to Vinpearl Da Nang one-member Liabilities Limited Company in accordance with the 4th amendment issued by the 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.

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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1. CORPORATE INFORMATION (continued)

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.

On 17 March 2011, the Group completed the acquisition of the remaining 70% equity interest in this company by issuing new ordinary shares to swap with the shares held by other existing shareholders in Vinpearl Hoi An. After this acquisition, the Group holds 100% equity interest in Vinpearl Hoi An.

On 24 March 2011, Vinpearl Hoi An changed its name to Vinpearl Hoi An one-member Limited Liability Company according to the 13th amended Business Registration issued by Quang Nam's Department of Planning and Investment.

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.

On 17 March 2011, the Group completed the acquisition of the remaining 80% equity interest in this company by issuing new ordinary shares to swap with the shares held by other existing shareholders in Vincharm. After this acquisition, the Group holds 100% equity interest in Vincharm.

On 29 March 2011, Vincharm changed its name to Vincharm Development and Services one-member Limited Liability Company and increased its chartered capital to VND 400 billion according to 22nd Amended Business Registration issued by Ha Noi's Department of Planning and Investment.

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 60 billion, in which, the Group has committed to contribute 70% of registered chartered capital. 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.

On 9 August 2011, Tay Ho View has registered to increase its chartered capital to VND 1,145,454,000,000 according to the 1st Amended Business Registration issued by Ha Noi's Department of Planning and Investment. The Group still commits to hold 70% equity interest in this subsidiary.

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

1. CORPORATE INFORMATION (continued)

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.

As at 31 December 2011, the Group hold 100% equity interest in this subsidiary.

Dong Phu Hung JSC ("Dong Phu Hung")

Dong Phu Hung was established in accordance with Business License No. 3400519677 issued by Binh Thuan's Department of Planning and Investment on 24 March 2008. Its principal business activities are hotel and restaurant services, cultivation, animal husbandry, aquaculture, textile etc... The registered office of this company is at Thang Hai hamlet, Thang Hai commune, Ham Tan district, Binh Thuan province.

On 16 March 2011, the Company acquired 70% equity interest in this company. Subsequently, on 6 June 2011, the Company disposed all of its equity interest in this company.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which have been measured at fair value; loans and receivables which 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").

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

Application of the fair value model for investment properties

The Group has reassessed its accounting policy with regard to the subsequent measurement of investment properties. The Group previously applied the cost model in subsequent measurement of its investment properties. In 2011, the Group has adopted a change in its accounting policy and apply the fair value model for subsequent measurement of its investment properties. The Group's management believes that this change provides reliable and more relevant information about the effects of transactions and economic conditions involving investment properties on the Group's financial position and financial performance. The change in accounting policy has been applied retrospectively in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

As a result of the voluntary accounting policy change, the following adjustments were made to the consolidated financial statements:

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

As of 1 January 2010:

Increase in completed investment properties: VND 6,384,153,275
Increase in deferred tax liabilities: VND 1,596,038,319
Increase retained earnings: VND 4,788,114,956

As of and for the year ended 31 December 2010:

Increase in completed investment properties: VND 5,087,552,639
Increase in deferred tax liabilities: VND 1,271,888,160
Decrease in deferred tax expenses: VND 324,150,159
Increase in retained earnings: VND 67,305,138,026
Increase in valuation losses from completed investment properties: VND 1,296,600,636
Increase in basic earnings per share: VND 516
Increase in investment in associates: VND 63,489,473,547
Increase in loss from deemed disposal: VND 23,877,084,424
Increase in share of profit in associates: VND 87,366,557,970

As of and for the year ended 31 December 2011:

Increase in completed investment properties: VND 37,390,952,003
Increase in deferred tax liabilities: VND 9,347,738,001
Increase in retained earnings: VND 131,831,372,378
Increase in deferred tax expenses: VND 8,075,849,841
Increase in valuation gains from completed investment properties: VND 32,303,399,364
Increase in basic earnings per share: VND 323
Increase in investment in associates: VND 40,298,684,829
Increase in share of profit in associates: VND 103,788,158,376

The Group has also 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 37.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

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. The Group reflects the revised disclosure requirements in Note 36.
- ▶ **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***
- ▶ **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)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments other than estimates

In the process of applying the Group's accounting policies, management has made the following judgments, 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.

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 judgment 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)

Judgments other than estimates (continued)

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.

Estimate and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 Capitalized 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.

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.

There is a certain degree of volatility in the commercial real estate market in Vietnam. Therefore, in arriving at their estimates of market values as at 31 December 2011, the valuers used their market knowledge and professional judgement and did not rely solely on historical transactional comparables. In these circumstances, there was a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property.

The significant methods and assumptions used by the valuers in estimating the fair value of investment property are set out in Note 14.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(continued)

Estimate and assumptions (continued)

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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basic of consolidation

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

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions 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 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 change 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; and
- ▶ Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

b) 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. The basis of the judgement is set out in Note 4.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) *Business combinations and goodwill*

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.

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 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Business combinations involving entities or businesses under common control*

In the absence of specific guidance in IFRS for business combinations involving entities or businesses under common control, the Group has elected to adopt the pooling of interest method when accounting for such transactions. Under the pooling of interest method:

- ▶ The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. The only adjustments that are made are to harmonise accounting policies between the combining entities.
- ▶ No 'new' goodwill is recognised as a result of the combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity under "Consolidation reserve".
- ▶ The income statement reflects the results of the combining entities from the date when the combination took place.

e) *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 the 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Foreign currency translation

The Group's consolidated financial statements are presented in Vietnam dong, which is also the functional currency of the parent company and its subsidiaries. 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.

g) 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:

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Sales 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 contract. For unconditional 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

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Revenue recognition (continued)

Sales of property under development (continued)

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.

Rendering of services

In relation to the hotel and related hotel services, revenue is recognised as and when the services are rendered.

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.

Gains from securities trading/capital transfer

Gains from securities trading and capital transfer 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.

Interest income

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

Dividends

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

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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 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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Taxes (continued)

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.

i) 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 and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

j) Financial Instruments – Initial recognition and subsequent measurement

i) 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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) *Financial assets – initial recognition and subsequent measurement* (continued)

l) **Financial assets** (continued)

Initial recognition and measurement (continued)

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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) *Financial Instruments – initial recognition and subsequent measurement* (continued)

l) **Financial assets** (continued)

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 it to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method, 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. The Group did not have any held to maturity investments during the years ended 31 December 2011 and 2010.

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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J) *Financial Instruments – Initial recognition and subsequent measurement* (continued)

I) **Financial assets** (continued)

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.

ii) **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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J) *Financial Instruments – Initial recognition and subsequent measurement* (continued)

ii) **Impairment of financial assets** (continued)

Financial assets carried at amortised cost (continued)

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 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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

)) Financial instruments – initial recognition and subsequent measurement (continued)

iii) 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, corporate bonds, loans and borrowings.

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 as at fair value through profit or loss are those that have been designated by management on initial recognition, and only if criteria of IAS 39 are satisfied.

Financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial liabilities designated at fair value through profit or loss'. Interest incurred is accrued in 'Interest expense' using the effective interest rate (EIR),

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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) *Financial Instruments – Initial recognition and subsequent measurement* (continued)

Subsequent measurement (continued)

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.

iv) 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.

v) 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.

k) *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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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.

m) Property and equipment

Plant 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 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 recognized 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 recognized in profit or loss 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	30 - 40 years
Other architectural sites	10 - 20 years
Machinery and equipment	8 - 15 years
Means of transportation	6 - 12 years
Office equipments	4 - 8 years
Other assets	8 - 15 years

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

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

n) 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, even if that right is not explicitly specified in an arrangement.

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.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) *Borrowing costs*

Borrowing costs are recognized as an expense when incurred except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs is capitalized when such costs is directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

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.

p) *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. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise. For the purposes of these financial statements, in order to avoid 'double accounting', the assessed fair value is:

- ▶ Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments
- ▶ Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the balance sheet as a finance lease obligation.

Investment properties are derecognised when either they have been disposed of or when the investment property is 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 is recognised in the income statement in the period 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.

No assets held under operating lease have been classified as investment properties.

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) *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 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 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 profit or loss in the expense category consistent with the function of the intangible asset.

The useful lives of intangible assets are as follows:

Land use rights	45 - 48 years
Software	4 - 8 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 de-recognition 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 de-recognised.

r) *Inventories*

Inventory properties

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.

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Inventories (continued)

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.

Other inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a first in, first out basis.

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

s) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) *Impairment of non-financial assets* (continued)

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 (as at 31 December) 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 as at 31 December either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

t) *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.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

6. STANDARDS ISSUED BY NOT YET EFFECTIVE (continued)

IAS 12 *Income Taxes – Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 19 *Employee Benefits (Amendment)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The group had made a voluntary change in accounting policy to recognise actuarial gains and losses in OCI in the current period. The Group is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 *Separate Financial Statements (as revised in 2011)*

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 7 *Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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6. STANDARDS ISSUED BY NOT YET EFFECTIVE (continued)

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 *Consolidation - Special Purpose Entities*.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 *Disclosure of Involvement with Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

7. ACQUISITIONS AND DISPOSALS

Acquisitions and disposals in 2011

Acquisition of Vinpearl Da Nang one-member Limited Liability Company

Vinpearl Da Nang one-member Limited Liability Company ("Vinpearl Da Nang"), previously known as Vinpearl Da Nang JSC, was established in accordance with Business Licence No. 0401323008 issued by the Da Nang's Department of Planning and Investment on 25 December 2009. Its principal activities are to provide hotel, restaurant, resorts, supermarket services, etc.

On 17 March 2011, the Group completed the acquisition of the remaining 60% equity interest in this company by issuing new ordinary shares to swap with the shares held by other existing shareholders in Vinpearl Da Nang. After this acquisition, the Company holds 100% equity interest in this company. On 24 March 2011, Vinpearl Da Nang changed its name to Vinpearl Da Nang one-member Limited Liability Company in accordance with the 4th amendment issued by the Da Nang's Department of Planning and Investment.

The fair value of the identifiable assets and liabilities of Vinpearl Da Nang as at the date of acquisition and goodwill arising on acquisition is presented below. These values were provisionally recognized because some acquired asset and liability items are still in valuation process:

	<i>Currency: VND</i>
	<i>Fair value at acquisition date</i>
Cash	3,740,715,409
Account receivables	146,705,061,218
Other current assets	80,180,595,935
Fixed assets	6,638,046,873
Construction in progress (*)	730,040,719,599
Other long-term assets	6,518,424,228
Short-term liabilities	(64,507,412,382)
Long-term liabilities	(312,808,915,204)
Deferred tax liabilities (**)	(81,657,547,484)
Net assets	<u>514,849,688,192</u>
Goodwill from business combination	<u>233,207,819,085</u>
Purchase consideration transferred including	<u>748,057,507,277</u>
Re-measurement to fair value of previously held equity interest	205,939,875,277
Fair value of new ordinary shares issued	542,117,632,000

(*) Fair value adjustments to construction in progress at acquisition date was due to the valuation surplus of the land use rights owned by Vinpearl Da Nang, whose fair value was determined at VND 415,512,000,000 on acquisition date, as reported by an independent valuer, Jones Lang LaSalle Limited, on 10 March 2011.

(**) Deferred tax liabilities of VND 81,657,547,484 arising from the fair value adjustment as presented in (*).

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

7. ACQUISITIONS AND DISPOSALS (continued)

Acquisitions and disposals in 2011 (continued)

Acquisition of Vinpearl Da Nang one-member Limited Liability Company (continued)

On the date of acquisition, Vinpearl Da Nang has certain contracts with customers for the sale of the residential properties. Such customer contracts might need to be recognised as a separately identifiable intangible asset if their fair value could be reliably measured on the acquisition date. The Group is working with an independent valuer to assess if the fair value of these customer contracts could be reliably determined. Up to 31 December 2011 and the date of these consolidated financial statements, this assessment has not been finalized. The Group decided to delay the recognition of the fair value of the customer contracts, if any, on a provisional basis. Goodwill arising from this acquisition, the carrying amount of the customer contracts, deferred tax liability, and amortisation of the customer contracts will be adjusted accordingly on a retrospective basis when the valuation of the customer contracts, if any, is finalized.

The goodwill represents the expected synergies arising from this acquisition.

From the date of acquisition, Vinpearl Da Nang has contributed VND 183,925,129,963 of revenue and VND 38,439,870,765 to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, profit from continuing operations for the Group would have been VND 401,814,498,781, while revenue from continuing operations would be unaffected since Vinpearl Da Nang has not commenced commercial operations as up to the acquisition date.

Acquisition of Vinpearl Hoi An one-member Limited Liability Company

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.

On 17 March 2011, the Group completed the acquisition of the remaining 70% equity interest in this company by issuing new ordinary shares to swap with the shares held by other existing shareholders in Vinpearl Hoi An. After this acquisition, the Group holds 100% equity interest in Vinpearl Hoi An.

On 24 March 2011, Vinpearl Hoi An changed its name to Vinpearl Hoi An one-member Limited Liability Company according to the 13th amended Business Registration issued by Quang Nam's Department of Planning and Investment.

The Group's management has assessed that this is a business combination involving two entities under common control and therefore, has elected to use the pooling of interest method in accounting for this transaction. The effect is as follows:

- ▶ Assets and liabilities of Vinpearl Hoi An were consolidated at their carrying values on the combination date. At this date, net assets of Vinpearl Hoi An were VND 534,147,548,485;
- ▶ The difference of VND 139,109,116,573 between total consideration transferred and the net assets acquired was recorded in "consolidation reserves" in equity;
- ▶ No goodwill arises from this acquisition; and
- ▶ The consolidated statement of comprehensive income reflects the results of Vinpearl Hoi An from the combination date.

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

7. ACQUISITIONS AND DISPOSALS (continued)

Acquisitions and disposals in 2011 (continued)

Acquisition of Vincharm Development and Services One-member Limited Liability Company

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.

On 17 March 2011, the Group completed the acquisition of the remaining 80% equity interest in this company by issuing new ordinary shares to swap with the shares held by other existing shareholders in Vincharm. After this acquisition, the Group holds 100% equity interest in Vincharm.

On 29 March 2011, Vincharm changed its name to Vincharm Development and Services one-member Limited Liability Company and increased its chartered capital to VND 400 billion according to 22nd Amended Business Registration issued by Ha Noi's Department of Planning and Investment.

The Group's management has assessed that this is a business combination involving two entities under common control and therefore, has elected to use the pooling of interest method in accounting for this transaction. The effect is as follows:

- ▶ Assets and liabilities of Vincharm were consolidated at their carrying values on the combination date. At this date, net assets of Vincharm were VND 380,279,375,390;
- ▶ The difference of VND 289,311,863,126 between total consideration transferred and the net assets acquired was recorded in "consolidation reserves" in equity;
- ▶ No goodwill arises from this acquisition; and
- ▶ The consolidated statement of comprehensive income reflects the results of Vincharm from the combination date.

Acquisition of Future Property Invest Limited Company

Future Property Invest Limited Liability Company ("FPI") was established in accordance with Business License No.321043000039 issued by the Da Nang' People of Committee on 14 May 2008.

On 18 April 2011, the Group acquired 100% share capital of FPI for a consideration of VND 8 billion, which is equal to the contributed chartered capital in this company on the acquisition date. Subsequently, FPI received its 3rd amended Investment Certificate on 31 May 2011, with a registered chartered capital of VND 1,056 billion (equivalents to USD 66 million) and the Company is its sole investor. 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.

At the acquisition date, FPI was granted with Land Use Right Certificates No. T03904 and No.T03905 (with definite term) issued by the Da Nang's People Committee on 9 July 2009 for two land parcels, of 108,070 m² and 45,002 m² respectively, at Truong Sa road, Hoa Hai ward, Ngu Hanh Son district, Da Nang city. These two land parcels will be used for the purpose of developing the Future Property Invest project, which is to invest, construct and operate luxury departments, hotels, business centers, event hall, amusement parks, sport and healthcare centres. As at the acquisition date, FPI has no business operations.

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

7. ACQUISITIONS AND DISPOSALS (continued)

Acquisitions and disposals in 2011 (continued)

Acquisition of Future Property Invest Limited Company (continued)

The Group's management has assessed that the acquisition of FPI is the acquisition of a group of assets, rather than a business acquisition. Accordingly, the Group did not perform a fair value assessment of the assets acquired and liabilities assumed. Instead, these assets and liabilities were accounted for using their carrying value on the acquisition date. There is no goodwill and deferred tax arising on this acquisition.

Acquisition and subsequent disposal of the investment in Dong Phu Hung JSC

Dong Phu Hung JSC ("Dong Phu Hung") was established in accordance with Business License No.3400519677 issued by Binh Thuan's Department of Planning and Investment on 24 March 2008 and the 4th amendment issued on 16 March 2011. Its principal business activities are hotel and restaurant services, cultivation, animal husbandry, aquaculture, textile etc. The registered office of this company is at Thang Hai hamlet, Thang Hai commune, Ham Tan district, Binh Thuan province.

Acquisition and subsequent disposal of the investment in Dong Phu Hung JSC (continued)

On 16 March 2011, the Company acquired 70% equity interest in this company. Subsequently, on 6 June 2011, the Company disposed all of its equity interest in this company. Since the acquisition and subsequent disposal of Dong Phu Hung was carried out in a short timeline, and since the business operations of Dong Phu Hung were minimal during the period, the Group did not consolidate the results of operations of Dong Phu Hung during the period.

Partial disposals of Green City Development Joint Stock Company

Green City Development Joint Stock Company ("GCD") was established in accordance with Business License No. 4103008366 issued by Ho Chi Minh City Department of Planning and Investment on 8 November 2007. GCD has 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 and other related services, civil and industrial construction, ect. The registered office of this company is at 72 Le Thanh Ton, Ben Nghe ward, District 1, Ho Chi Minh City.

On 17 June 2011, the Group disposed 20% equity interest in GCD to Vincom Joint Stock Company. This disposal thereby reduced its ownership interest in this company to 30%, and the Group lost the control in this company. As at 31 December 2011, the Group holds 30% equity interest in GCD. The Company recorded a gain on disposal of VND 102,737,129,985 in the consolidated income statement.

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

7. ACQUISITIONS AND DISPOSALS (continued)

Acquisitions in 2010

Acquisition of Hon Mot Tourism JSC

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 VND60 billion, in which the Company is a founding shareholder with 15% equity interest. On 19 October 2010, this subsidiary increased its chartered capital to VND167.4 billion in accordance with the first amended Business License issued by Khanh Hoa's Department of Planning and Investment. As per General Shareholders' Resolution dated 20 August 2010, the Company increased its equity interest in this subsidiary to 83.64% by using the land use rights and the related assets on the land at 7 Tran Phu, Vinh Nguyen Ward, Nha Trang City as capital contribution to this company. Consequently, Hon Mot Tourism JSC became a subsidiary of the Company.

Hon Mot JSC has been granted with an "in-principle" approval from the Khanh Hoa's People Committee to develop the Hon Mot Resort Project in Hon Mot Island, Vinh Nguyen District, Nha Trang City, Khanh Hoa Province as per the Official Letter 4526/UBND dated 27 August 2010.

The Company's management has assessed that the acquisition of Hon Mot JSC is an acquisition of a group of assets, rather than a business acquisition, and the acquisition is made through an exchange of dissimilar assets. Accordingly, the Group has recorded other income in an amount of VND 134,448,281,694, which is the excess of the fair value of the intangible assets acquired, being the project development right of Hon Mot Resort Project, over the carrying value of the assets given up. A non-controlling interest is also recognized at their proportion of the interest in the assets acquired.

Khanh Hoa Province

Vinpearl Joint Stock Company
[now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

8. INVESTMENT IN ASSOCIATES

The carrying value of the investments in associates using the equity method is as follows:

For the year ended 31 December 2011:

	Vitours JSC	Vinpearl Hoi An JSC	Vinpearl Da Nang JSC	Vietnam Tourism In Ho Chi Minh City	Vietronics Dong Da	Tay Tang Long Real Estate Company Limited	Vincharm Development and Service	Royal City Real Estates Investment and Development	Green City Development	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Beginning balance	27,401,622,371	129,666,086,843	99,543,904,736	48,080,111,409	58,682,693,924	1,658,371	93,941,683,511	797,961,974,442	-	1,255,279,735,607
Change in accounting policy (Note 3)	-	-	-	-	-	-	-	63,489,473,547	-	63,489,473,547
Beginning balance (restated)	27,401,622,371	129,666,086,843	99,543,904,736	48,080,111,409	58,682,693,924	1,658,371	93,941,683,511	861,451,447,989	-	1,318,769,209,154
Disposed during the year	(27,265,065,525)	-	-	-	(76,593,637,872)	-	-	-	-	(103,858,703,397)
Dividends received during the year	(593,480,000)	-	-	(29,805,009,200)	-	-	-	-	-	(30,498,466,200)
Share of profit/(loss) from associates	456,903,154	24,671,666,216	326,637,307	5,019,440,003	17,910,943,948	565,376,673	(1,251,914,435)	134,119,860,166	42,434,223,180	224,253,138,212
Reclassify (to)/from investment in subsidiary	(154,337,753,059)	(99,870,542,043)	-	-	-	-	(82,689,769,076)	-	301,641,183,968	(45,256,880,210)
Treasury shares	-	-	-	-	-	-	-	-	(238,330,065,159)	(238,330,065,159)
Ending balance	-	-	-	23,194,542,212	-	567,035,044	-	995,571,308,165	105,746,341,989	1,125,078,227,400

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

8. INVESTMENT IN ASSOCIATES (continued)

For the year ended 31 December 2010:

	Vitors	Vinpearl Hai An	PCM	Vietnam Tourism In Ho Chi Minh City	Vietronics Dong Da	Thanh Nien Real Estate	Royal City Revalued	Vincham	Hanoi IGS	Tay Tang Long Vinpearl Da Nang	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Beginning balance	27,094,767,875	-	11,581,103,582	99,346,638,564	58,795,000,000	68,019,215	372,377,054,275	94,388,544,638	-	-	663,653,127,950
Increase during the year	-	-	-	-	-	-	305,900,000,000	-	189,375,000,000	-	610,475,000,000
Disposed during the year	-	-	(11,498,358,889)	-	-	(66,217,443)	(39,808,327,623)	-	(189,109,787,830)	-	(240,482,701,765)
Dividends received during the year	(508,680,000)	-	-	(1,750,740,000)	-	-	-	-	-	-	(2,259,420,000)
Share of profit/(loss) from associates	615,534,696	43,857,121,273	(62,734,693)	(49,517,787,155)	(112,306,076)	(1,801,773)	222,982,721,337	(446,861,127)	(265,212,170)	1,658,371	215,700,442,196
Change in associate's equity	-	-	-	-	-	-	-	-	-	-	(14,126,204,776)
Reclassify from investment in subsidiary	-	85,808,965,570	-	-	-	-	-	-	-	-	85,808,965,570
Ending balance (restated)	27,401,622,371	129,666,066,843	-	48,080,111,409	56,682,693,924	-	861,451,447,989	59,941,683,511	-	1,658,371	1,318,769,209,154

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8. INVESTMENT IN ASSOCIATES (continued)

(i) *Vitours JSC ("Vitours")*

Vitours was established in accordance with the Business License No. 3203001791 dated 2 January 2008, issued by Da Nang's Department of Planning and Investment. The main activities of this company are to provide hotel, restaurant, tourism and other relating services. The head office of this company locates at 83 Nguyen Thi Minh Khai Street, Hai Chau District, Da Nang City.

According to Decision No. 05/2011/QĐ-TGD-VINPEARL JSC dated 10 November 2011 of the Group's General Director, the Group has disposed all of its shareholding in this associate.

(ii) *Vinpearl Da Nang Joint Stock Company, Vinpearl Hoi An Joint Stock Company and Vincharm Development and Services JSC*

As disclosed in Note 1, on 17 March 2011, the Group completed the acquisition of the remaining 60%, 70% and 80% equity interest in Vinpearl Da Nang, Vinpearl Hoi An and Vincharm respectively by issuing new ordinary shares to swap with the shares held by other existing shareholders of these companies. After this acquisition, the Company holds 100% equity interest in these companies.

(iii) *PCM JSC ("PCM")*

PCM JSC (previously known as Vincom Construction Consultancy and Management JSC) was established in accordance with the Business License No. 0103012410 dated 31 May 2006, issued by Hanoi's Department of Planning and Investment. In 2010, the Company has disposed its entire equity interest in PCM JSC.

(iv) *Vietnam Tourism in Ho Chi Minh City JSC ("Vietnam Tourism")*

Vietnam Tourism was established in accordance with the Business License No. 4103006768 dated 18 May 2007, issued by Ho Chi Minh City's Department of Planning and Investment. Subsequently, this company received the Amended Business License and tax code registration number 0301187295. The main activities of this company are import - export activities, commercial services, hotel, restaurant and other relating services. The head office of this company locates at 234 Nam Ky Khoi Nghia Street, Ward 6, District 3, Ho Chi Minh City. As at 31 December 2011, the Company holds 25.28% equity interest in this associate.

(v) *Viettronics Dong Da JSC ("Viettronics Dong Da")*

Viettronics Dong Da is established in accordance with the Business License No. 0103013134 dated 13 July 2006 issued by Hanoi's Department of Planning and Investment, and the subsequent amended licenses. The main activities of this company are to import, export, manufacture, trade of electrical products, media equipment, telecommunication equipment, automated equipment, control equipment, real estate trading, restaurant, etc. The head office of this company locates at 56 Nguyen Chi Thanh Street, Dong Da District, Hanoi. Before 17 June 2011, the Group holds 24.3% equity interest in this company through a subsidiary, GCD. After 17 June 2011, following the partial disposal of GCD, Viettronics Dong Da is no longer an associate of the Group.

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8. INVESTMENT IN ASSOCIATES (continued)

(vi) *Royal City Real Estate Development and Investment JSC ("Royal City")*

Royal City was established in accordance with the Business License No. 0103038194 dated 11 June 2009, issued by Hanoi's Department of Planning and Investment. The main activities of this company are real estate trading, hotel, restaurant and other related services. The head office of this company locates at 74, Nguyen Trai Street, Thuong Dinh Ward, Thanh Xuan District, Hanoi.

On 8 July 2010, this company increased its chartered capital to VND3,200 billion in accordance with the second amended Business License issued by the Hanoi's Department of Planning and Investment. However, the Group did not participate in this new share offer and consequently, the Group reduced its equity interest in this associate to 21.25%.

(vii) *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. As at 31 December 2011, the Company holds 49% equity interest in this associate.

Summarized financial information of the associates

Details of summarized financial information of the associates are as follows:

	2011	2010
	VND	VND
Current assets	10,175,856,725,130	9,143,366,320,888
Non-current assets	4,592,447,688,226	3,204,002,751,173
Current liabilities	9,060,234,562,339	5,121,721,108,988
Non-current liabilities	1,011,316,871,551	2,554,574,139,430
Equity	4,696,752,979,466	4,671,073,823,643
Revenue and finance income	1,043,327,921,498	1,354,215,016,944
Profit after tax	643,356,553,844	1,045,402,010,649

9. OTHER INCOME/EXPENSES AND ADJUSTMENTS

9.1 Other operating income

	2011	2010
	VND	VND
Gain from exchange of Hon Mot project development right	-	134,448,281,694
Dividend received	44,371,271,350	-
Others	8,431,362,785	11,329,695,273
	52,802,634,135	145,777,976,967

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9. OTHER INCOME/EXPENSES AND ADJUSTMENTS (continued)

9.2 Other operating expenses

	2011 VND	2010 VND
Losses from disposal of assets	53,072,345	5,701,683,407
Loss from disposal of investment in associate	5,222,265,525	-
Loss on deemed disposal of Royal City	-	39,808,327,623
Others	9,104,919,590	632,861,794
	<u>14,380,257,460</u>	<u>46,142,872,824</u>

9.3 Finance costs

	2011 VND	2010 VND
Interest expenses	654,645,177,483	526,509,963,571
Net loss on financial assets at fair value through profit or loss	79,862,835,000	-
Other financial costs	33,721,405,743	10,682,901,599
Changes in amortized costs of loans and receivables	-	1,986,568,717
	<u>768,229,418,226</u>	<u>539,179,433,887</u>

9.4 Finance income

	2011 VND	2010 VND
Interest income	475,283,557,381	402,531,058,189
Remeasurement of previously held equity interest in a subsidiary on acquisition date	106,069,333,234	-
Amortized cost of loans and receivables	4,846,193,451	-
Amortized cost of loans and payables	124,947,616	-
Other finance income	6,419,553,101	6,231,116,271
	<u>592,743,584,783</u>	<u>408,762,174,460</u>

9.5 Depreciation and amortisation included in the consolidated income statement

	2011 VND	2010 VND
Included in administrative expenses:		
Depreciation	1,490,578,052	811,445,159
Amortisation of intangible assets	3,584,634,213	822,680,328
Included in cost of sales:		
Depreciation	126,925,013,548	66,917,026,575
Amortisation of intangible assets	4,482,202,475	1,552,448,803

9.6 Employee benefits expense

	2011 VND	2010 VND
Wages and salaries	184,434,432,545	89,729,567,195
Social security costs	21,155,675,838	7,594,961,532
Total employee benefits expense	<u>205,590,108,383</u>	<u>97,324,528,727</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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10. CORPORATE INCOME TAX

The Company is investing in Hon Tre Island, Vinh Nguyen Ward, Nha Trang City, Khanh Hoa Province. These projects have been granted with Investment Certificate and Investment Preferential Certificate. In accordance with the Investment Preferential Certificate No. 2498/UB issued by Khanh Hoa Province's People Committee, the Company has the obligation to pay Corporate Income Tax ("CIT") at the rate of 20% of taxable profits, and is granted an exemption from CIT for 3 years commencing from the first year the Company makes a taxable profit, and a 50% reduction for the following 7 years.

However, these projects are located in those areas which are qualified as territories of special economical and social difficulties in accordance with the Decree 124/2008/ND-CP dated 11 December 2008. Pursuant to Circular 130/2008/TT-BTC dated 26 December 2008 issued by Ministry of Finance that provide guidance on CIT, the Company is entitled to preferential tax rate of 10% during the first 15 years commencing from the first revenue generating year, CIT exemption for 4 years commencing from the first year the Company makes a taxable profit and a 50% reduction for the following 9 years for taxable profits derived from the projects in Hon Tre Island.

The Company's first revenue generating year was 2004 and its first profit making year was 2006, thus the CIT rate applicable for year ended 31 December 2011 is 5%.

The Company assesses that Vietnam Tourism Nha Trang JSC, a subsidiary, also meet the requirements for getting tax incentives in accordance with the Decree 124/2008/ND-CP dated 11 December 2008 and Circular 130/2008/TT-BTC dated 26 December 2008 issued by Ministry of Finance as this company is located in areas which are qualified as territories of special economical and social difficulties.

Vinpearl Da Nang one-member Limited Liability Company is granted an exemption in the first two years from the first profit making year and a 50% reduction for the following 3 years for operating activities as stipulated in Investment Licence. This company pay CIT at the rate of 15% of taxable profit for the first 12 years and 25% for the following years.

The other subsidiaries have the obligation to pay CIT at the rate of 25% of its taxable profit.

In accordance with Circular 130/2008/TT-BTC, the Group has responsibility to pay CIT at 25% of taxable profit from other activities.

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

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 as at and for year ended 31 December 2011

10. CORPORATE INCOME TAX (continued)

The major components of corporate income tax expense for the years ended 31 December 2011 and 31 December 2010 are:

	2011 VND	2010 VND
Continuing operation		
Current corporate income tax charge	(23,204,642,158)	(5,651,807,320)
Deferred corporate income tax relating to origination and reversal of temporary differences	<u>18,689,753,099</u>	<u>(2,167,694,187)</u>
	<u>(4,514,889,059)</u>	<u>(7,819,501,507)</u>
Discontinued operation (Note 24)		
Current corporate income tax charge	(27,231,376,465)	(8,610,317,873)
Deferred corporate income tax relating to origination and reversal of temporary differences	<u>(913,245,653)</u>	<u>144,417,493</u>
	<u>(28,144,622,118)</u>	<u>(8,465,900,380)</u>

10.1 Current corporate income tax

The current tax payable is based on taxable profit for the year. The taxable profit of the Group for the period differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

A reconciliation of the Group's accounting profit with its taxable profit for the years ended 31 December 2011 is as follows:

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10. CORPORATE INCOME TAX (continued)

10.1 Current corporate income tax

	2011 VND	2010 VND
Profit before tax from continuing operations	360,800,121,708	340,217,062,921
Profit/(loss) before tax from discontinued operations	119,298,916,841	3,162,676,737
Profit before tax	480,099,038,549	343,379,739,658
Interest income from intra-group transactions	-	38,889,409,236
Losses in disposal of subsidiaries	-	16,973,841,721
Losses from disposal of associates	-	498,368,889
Change in amortised costs of loans and receivables	(4,846,193,451)	6,731,067,000
Allocation of revaluation of land use right contributed to Hon Mot Project	3,042,649,992	5,970,947,415
Valuation (gain)/loss from completed investment property	(31,500,000,000)	2,100,000,000
Changes in fair value of financial instruments	79,862,835,000	-
Loss from deemed disposal of existing associate	-	39,808,327,624
Remeasurement of existing shareholding previously held in subsidiary	(106,069,333,234)	-
Other non –deductible expenses	50,155,662,852	27,178,686,859
Losses in subsidiaries	(1,605,401,461)	-
Share of profit in associates	(224,253,136,212)	(215,700,442,195)
Group's borrowing costs adjustments	-	(39,081,708,580)
Non-taxable income	(44,371,271,350)	(138,622,230,676)
Others	-	(2,339,731,169)
Adjusted net profit before loss carried forward and tax	200,514,850,885	85,786,275,782
Tax loss carried forward	(8,493,410,611)	(15,280,558,399)
Estimated current taxable profit	192,021,440,074	70,505,717,383
Current CIT (before adjustment)	53,268,255,549	14,424,001,609
CIT incentive during the year	(2,832,236,926)	(1,180,759,876)
Adjustment of CIT in prior year	-	1,018,883,460
Current CIT (after incentive and adjustment)	50,436,018,623	14,262,125,193
<i>In which:</i>		
Continuing operation	23,204,642,158	5,651,807,320
Discontinued operation (Note 24)	27,231,376,465	8,610,317,873
CIT payable at the beginning of the year	7,757,169,348	(1,635,221,664)
<i>In which</i>		
CIT payable	8,415,397,189	389,456,570
CIT prepaid	(658,227,841)	(2,024,678,134)
CIT paid during the year	(43,676,295,323)	(4,869,734,281)
CIT refunded during the year	321,168,196	-
CIT arising on the disposal of subsidiaries	(17,775,071)	-
CIT balance at the end of the year	14,820,285,773	7,757,169,348
<i>In which</i>		
CIT payable	21,481,118,798	8,415,397,189
CIT prepaid	(6,660,833,025)	(658,227,841)
<i>In which:</i>		
Continuing operation	14,820,285,773	7,757,169,348
Discontinued operation (Note 24)	-	-

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10. CORPORATE INCOME TAX (continued)

10.2 Deferred corporate income tax

Detail of deferred corporate income tax payable and deferred corporate income tax assets as well as fluctuation of current year and previous year are as follows:

	Consolidated statement of financial position			Credit (charge) to consolidated income statement	
	2011	2010	2009	2011	2010
	VND	VND		VND	VND
Deductible temporary differences from measuring financial instruments at fair value and amortized cost	62,114,453	-	-	62,114,453	-
Deductible temporary differences on pre-operating expenses	1,857,736,619	-	42,873,649	1,857,736,619	(42,873,649)
Deductible temporary difference on severance allowances	302,022,284	131,530,065	265,982,682	170,492,219	(134,452,617)
Deductible temporary difference on unrealized foreign exchange losses	302,175,819	481,128,525	648,032,725	(178,952,708)	(166,904,200)
Deductible temporary difference from assets contributed to Hon Mot JSC	30,891,094,395	31,864,733,640	-	(973,639,245)	31,864,733,640
Taxable temporary differences on capitalization of Group borrowing cost	-	(98,787,710)	(195,130,387)	1,012,033,363	98,342,657
Taxable temporary differences from the allocation of bond issuance cost	-	913,245,653	-	(913,245,653)	-
Taxable temporary differences from measuring financial instruments at fair value	(56,580,253,280)	-	(160,727,316)	18,033,192,300	160,727,316
Taxable temporary differences from revaluation of assets	(74,874,921,547)	-	-	6,782,625,937	-
Taxable temporary difference from valuation of project development right of Hon Mot Resort	(34,125,000,000)	(34,125,000,000)	-	-	(34,125,000,000)
Taxable temporary difference from revaluation of investment property at fair value	(9,347,738,000)	(1,271,888,160)	(1,586,038,319)	(8,075,849,841)	324,150,159
Net deferred tax assets/(liabilities)	<u>(141,512,769,257)</u>	<u>(2,105,037,987)</u>	<u>(995,006,946)</u>	<u>17,776,507,448</u>	<u>(2,023,276,694)</u>
Deferred tax (expense)/income				<u>18,689,753,099</u>	<u>(2,167,694,187)</u>
Reflected in the consolidated financial statements as follows:					
Continuing operation					
Deferred tax assets	33,415,143,570	32,477,392,230	956,889,056		
Deferred tax liabilities	<u>(174,927,912,827)</u>	<u>(35,495,675,870)</u>	<u>(1,951,896,002)</u>		
Deferred tax liabilities, net	<u>(141,512,769,257)</u>	<u>(3,018,283,640)</u>	<u>(995,006,946)</u>		
Discontinued operation				<u>(913,245,653)</u>	<u>144,417,493</u>
Deferred tax assets	-	-	-		
Deferred tax liabilities	-	913,245,653	-		
Deferred tax assets, net	-	913,245,653	-		

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11. 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 earnings per share computation:

	2011 VND	2010 VND
Net profit attributable to ordinary equity holders of the parent from continuing operations	340,424,385,158	302,198,706,634
Profit/(loss) attributable to ordinary equity holders of the parent from a discontinued operation	<u>91,154,294,723</u>	<u>(5,303,223,643)</u>
Net profit attributable to ordinary equity holders of the parent for basic earnings	<u>431,578,679,881</u>	<u>296,895,482,991</u>
Effect of dilution	<u>-</u>	<u>-</u>
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	<u>431,578,679,881</u>	<u>296,895,482,991</u>
Weighted average number of ordinary shares:		
	2011	2010
Weighted average number of ordinary shares for basic earnings per share	199,481,292	159,392,107
Stock dividends	<u>-</u>	<u>12,999,759</u>
Weighted average number of ordinary shares (excluding treasury shares) adjusted for the restating factors, for basic earnings per share	<u>199,481,292</u>	<u>172,391,866</u>

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12. PROPERTY AND EQUIPMENT

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost:						
At 1 January 2010	868,314,193,021	398,191,292,635	102,603,771,903	9,620,357,657	26,211,476,132	1,404,941,091,348
Transfer from construction in progress	39,859,337,702	-	-	-	-	39,859,337,702
Newly purchased	1,122,652,945	23,506,908,442	2,193,769,664	1,179,002,767	1,459,995,974	29,462,349,792
Sold, disposed	(9,399,211,182)	(839,558,523)	(280,363,095)	(75,197,643)	(1,277,325,153)	(11,871,655,596)
At 31 December 2010	899,896,972,486	420,858,642,554	104,517,198,472	10,724,162,781	26,394,146,953	1,462,391,123,246
Newly purchased	1,128,787,548,349	420,847,242,032	137,441,850,469	5,053,289,094	144,251,701,019	1,836,381,630,963
Arising on acquisition of subsidiaries	13,983,347,796	7,316,580,868	26,062,442	639,776,556	132,954,229	22,098,721,891
Sold, disposed	-	-	(1,235,808,080)	(71,464,594)	-	(1,307,272,674)
At 31 December 2011	2,042,667,868,631	849,022,465,454	240,749,303,303	16,345,763,837	170,776,802,201	3,319,564,203,426
Depreciation:						
At 1 January 2010	80,054,403,637	97,607,856,198	16,208,630,632	5,778,670,989	11,185,963,529	212,835,524,985
Depreciation for the year	24,894,181,288	32,346,019,749	6,673,396,598	1,488,554,331	2,988,014,502	68,390,166,468
Sold, disposed	(1,246,807,920)	(267,813,513)	(159,651,187)	(46,431,657)	(337,071,930)	(2,057,776,207)
At 31 December 2010	103,701,777,005	129,686,062,434	24,722,376,043	7,220,793,663	13,836,906,101	279,167,915,246
Depreciation for the year	50,332,230,082	56,981,003,496	12,908,961,762	2,161,231,438	11,991,429,456	134,374,856,234
Arising on acquisition of subsidiaries	3,184,679,060	2,644,011,998	14,100,902	351,325,752	29,545,384	6,223,663,096
Sold, disposed	(27,009,135)	(8,181,819)	(648,949,738)	(10,213,238)	-	(694,353,930)
At 31 December 2011	157,191,677,012	189,302,896,109	36,996,488,969	9,723,137,615	25,857,880,941	419,072,080,646
Net book value						
At 1 January 2010	788,259,789,384	300,583,436,437	84,395,141,271	3,841,686,668	15,025,512,603	1,192,105,566,363
At 31 December 2010	796,195,195,481	281,172,580,120	79,794,822,429	3,503,969,118	12,557,240,852	1,183,223,208,060
At 31 December 2011	1,885,476,191,619	659,719,569,345	203,752,814,334	6,622,626,222	144,920,921,260	2,900,492,122,780

Increase in property and equipment during the year mainly include the costs of Vinpearl Nha Trang Luxury and the golf course at Hon Tre Island, Nha Trang, Khanh Hoa and Vinpearl Luxury Da Nang hotel at Hoa Hai ward, Ngu Hanh Son District, Da Nang. As disclosed in Note 26, the property and equipment owned by Vinpearl JSC are mortgaged and pledged as collaterals for the loans with the Bank for Investment and Development - Khanh Hoa Branch under the mortgage contract No 02/2003/HDDC dated 5 November 2003 for assets of Bai Tru Tourism Village Project, the mortgage contract No. 03/2006/HDBD dated 17 April 2006 for assets financed by the loan and the contract to pledge the land and assets on the land dated 11 March 2009.

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13. INTANGIBLE ASSETS

	Indefinite land use right		Definite land use right		Copyrights	Project development right		Computer software	Goodwill	Total
	VND	VND	VND	VND		VND	VND			
Cost:										
As at 1 January 2010	29,807,792,900	68,469,648,617	-	-	-	-	-	5,990,582,549	-	104,268,024,066
Additions	63,388,737,928	1,677,536,667	530,358,400	136,500,000,000	-	-	-	282,543,200	-	202,379,176,195
Deduction	-	-	-	-	-	-	-	(66,335,220)	-	(66,335,220)
As at 31 December 2010	93,196,530,828	70,147,185,284	530,358,400	136,500,000,000	-	-	-	6,206,790,529	-	306,580,865,041
Additions	2,250,784,900	208,691,356,344	-	-	-	-	-	2,686,675,954	233,207,819,085	446,836,636,283
Arising on acquisition of subsidiaries	-	-	-	-	-	-	-	154,050,000	-	154,050,000
Reclassification	(58,319,345,764)	(28,375,338,233)	-	-	-	-	-	(1,846,214,917)	-	(88,540,898,914)
As at 31 December 2011	37,127,969,964	250,463,203,395	530,358,400	136,500,000,000	7,201,301,566	233,207,819,085	-	-	-	665,030,652,410
Amortisation:										
As at 1 January 2010	-	4,352,407,937	-	-	-	-	-	2,432,739,579	-	6,785,147,516
Depreciation for the year	-	1,404,086,875	44,196,535	-	-	-	-	936,980,263	-	2,385,263,673
Deduction	-	-	-	-	-	-	-	(10,134,542)	-	(10,134,542)
As at 31 December 2010	-	5,756,494,812	44,196,535	-	-	-	-	3,359,585,300	-	9,160,276,647
Additions	-	3,934,681,950	106,071,684	-	-	-	-	1,027,013,310	-	5,067,766,944
Arising on acquisition of subsidiaries	-	-	-	-	-	-	-	4,041,721	-	4,041,721
Reclassification	-	(487,683,861)	-	-	-	-	-	-	-	(487,683,861)
Deduction	-	-	-	-	-	-	-	(1,499,819,149)	-	(1,499,819,149)
As at 31 December 2011	-	9,203,492,901	150,268,219	-	-	-	-	2,890,821,182	-	12,244,582,302
Net book value										
As at 1 January 2010	29,807,792,900	64,117,240,680	-	-	-	-	-	3,557,842,970	-	97,482,876,550
As at 31 December 2010	93,196,530,828	64,930,690,472	486,161,865	136,500,000,000	2,847,205,229	-	-	-	-	297,420,588,394
As at 31 December 2011	37,127,969,964	241,259,710,494	380,090,181	136,500,000,000	4,310,460,384	233,207,819,085	-	-	-	652,786,070,108

As disclosed in Note 26, the Company's intangible assets are mortgaged and pledged as collateral for the loans from the Bank for Investment and Development - Khanh Hoa Branch under the mortgage contract No 01/2003/HDTTC dated 05 November 2003 and the mortgage contract No 01/2006/HDTTC dated 17 April 2006 for land use rights, water surface and all assets accompanying with land and water surface.

The land use rights and all assets accompanying with land of the Vinpearl Luxury Da Nang Hotel and Residences Project in Da Nang city of Vinpearl Da Nang One-member Limited Liability Company, a subsidiary, are pledged for the loans from the Joint Stock Commercial Bank for Foreign Trade of Vietnam under the contract No:01/2010/HDTTC/VCB-VPDN.

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14. COMPLETED INVESTMENT PROPERTIES

	2011	2010	2009
	VND	VND	VND
Balance at 1 January	19,309,047,997	20,112,447,361	20,915,846,725
Change in accounting policies (Notes 3)	5,890,952,003	7,187,552,639	6,384,153,275
Balance at 1 January (restated)	25,200,000,000	27,300,000,000	27,300,000,000
Adjustment to fair value	31,500,000,000	(2,100,000,000)	-
Balance at 31 December	56,700,000,000	25,200,000,000	27,300,000,000
Market value as estimated by external valuer	56,700,000,000	25,200,000,000	27,300,000,000

Completed investment properties as at 31 December 2011 is the shopping area located in the Vinpearl Land Amusement Park.

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 4, 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 Vietnam Co., Ltd. ("Savills") for the years ended 31 December 2011, 31 December 2010 and 31 December 2009. Savills are 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.

The significant assumptions made relating to valuations are set out below:

	<i>Retail and mixed use</i>		
	2011	2010	2009
Capitalization rate	12.5%	12.5%	12.5%
Monthly rent per sqm (in VND)	from 105,000 to 315,000	from 105,000 to 210,000	from 105,000 to 224,700
Occupancy rate	65%	86%	80%

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of completed investment property.

	<i>Retail and mixed use</i>		
	2011	2010	2009
	VND million	VND million	VND million
Change in fair value due to increase of 1% in capitalization rate	(315)	(315)	(336)
Change in fair value due to decrease of 5% in rental rate	(672)	(693)	735
Change in fair value due to the decrease of 5% in occupancy rate	(210)	(168)	(189)

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15. CONSTRUCTION IN PROGRESS

	2011	2010
	VND	VND
Tay Ho View Project	21,820,238,976	-
Green City project	-	776,533,085,714
Vinpearl golf course	34,685,398,217	257,651,851,442
Bai Soi ecological area	-	139,121,175,752
Hon Mot project	23,646,201,226	22,955,763,141
Dolphin performing area	12,721,435,447	6,536,862,642
Vinpearl Resort Hoi An	69,306,109,413	-
Vinpearl Da Nang II	79,148,160,000	-
Others	29,597,872,773	162,220,213,904
	<u>270,925,416,052</u>	<u>1,365,018,952,595</u>

The total borrowing costs capitalized by the Group during the year was VND129,053,424,924 (2010: VND39,704,691,881). Borrowing costs capitalized included interest expenses and loan arrangement costs. The rate used to determine the amount of borrowing costs eligible for capitalisation in 2011 was 16.95% (2010: 13.24%), which is the weighted average of the borrowings of the Group that are outstanding during the construction period.

16. OTHER NON-CURRENT FINANCIAL ASSETS

	2011	2010
	VND	VND
Investment in Vietnam Tourism in Hanoi JSC	7,693,224,000	7,693,224,000
Investment in Thanh Nien Real Estate JSC	56,016,217,443	56,016,217,443
Investment in Thuan Phong Energy Development JSC	3,000,000,000	3,000,000,000
Investment in Ecology Developing and Investment JSC	215,000,000,000	-
	<u>281,709,441,443</u>	<u>66,709,441,443</u>

17. LONG-TERM PREPAYMENTS

	2011	2010
	VND	VND
Tools and supplies	32,950,151,461	3,449,091,110
Other long-term prepaid expenses	7,572,538,768	6,879,428,763
	<u>40,522,690,229</u>	<u>10,328,519,873</u>

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	VND	VND
Financial assets at fair value through profit or loss	429,532,545,000	-
Listed shares	429,532,545,000	-
	<u>429,532,545,000</u>	<u>-</u>

Financial assets at fair value through profit or loss are investment in 4,316,910 shares of Vincom Joint Stock Company held by Vinpearl Hoi An, a subsidiary.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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19. INVENTORIES

	2011 VND	2010 VND
Residential properties developed for sale	580,365,841,159	-
Raw materials	12,734,581,286	11,839,021,564
Tools and supplies	14,986,703,284	3,383,927,459
Merchandise goods	3,834,727,128	1,279,049,584
Goods in transit	347,536,783	15,071,382
	<u>612,269,389,640</u>	<u>16,517,069,989</u>

20. SHORT-TERM INVESTMENT

	2011 VND	2010 VND
Loans to others	<u>748,254,582,584</u>	<u>173,138,936,371</u>
	<u>748,254,582,584</u>	<u>173,138,936,371</u>

Loans to others represent the amount of secured loans provided to individuals of VND 281.26 billion with interest rate of 20.8% per annum and unsecured loans provided to individuals and entities of VND 466.99 billion with interest rate ranging from 16% to 28% per annum. The terms of these loans are from three to twelve months.

21. SHORT-TERM PREPAYMENT AND OTHER RECEIVABLES

	2011 VND	2010 VND
Advance to suppliers	71,810,855,762	75,769,004,791
Prepaid expenses	42,383,843,301	15,670,530,456
Advance to employees	1,388,464,226	5,458,663,554
Deposits	-	7,004,500,000
Loan interest receivables	106,315,815,058	7,187,780,174
Receivables from transfer of shares	-	201,687,500,000
Other receivables	25,592,160,181	17,179,232,507
	<u>247,491,138,528</u>	<u>329,957,211,482</u>

22. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally less than 90 days term. As at 31 December 2011, the ageing analysis of trade receivables is as follows:

	2011 VND	2010 VND
Less than 30 days	69,684,249,941	11,247,460,884
More than 30 days and less than 60 days	143,310,393	149,643,482
More than 60 days and less than 90 days	628,552,006	84,067,285
More than 90 days and less than 120 days	101,202,839	211,715,161
More than 120 days	854,287,517	598,682,994
	<u>71,411,602,696</u>	<u>12,291,569,806</u>

As at 31 December 2011, no trade receivables were impaired (2010: nil).

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23. CASH AND CASH EQUIVALENTS

	2011	2010
	VND	VND
Cash on hand	3,173,427,807	1,336,910,356
Cash at banks	20,281,057,932	15,242,437,163
Cash in transit	1,347,928,365	475,258,530
Cash equivalents	53,674,259,800	6,563,671,250
	<u>78,476,673,904</u>	<u>23,618,277,299</u>

Cash equivalents represent short term-deposits in VND with terms of up to three months and bear interest rates ranging from 6% to 14% per annum.

24. DISCONTINUED OPERATIONS

24.1 Disposal of GCD in 2011

On 17 June 2011, the Group has disposed 20% equity interest in GCD to Vincom Joint Stock Company. This disposal thereby reduced its ownership interest in this company to 30%, and the Group loss the control in GCD. As at 31 December 2011, GCD is an associate of the Group. The disposal was carried out as part of the Group's plan to re-focus on its core business, i.e. hospitality since GCD is in the commercial and residential real estate sector.

The results of GCD as at and for the period from 1 January 2011 to 17 June 2011 are presented below:

	2011	2010
	VND	VND
Other operating income	-	-
Administrative expenses	(181,992,541)	(8,765,476,782)
Other operating expenses	(10,000,000,000)	-
Operating profit	(10,181,992,541)	(8,765,476,782)
Finance costs	-	(24,549,031,109)
Finance income	24,917,288,090	53,408,400,011
Profit before tax from discontinued operations	14,735,295,549	20,093,892,120
Income tax expense	(2,231,376,465)	(8,610,317,873)
Deferred tax expense	(913,245,653)	144,417,493
Profit for the year from discontinued operations	11,590,673,431	11,627,991,740
Gain on disposal of the discontinued operation	104,563,621,292	-
Attributable tax expense	(25,000,000,000)	-
Profit for the period from discontinued operation	91,154,294,723	11,627,991,740

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 as at and for year ended 31 December 2011

24. DISCONTINUED OPERATIONS (continued)

24.1 Disposal of GCD in 2011 (continued)

The net cash flows incurred by GCD are as follows:

	2011	2010
	VND	VND
Operating	(231,463,841,473)	(59,658,673,622)
Investing	233,109,125,308	126,053,357,911
Financing	-	(66,317,195,067)
Net cash inflow	<u>1,645,283,835</u>	<u>77,489,222</u>
Earnings per share:		
Basic, from discontinued operation	457	67
Diluted, from discontinued operation	457	67

24.2 Disposal of Vinpearl Hoi An in 2010

On 2 March 2010, the Company disposed 26% equity interest in Vinpearl Hoi An, following the approval from the Board of Management on the same date. Such disposal reduced the Group's equity ownership in Vinpearl Hoi An to 30% and the Group lost control in this company.

The results of Vinpearl Hoi An for the period from 1 January 2010 to 2 March 2010 are presented below:

	<i>Vinpearl Hoi An</i>
	VND
Finance costs	<u>(6,142,210,494)</u>
Loss before tax from discontinued operations	(6,142,210,494)
Income tax expense	-
Loss from discontinued operations	<u>(6,142,210,494)</u>
Loss from disposal of non-current asset held for sale	<u>(10,789,004,889)</u>
	<u>(16,931,215,383)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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25. ISSUED CAPITAL

25.1 Authorised ordinary capital

	2011	2010
	VND	VND
Ordinary shares with par value of VND10,000 each	2,054,984,890,000	1,799,057,210,000
	<u>2,054,984,890,000</u>	<u>1,799,057,210,000</u>

On 17 March 2011, the Company issued 25,292,768 new ordinary shares to swap with shares held by other existing shareholders in Vinpearl Hoi An JSC (currently known as Vinpearl Hoi An one-member Limited Liability Company), Vinpearl Da Nang JSC (currently known as Vinpearl Da Nang one-member Limited Liability Company) and Vincharm Development and Services JSC (currently known as Vincharm Development and Services one-member Limited Liability Company). The new share issue was carried out in accordance with the restructuring plan, which is approved by the General Shareholders, to acquire the remaining equity interest held by other existing shareholders of these associates and after the acquisition, the Company will hold 100% equity interests of these companies. Subsequently, the Company increased its chartered capital to VND 2,054,984,890,000 in accordance with the 17th amended Business License issued by Khanh Hoa's Planning and Investment on 17 March 2011. The Company has also recorded share premium amounting to VND1,381,596,472,000 (being the difference between the market value of the Company's shares and its par value on the issue date).

25.2 Treasury shares

As at 31 December 2011, GCD, an associate, held 9,004,539 treasury shares at a cost of VND 794,433,550,530.

25.3 Consolidation reserve

As disclosed in Note 7, consolidation reserve as at 31 December 2011 represents the difference between consideration transferred and the net assets of those under common control entities acquired during the year. The Company follows pooling of interest method in accounting for the business acquisitions under common control.

26. INTEREST-BEARING LOANS AND BORROWINGS

	2011	2010
	VND	VND
Corporate bonds	2,467,503,965,693	3,443,883,156,044
Loans from Bank for Investment and Development of Vietnam ("BIDV") - Khanh Hoa Branch	288,239,166,080	416,140,919,748
Loans from Joint Stock Commercial Bank for Foreign Trade of Vietnam ("VCB") - Head Office	623,503,097,990	-
	<u>3,379,246,229,763</u>	<u>3,860,024,075,792</u>

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26. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Corporate bonds

The Company has completed three issues of 4,000 corporate bonds, at a par value of VND1 billion each, or a total face value of VND4,000 billion. Proceeds from the issuance of the bonds are used to meet working capital requirements and to finance for capital expenditure requirements of the Company and its subsidiaries, associates. Details of these bonds are as follows:

- ▶ First issue: on 6 May 2008, comprising of 500 unsecured bonds, par value of VND1 billion each and a maturity term of 3 years, and another 500 unsecured bond, par value of VND1 billion and have a maturity term of 5 years. Coupons are paid annually on 5 May. According to the bondholders' resolution on 8 July 2009, bond interest is determined as follows:
 - for the 500 bonds that mature in 3 years, interest will be determined based on the average 12-month saving rates of 4 commercial banks + 4% per annum, as determined 7 days prior to the annual coupon payment date. These bonds have been repaid in 2011.
 - for the 500 bonds that mature in 5 years, interest 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 2011 is 18.375% per annum.
- ▶ Second issue: on 18 March 2009, the Company has issued 1,000 corporate bonds 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 from BIDV – Khanh Hoa.
- ▶ Third issue: 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 bond, 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 74 Nguyen Trai, Thuong Dinh Ward, Thanh Xuan District, Hanoi, which is being carried out by Royal Real-estates Investment and Development JSC, an associate. These bonds are secured by land use rights and all assets to be formed by the bonds.

The current portion of these corporate bonds is VND 993,747,243,748 (Note 30).

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26. INTEREST-BEARING LOANS AND BORROWINGS (continued)

Long-term loans from bank

Lenders	Contract No.	31 December 2011		31 December 2010		Maturity date	Interest rate (% per annum)
		USD	Equivalent VND	USD	Equivalent VND		
BIDV - Khanh Hoa Branch	01/2003/HDTD dated 05 November 2003	-	-	365,925	6,927,700,051	11 May 2011	USD 12 month saving rate + 3%
	01/2006/HDTD dated 17 April 2006	-	44,407,737,875	2,772,117	52,481,723,588	17 October 2014	USD 12 month saving rate + 3%
	02/2006/HDTD dated 22 December 2006	-	272,623,851,466	-	306,125,851,466	12 March 2017	VND 12 month saving rate + 4%
	04/2007/HDTD dated 07 August 2007 (*)	1,100,531	22,921,850,087	2,168,217	41,048,684,433	12 March 2017	USD 12 month saving rate + 3%
	07/2009/HDTD dated 30 June 2009	-	68,426,428,261	-	72,926,428,261	15 August 2017	VND 12 month saving rate + 4%
		-	-	-	4,399,120,729	30 June 2012	VND 12 month saving rate + 4%
Vietcombank - Head Office	01/2010/HBTC/CB-VPLDN dated 17 August 2010	-	328,456,428,259	-	-	17 September 2014	VND 12 month saving rate of Vietcom Bank + 3.8%
	01/2010/HBTC/CB-VPLDN dated 17 August 2010	1,047,938	21,826,461,828	-	-	17 September 2014	USD 12 month saving rate Vietcom Bank + 4.0%
	01/2010/HBTC/CB-VPLDN dated 17 August 2010	616,764	12,845,961,841	-	-	23 May 2021	USD 12 month saving rate Vietcom Bank + 3.2%
	01/2010/HBTC/CB-VPLDN dated 17 August 2010	-	260,374,246,062	-	-	23 May 2021	VND 12 month saving rate Vietcom Bank + 3.0%
		2,765,233	1,031,882,965,679	5,306,259	483,909,508,528		

In which
Current portion (Note 30) 67,768,588,780
Non-current portion 416,140,919,748

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26. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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/HDTC 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/HDTC 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/HDTC dated 22 December 2006;
- ▶ Land use rights and water surface use rights mortgage contract No 01/2007/HDTC dated 7 August 2007; and
- ▶ Land use rights mortgage contract No 01/2008/HDTC dated 26 September 2008.

The loans obtained from VCB by Vinpearl Da Nang, a subsidiary, are secured by the land use rights and related assets on the land of the Vinpearl Da Nang Luxury Resort and Residences.

27. LONGTERM AND SHORT-TERM DOWN PAYMENT FROM CUSTOMERS

This represents the down payment received from customers for the purchase of golf course villas at Vinpearl golf course project in Nha Trang.

28. DEFERRED REVENUES

	2011	2010
	VND	VND
Golf membership fee	18,354,944,100	-
Beauty and spa membership fees	5,050,197,730	-
	<u>23,405,141,830</u>	<u>-</u>
In which:		
<i>Short-term</i>	5,735,582,724	-
<i>Long-term</i>	17,669,559,106	-

29. OTHER LONG-TERM LIABILITIES

	2011	2010
	VND	VND
Provision for severance allowance	6,900,753,747	3,490,909,388
Long-term deposits	48,000,000	869,660,414
	<u>6,948,753,747</u>	<u>4,360,569,802</u>

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30. SHORT-TERM BORROWINGS

	2011	2010
	VND	VND
Short-term loans from bank	118,022,649,269	104,689,032,010
Current portion of bond (Note 26)	993,747,243,748	500,000,000,000
Current portion of long-term loans (Note 26)	120,140,701,609	67,768,588,780
Others (*)	2,611,580,162	-
	<u>1,234,522,174,788</u>	<u>672,457,620,790</u>

Short-term loans from bank

<i>Lender</i>	<i>Ending balance</i>	<i>Collaterals</i>	<i>Maturity date</i>	<i>Interest rate (% per annum)</i>
	VND			
Bank for Investment and Development of Vietnam - Khanh Hoa Branch	118,022,649,269	Note 26	6 months, interest payable monthly	From 13% to 16.5%
	<u>118,022,649,269</u>			

(*) This represents the non-bearing interest loan borrowed from an individual by Tay Ho View Hotel and Tourism Limited Company, a subsidiary, which will be due on 14 April 2012.

31. ACCRUALS AND OTHER PAYABLES

	2011	2010
	VND	VND
Accrual for loan and bond interests	257,975,204,996	254,210,203,524
Accrual for operating expenses	3,085,715,860	19,927,529,728
Accrual for construction cost	92,509,853,924	-
Other payables	7,075,214,753	1,513,329,419
Other taxes	3,263,643,460	466,017,210
	<u>363,909,632,993</u>	<u>276,117,079,881</u>

32. CUSTOMERS' DEPOSITS

	2011	2010
	VND	VND
Deposit from customers for counter rental at Vinpearl Nha Trang	7,733,187,239	-
Deposit from customers for bookings at hotels/resorts	56,245,974,066	33,505,499,818
Others	-	1,299,701,242
	<u>63,979,161,305</u>	<u>34,805,201,060</u>

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33. OTHER CURRENT LIABILITIES

	2011 VND	2010 VND
Payables to employees	25,625,835,476	14,159,400,696
Others	9,376,085,477	-
	<u>35,001,920,953</u>	<u>14,159,400,696</u>

34. COMMITMENTS AND CONTINGENCIES

Capital commitments relating to investment activities

<u>Name of investee</u>	<u>Total registered chartered capital of investees</u>	<u>The Group's commitment</u>		<u>Commitment as at 31 December 2011</u> VND
		<u>Amount</u> VND	<u>%</u>	
Nam Qua Ecotourism Company Limited	110,000,000,000	88,000,000,000	80	84,250,000,000
Tay Ho View Hotel and Tourism Limited Company	1,145,454,000,000	801,817,800,000	70	773,667,800,000
Future Property Invest Limited Company	1,056,000,000,000	1,056,000,000,000	100	971,437,579,950
Tay Tang Long Real Estate Company Limited	300,000,000,000	147,000,000,000	49	147,000,000,000
		<u>2,092,817,800,000</u>		<u>1,976,355,379,950</u>

Capital commitments relating to on-going real estate development projects

As at 31 December 2011, the Company has a commitment of approximately VND 588.11 billion, which is principally related to the construction contracts for the development of the golf course and villas of Vinpearl Nha Trang, hotel of Vinpearl Culture and Ecotourism park Project in Bai Soi, Hon Tre Island, Nha Trang City, Khanh Hoa Province, Hotel and villas of Vinpearl Da Nang, hotel and villas of Vinpearl Hoi An and other projects, in which there is a commitment to pay land use fees of VND 16.32 billion for hotel and villas of Vinpearl Hoi An land area.

Commitment under operating leases where the Group is a lessor

The Group, as lessor, leases shopping area under operating lease agreements. The minimum lease payments under these agreements at year end are as follow:

	2011 VND
Due within one year	2,152,257,830
Due in two to five years	-
Due in more than five years	-
	<u>2,152,257,830</u>

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34. COMMITMENTS AND CONTINGENCIES (continued)

Other commitment

During the year, Thanh Nien Real Estate JSC, a company that the Company has invested in, has issued VND 670 billion bonds to Vietnam Maritime Joint Stock Commercial Bank ("Maritime bank"). The bonds have a term of 3 years.

According to the agreement dated 24 June 2011 between Thanh Nien Real Estate and Vinpearl Joint Stock Company and the Board resolution No.14.1/2011/NQ-HĐQT-VP JSC of Vinpearl Joint Stock Company dated 24 June 2011, the Company agrees to reimburse Thanh Nien Real Estate the amount that Thanh Nien Real Estate must pay Maritime Bank under the bond purchase agreement between Thanh Nien Real Estate and Maritime Bank in case (i) Thanh Nien Real Estate does not repurchase the bonds or does not fully pay the bonds' principle and interest, (ii) the value of collaterals under the bond purchase agreement is not enough to cover the bonds' value. However, this reimbursement must be subject to approval by the General Shareholders of the Company and the related government authority. The term of this payment guarantee is from the bond issue date until when Thanh Nien Real Estate fully repurchases the bonds, or when Vinpearl Joint Stock Company fully reimburses the amount committed.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	2011 (VND)			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets				
Financial assets at fair value through profit or loss (Note 18)	429,532,545,000			429,532,545,000
At 31 December 2011	429,532,545,000	-	-	429,532,545,000

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- ▶ Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- ▶ Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e., as price) or indirectly (i.e., derived from prices), and
- ▶ Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value

Quoted equity instruments (Note 18): Fair value is determined directly by reference to their published market bid price at the reporting date.

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables and payables, payables to related parties (Note 37), loans from related parties (Note 37), current-portion of long-term borrowings and long-term borrowings at floating rate (Note 26 and Note 30).

The carrying amount of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date, or they are fixed rate instruments that approximate market interest rates on the reporting date.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (continued)

	31 December 2011		31 December 2010	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Financial assets				
Other non-current financial assets (Note 16)	281,709,441,443	-	66,709,441,443	-
	281,709,441,443		66,709,441,443	

* Other short-term and long-term investments carried at cost

Fair value information has not been disclosed for the Group's other long-term investments that are carried at cost because fair value cannot be measured reliably. These are investments in unquoted shares of other entities and the fair value of these shares cannot be measured reliably in the absence of an active market.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities, other than derivatives, comprise loans and borrowings, corporate bonds, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group also has various financial assets such as trade and other receivables, financial assets at fair value through profit or loss, loans, and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Group's management reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risks include loans and borrowings from banks and related parties, corporate bonds, financial assets at fair value through profit or loss, and term deposits.

The sensitivity analyses in the following sections relate to the position as at 31 December 2011 and 2010. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

- ▶ The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2011 and 2010.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates expected over the following financial year. With all other variables held constant, the Group's profit after tax and its equity is affected through the impact on floating rate borrowings as follows.

	<i>Increase/(decrease) in basis points</i>	<i>Effect on profit after tax VND</i>
2011		
USD	50	(390,527,280)
VND	450	(251,378,545,551)
USD	(50)	390,527,280
VND	(450)	251,378,545,551
2010		
USD	50	785,336,916
VND	150	(64,923,577,338)
USD	(50)	785,336,916
VND	(150)	64,923,577,338

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

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign currency rates relate primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the Group's functional currency).

The Company has not entered into hedge derivatives to eliminate its currency exposures.

The Group manages its foreign currency exposure by considering the prevailing and expected market situation when it plans for future purchases and sales of goods denominated in foreign currencies, other than increasing natural-hedged proportion.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate expected over the following financial year using historical trends, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Group's exposure to foreign currency changes for all other currencies is not material.

	<i>Change in US\$/VND rate</i>	<i>Effect on profit after tax VND</i>
2011	+8%	(7,297,409,135)
	-8%	7,297,409,135
2010	+5%	(8,088,354,394)
	-5%	8,088,354,394

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Group manages equity price risk by placing a limit on equity investments. The Group's Board of Management reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was VND429,532,545,000. A decrease of 10% on the stock market index could have an impact of approximately VND 32,214,940,875 on the Group's profit after tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase Group's profit after tax by VND 32,214,940,875.

Commodities price risk

The Group is affected by the volatility of certain commodities that are used for the construction of its hospitality projects. The Group manages its commodity price risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of purchases, construction plans and inventories level. The Group does not employ any derivative financial instruments to hedge its commodity price risk.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating (primarily trade receivable), and from its financing activity, including deposits with banks and financial institutions, loans to other parties, and other receivables.

Trade receivables from hotel services

Customer credit risk is managed by the Group based on its established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk relating to the hotel service line.

Trade receivable from the sale of residential properties

Customer credit risk also arises from the sale of residential properties, being the villas developed by Vinpearl Da Nang resort. This risk is managed when the Group generally requires the customers to make down payment for purchase of these residential properties. The outstanding receivable balance from the sale of Vinpearl Da Nang villas as at 31 December 2011 is approximately VND 44.4 billion.

Loans and interest receivables from others and from related parties

Customer credit risk also arises from the loans provided to other counterparties (Note 20 and 21) and to related parties (Note 37). Certain loans are not secured, or secured by the securities owned by others. The Group manages this credit risk by regularly monitoring the outstanding balances from these counterparties and assess if there is any impairment on the outstanding balance, which as at 31 December 2011 is nil.

Deposits with banks and financial institutions

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy, which is to place deposits with reputable banks and financial institutions.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's exposure to liquidity risk mainly relate to the loans from bank. The Group has arranged for long-term credit facilities with the bank to ensure that the loans will be repaid after the Company has completed and put into commercial operations of its real estate projects. There are no undrawn credit facilities as at 31 December 2011.

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

Year ended 31 December 2011	On demand	Less than 1 year	1 to 5 years	Total
	VND	VND	VND	VND
Loans and borrowings	-	1,571,978,591,575	3,952,020,178,929	5,523,998,770,504
Trade payable	126,219,925,638	-	-	126,219,925,638
Payables to related parties	280,165,790	-	-	280,165,790
Customers' deposit	63,979,161,305	-	-	63,979,161,305
Other liabilities	353,570,774,780	12,004,070,941	-	365,574,845,721
	<u>544,050,027,513</u>	<u>1,583,982,662,516</u>	<u>3,952,020,178,929</u>	<u>6,080,052,868,958</u>

Year ended 31 December 2010	On demand	Less than 1 year	1 to 5 years	Total
	VND	VND	VND	VND
Loans and borrowings	-	1,237,630,048,090	5,277,408,772,313	6,515,038,820,403
Trade payable	49,126,583,456	-	-	49,126,583,456
Payables to related parties	231,417,466,852	-	-	231,417,466,852
Customers' deposit	34,805,201,060	-	-	34,805,201,060
Other liabilities	316,688,439,420	19,282,439,423	4,360,569,802	340,331,448,645
	<u>632,037,690,788</u>	<u>1,256,912,487,513</u>	<u>5,281,769,342,115</u>	<u>7,170,719,520,416</u>

Capital management

Capital of the Group includes equity attributable to the equity holders of the parent. The Group also have various loans, bonds, trade and other payables.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade payables and accruals, less cash and cash equivalents.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued).

	2011 VND	2010 VND
Interest bearing loans and borrowings	4,613,768,404,551	4,532,481,696,582
Less cash and cash equivalents	<u>(78,476,673,904)</u>	<u>(23,618,277,299)</u>
Net debt	<u>4,535,291,730,647</u>	<u>4,508,863,419,283</u>
Equity	<u>3,545,492,575,647</u>	<u>2,146,795,031,685</u>
Capital and net debt	<u>8,080,784,306,294</u>	<u>6,655,658,450,968</u>
Gearing ratio	53%	68%

37. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the year ended 31 December 2011 were as follows:

Related parties	Relationship	Transactions	2011 VND
Nguyen Quoc Thanh	Family member of a Board member	- Loan interest receivables	136,400,000
		- Loan interest received	1,550,000,000
		- Collection of loan principle	45,877,438,000
Vincom JSC	Common owners	- Provision of services	1,565,620,655
		- Cash receipt for services provided	1,164,512,093
		- Office rental payables	1,128,929,261
		- Purchase of assets	13,689,909,281
		- Payment for office rental	(1,128,929,261)
		- Payment for assets purchased	(13,689,909,281)
		- Counter rental and equipment lease	4,522,329,900
		- Payment of counter rental and equipment lease	(4,522,329,900)
		- Purchases of machines for Vincom Long Bien	1,951,540,887
		- Payment for machines bought	(1,951,540,887)
		- Payment for goods purchased	473,910,979
		- Disposal of equity interest in GCD	300,000,000,000
		- Collection of disposal of equity interest in GCD	300,000,000,000
- Payment of loan principle	(212,800,000,000)		
- Payment of loan interest	(99,139,758,400)		
VinGroup JSC	Common owners	- Collection of advances for investment projects	148,300,000,000
		- Interest receivables	4,431,670,700
		- Interest received	11,710,519,800
Green City Development JSC	Associate (from 17 June 2011)	- Collection of advances for investment projects	115,000,000,000
		- Interest receivables	37,734,854,700
		- Interest received	33,000,000,000

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37. TRANSACTIONS WITH RELATED PARTIES (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2011 VND</i>
Vietnam Ho Chi Minh Tourism JSC	Associate	- Dividend earned in 2010 - Dividend received - Services provision - Cash receipt for services provided	1,831,720,000 29,905,009,200 7,466,359,451 6,624,114,062
Dong Phu Hung JSC	Associated (until 6 June 2011)	- Advance for investment projects - Collection of advance for investment projects - Interest receivables - Interest received	(140,000,000,000) 140,000,000,000 15,547,389,000 15,547,389,000
Ecology Developing and Investment JSC	Associate of common owners	- Collection of advance for investment projects - Interest receivables - Interest received - Transfer of shares - Payment for the purchase of IGS shares - Dividend earned in 2011 - Dividend of 2010 received	475,000,000,000 27,241,666,666 84,646,747,820 160,000,000,000 2,125,000,000 5,340,136,054 13,350,340,136
PFV Investment and Trading JSC	Common owners	- Office rental fee and other services - Payment for rental fee and other services - Purchase of shares - Payment for shares purchase	16,310,267,367 (21,240,023,030) 177,915,008,000 (177,915,008,000)
Sai Dong Urban Development & Investment Joint Stock Company	Common owners	- Expenses paid on behalf - Receipt for expenses paid on behalf	1,489,613,915 904,541,194
Royal Real-estates Investment and Development JSC	Associate	- Advance for investment projects - Collection of advance for investment projects - Interest receivables - Interest received	182,000,000,000 920,500,000,000 265,970,104,100 185,000,000,000
An Vien JSC	Owned by a family member of a Board member	- Provision of services - Collection for services provided	2,545,037,084 2,716,583,616

Significant transactions with related parties during the year ended 31 December 2010 were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2010 VND</i>
Vitours JSC	Associate	- Dividend receivable - Dividend received - Service provision - Cash collected for service provided - Commission	508,680,000 508,680,000 1,215,892,532 1,198,587,656 18,899,969
Vincharm Development and Services JSC	Associate	- Interest receivables - Interest received - Disposal of assets - Collection of advances for investment projects - Cash collected from disposed assets	1,923,860,000 9,870,000,000 173,702,600 300,000,000,000 173,702,600

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37. TRANSACTIONS WITH RELATED PARTIES (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2010 VND</i>
PCM JSC	Associate (disposed during the year)	- Consultancy and project management fee	2,464,000,000
		- Consultancy and project management fee paid	2,555,612,200
Vietnam Tourism in Ho Chi Minh City JSC	Associate	- Dividends receivable	1,752,740,000
		- Disposal of tools and equipments	578,000,000
		- Collection from disposal of tools and equipments	578,000,000
		- Dividend received	1,752,740,000
		- Service provision	649,924,739
		- Collection from service rendered	9,424,742,702
		- Commission	10,362,850
Royal Real- estates Development and Investment JSC	Associate	- Capital contribution	305,900,000,000
		- Interest receivables	267,798,515,900
		- Interest received	302,012,529,200
		- Collection of advances for investment projects.	62,200,000,000
		- Collection from disposal of tools and equipments	200,000,000
Vinpearl Hoi An JSC	Associate	- Disposal of tools and equipments	200,000,000
		- Interest receivables	40,797,861,100
		- Interest received	25,000,000,000
Vinpearl Da Nang JSC	Associate	- Interest received	50,500,000,000
		- Transferred from Vegas	20,901,278,065
		- Interest receivables	1,255,103,600
		- Interest received	280,415,400
		- Collection of advances for investment projects	60,600,000,000
Vincom Securities JSC	Common owners	- Capital contribution	115,200,000,000
		- Purchase tools and equipments	-
		- Expenses paid on behalf	160,836,705
		- Clearance of expenses paid on behalf	249,425,955
An Vien JSC	Owned by a family member of a Board member	- Sales from hotel room and related service	1,737,951,241
		- Collection from hotel room provided and related service rendered	1,506,571,544
Vincom JSC	Common owners	- Acquisition of LUR	67,245,044,000
		- Utility and rental fee	1,162,037,899
		- Disposal of tools and equipment	821,291,946
		- Car rental	198,000,000
		- Acquisition of tools and equipments	26,110,000
		- Payment in lieu	1,147,684,799
		- Expense paid on behalf	71,106,580
		- Revenue from provision of hotel services	60,337,190
		- Payment for acquisition of LUR	67,245,044,000
		- Collection from disposal of tools and equipments	5,523,340,946
		- Collection from services rendered	237,017,190
- Payment for rental fee	1,562,046,846		
Vincom JSC - Ho Chi Minh City branch	Common owners	- Provision of hotel rooms and related services	235,218,015
		- Collection from provision of hotel rooms and related services	235,638,015
		- Disposal of assets, tools and equipments	575,230,860
		- Collection from disposal of assets, tools and equipments	494,696,700

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37. TRANSACTIONS WITH RELATED PARTIES (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>2010 VND</i>
Ecology Developing and Investment JSC	Associate of common owners	- Interest receivables from advance for investment projects	77,847,222,220
		- Interest from advances for investment projects received	34,000,000,000
VinGroup JSC	Common owners	- Advances for project development	307,000,000,000
		- Interest receivables from advance for investment projects	7,278,849,100
		- Collection of advances for investment projects	158,700,000,000
Thien Tam Charity Fund	Common owners	- Contribution to charity fund for housing project in Kien Giang Province	8,000,000,000
Pham Hong Linh	Family member of a Board member	- Collection of loan principal	245,610,000,000
		- Loan interest receivable	23,701,003,805
Vu Tuyet Hang	Board of Management member	- Loan interest receivable	1,617,777,778
Mr. Nguyen Quoc Thanh	Shareholder and a family member of a Board member	- Payables for purchase of shares of Vinpearl Hoi An Investments and Tourism JSC	36,000,000,000
PFV Investment and Trading JSC	Common owners	- Disposal of assets	1,634,925,600

Amount due from related parties at the consolidated statement of financial position date was as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Descriptions</i>	<i>2011 VND</i>
Receivables			
Green City Development JSC	Associate	Interest receivables	23,049,231,078
		Payment on behalf	1,844,869,366
Royal Real-estate Investment and Development JSC	Associate	Interest receivables	80,970,104,100
Sai Dong Development and Investment JSC	Common owners	Payment on behalf	501,072,721
		Provision of services	84,000,000
An Vien JSC	Owned by a family member of a Board member	Provision of services	126,025,043
			<u>106,575,102,308</u>
Payables			
Vincom JSC	Common owners	Payment for expenses paid on behalf	21,003,400
VinGroup JSC	Common owners	Payment for expenses paid on behalf	52,125,000
Vietnam Tourism in Ho Chi Minh City JSC	Associate	Payment for expenses paid on behalf	207,037,390
			<u>280,165,790</u>

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37. TRANSACTIONS WITH RELATED PARTIES (continued)

Terms and conditions of the loans to related parties are as follows:

<i>Name</i>	<i>Relationship</i>	<i>Balance at 31 December 2011 VND</i>	<i>Interest % p.a.</i>	<i>Maturity</i>	<i>Collaterals</i>	<i>Interest receivables</i>
Short term loan to related parties						
Green City Development JSC	Associate	306,582,804,933	20.5	17 September 2012	None	23,049,231,078
Royal Real-estates Investment and Development JSC	Associate				Land use rights and future assets owned by Royal City Project	
		<u>1,070,900,000,000</u>	20.5	11 April 2012		80,970,104,100
		<u>1,377,482,804,933</u>				

Amount due from related parties at the consolidated statement of financial position date was as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Descriptions</i>	<i>2010 VND</i>
Receivables			
An Vien JSC	Owned by a family member of a Board member	Hotel rooms and related services	297,571,575
Vincom JSC	Common owners	Hotel rooms and related services	20,679,999
Vitours JSC	Associate	Dividends receivable	508,680,000
Ecology Developing and Investment JSC	Common owners	Interest from advances for investment projects receivable	57,405,081,154
Vincharm Investment and Service JSC	Associate	Interest from advances for investment projects receivable	22,860,000
Vinpearl Hoi An JSC	Associate	Interest from advances for investment projects receivable	35,304,527,800
Vinpearl Da Nang JSC	Associate	Transferred from Vegas and interest from advances for investment projects receivable	11,980,441,993
VinGroup JSC	Common owners	Interest from advances for investment projects receivable	7,278,849,100
Pham Hong Linh	Family member of a Board member	Loan interest receivable	23,719,991,200
Vu Tuyet Hang	Board member	Loan interest receivable	1,472,960,100
			<u>138,011,642,921</u>

Vinpearl Joint Stock Company
 [now known as Vinpearl one-member Limited Liability Company]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 as at and for year ended 31 December 2011

37. TRANSACTIONS WITH RELATED PARTIES (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Descriptions</i>	<i>2010</i>
<i>Loan to related parties</i>			
Pham Hong Linh	Family member of a Board member	Loan	146,496,565,346
Vu Tuyet Hang	Board member	Loan	20,000,000,000
VinGroup JSC	Common owners	Advances for investment projects	146,619,030,452
Ecology Developing and Investment JSC	Associate of common owners	Advances for investment projects	475,000,000,000
Vinpearl Da Nang JSC	Associate	Advances for investment projects	400,000,000
Vinpearl Hoi An JSC	Associate	Loan	300,337,310,094
Royal Real-estates Investment and Development JSC	Associate	Advances for investment projects	1,809,400,000,000
			<u>2,898,252,905,892</u>
<i>Of which:</i>			
<i>Short-term</i>			988,852,905,892
<i>Long-term</i>			1,909,400,000,000

Vinpearl Joint Stock Company
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 as at and for year ended 31 December 2011

37. TRANSACTIONS WITH RELATED PARTIES (continued)

Terms and conditions of the loans and advance to related parties are as follows:

Name	Relationship	Balance at 31 December 2010 VND	Interest % p.a.	Maturity	Collaterals	Interest receivables
Royal Real-estates Investment and Development JSC	Associate	1,809,400,000,000	13.2	24 September 2012	LUR and future assets owned by Royal City Project	-
Vinpearl Hoi An JSC	Associate	200,337,310,094	14	17 March 2011	Shares/ share options of other shareholders of Vinpearl Hoi An	35,304,527,800
Ecology Developing and Investment JSC	Associate of common owners	100,000,000,000	15.55	24 September 2012	None	None
VinGroup JSC	Common owners	475,000,000,000	17.5	2 April 2011	None	57,405,081,154
Pham Hong Linh	Family member of a member of the Board	146,619,030,452	11.2	23 August 2011	None	7,278,849,100
Vu Tuyet Hang	Board of Management member	20,000,000,000	8	24 September 2012	None	23,719,991,200
Vinpearl Da Nang JSC	Associate	400,000,000,000	11.2	28 February 2011	None	1,472,960,100
		<u>2,898,252,905,892</u>				

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for year ended 31 December 2011

37. TRANSACTIONS WITH RELATED PARTIES (continued)

Amount due to related parties at the consolidated statement of financial position date was as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Descriptions</i>	<i>2010 VND</i>
Payables			
Vietnam Tourism in Ho Chi Minh City JSC	Associate	Payable for the service provided	895,466,852
Ecology Developing and Investment JSC	Common owners	Loan interest payable	22,522,000,000
		Contribution to charity fund for housing project in Kien Giang Province.	8,000,000,000
Thien Tam Charity Fund	Common owners		
Sinh Thai Investment and Development JSC (*)	Major shareholder of GCD	Loan	200,000,000,000
			<u>231,417,466,852</u>

(*) The short-term loan from Sinh Thai Investment and Development JSC is non-secured with the interest rate of 12.6% per annum and the maturity date is 18 June 2011.

Remuneration to members of Board of Management and Board of Directors:

	<i>2011 VND</i>	<i>2010 VND</i>
Salaries and bonus	2,803,616,381	2,395,510,518
Termination benefit	-	-
	<u>2,803,616,381</u>	<u>2,395,510,518</u>

38. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform to the presentation of the current year's consolidated financial statements.

39. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 17 January 2012, the Company was granted the 19th Amendment of Business Registration, which approved the change in its name to Vinpearl one-member Limited Liability Company with a chartered capital of VND 2,054,984,890,000. The sole owner of the Company is Vincom JSC.

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.