



**Vinpearl Joint Stock Company**  
**[previously known as Vinpearlland Tourism Joint**  
**Stock Company]**

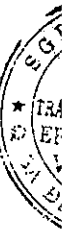
Report of the Board of Management and  
Consolidated Financial Statements

31 December 2010

Vinpearl Joint Stock Company  
[previously known as Vinpearlland Tourism Joint Stock Company]

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# Vinpearl Tourism Joint Stock Company

[previously known as Vinpearlland Tourism Joint Stock Company]

## REPORT OF BOARD OF MANAGEMENT

The Board of Management of Vinpearl Joint Stock Company ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries ("the Group") as at 31 December 2010 and for the year then ended.

### THE COMPANY

The Company was previously a limited liability company operating under the name Hon Tre Tourism and Trading Limited Liability Company. On 26 July 2006, the Company was transformed into a joint stock company under the name 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 into Vinpearlland Tourism Joint Stock Company in accordance with the 11<sup>th</sup> amended Business License 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 issued by Khanh Hoa's Department of Planning and Investment. Subsequently, on 16 August 2010, the Company increased its registered chartered capital to VND 1,799,057,210,000 in accordance with the 15th amended Business License issued by Khanh Hoa's Department of Planning and Investment.

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.

### SIGNIFICANT EVENTS DURING THE YEAR

On 17 May 2010, the Company officially announced a new share offer, which was approved in the Company's Annual General Shareholder Meeting on 3 April 2010. The number of ordinary shares to be issued was 80,000,000 shares (at a par value of VND 10,000 per share), in which:

- ▶ 13,000,000 stock dividends would be distributed to existing shareholders at the rate of 13 new shares for every 100 outstanding shares; and
- ▶ Rights issue of 67,000,000 shares to existing shareholders at the rate of 67 new shares for every 100 outstanding shares, at the exercise price of VND 10,000 per share.

The new share offer was approved by the Chairman of the State Securities Commission as per Decision No. 565/UBCK-GCN dated 17 May 2010. On 31 May 2010, the Company completed the issuance of 12,999,759 new shares from stock dividends to existing shareholders. At the end of the rights issue, 66,905,962 new shares were exercised by the existing shareholders, and a total cash contribution of VND 669,059,620,000 was transferred to the Company on 9 August 2010.

On 19 October 2010, the Company made capital contribution to Hon Mot Tourism JSC in the form of land use rights and associated assets located at 7 Tran Phu, Vinh Nguyen Ward, Nha Trang City. As a result, the Company holds 83.64% of equity interests in this subsidiary.

Vinpearl Joint Stock Company  
[previously known as Vinpearlland Tourism Joint Stock Company]

REPORT OF BOARD OF MANAGEMENT (continued)

**BOARD OF MANAGEMENT**

The members of the Board of Management during the year and at the date of this report are:

Mr. Nguyen Trong Hien	Chairman	Appointed on 16 November 2007
Mr. Pham Nhat Vuong	Member	Appointed on 26 July 2006
Mr. Dang Thanh Thuy	Member	Appointed on 18 June 2008
Ms. Vu Tuyet Hang	Member	Appointed on 22 September 2008
Ms. Mai Thu Thuy	Member	Appointed on 16 November 2007

**AUDITORS**

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

**STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Company's management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated state of affairs of the Group and of the Group's consolidated results and consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

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

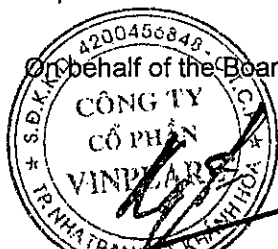
The management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding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

The Group's management has confirmed to the Board of Management that the Group has complied with the above requirements in preparing the accompanying consolidated financial statements.

**APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

We hereby approve the accompanying consolidated financial statements which give a true and fair view of the consolidated financial position of the Group as at 31 December 2010, the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

On behalf of the Board of Management:



Nguyễn Trong Hien  
Chairman

Khanh Hoa, Vietnam

9 March 2011

Reference: 60755008/14573503

## INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Vinpearl Joint Stock Company

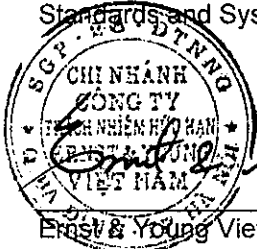
We have audited the consolidated balance sheet of Vinpearl Joint Stock Company, previously known as Vinpearlland Tourism Joint Stock Company, ("the Company") and its subsidiaries (the "Group") as at 31 December 2010, and the consolidated income statement and consolidated cash flow statement for the year then ended and the notes thereto ("the consolidated financial statements") as set out on pages 4 to 55. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

### *Basis of opinion*

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

### *Audit opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2010, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.



*Ernst & Young Vietnam Ltd.*  
Ernst & Young Vietnam Limited



Tran Dinh Cuong  
General Director  
Registered Auditor  
Certificate No. 0135/KTV



Bui Anh Tuan  
Auditor-in-charge  
Registered Auditor  
Certificate No. N.1067/KTV

Hanoi, Vietnam

9 March 2011

Vinpearl Joint Stock Company  
[previously known as Vinpearlland Tourism Joint Stock Company]

B01-DN/HN

CONSOLIDATED BALANCE SHEET  
as at 31 December 2010

Currency: Vietnam dong

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,715,237,219,976</b>	<b>2,428,063,239,099</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>5</b>	<b>23,618,277,299</b>	<b>10,335,669,707</b>
111	1. Cash		17,054,606,049	10,135,669,707
112	2. Cash equivalents		6,563,671,250	200,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>6</b>	<b>1,168,080,000,000</b>	<b>1,522,646,733,300</b>
121	1. Short-term investments		1,168,080,000,000	1,522,646,733,300
<b>130</b>	<b>III. Current receivables</b>		<b>452,088,730,198</b>	<b>114,385,313,410</b>
131	1. Trade receivables		13,140,814,248	14,829,690,706
132	2. Advances to suppliers		75,769,004,791	6,436,544,266
133	3. Intercompany receivables		-	-
135	4. Other receivables	7	363,201,224,028	93,364,461,226
139	5. Provision for doubtful debts		(22,312,869)	(245,382,788)
<b>140</b>	<b>IV. Inventories</b>	<b>8</b>	<b>16,517,069,989</b>	<b>11,611,695,016</b>
141	1. Inventories		16,517,069,989	11,611,695,016
<b>150</b>	<b>V. Other current assets</b>		<b>54,933,142,490</b>	<b>769,083,827,666</b>
151	1. Short-term prepaid expenses	9	33,038,583,853	40,890,240,799
152	2. Value added tax deductible		8,732,312,861	4,406,865,090
154	3. Tax and other receivables from the State		661,082,222	1,240,894,286
158	4. Other current assets	10	12,501,163,554	722,545,827,491

CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2010

Currency: Vietnam dong

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>6,050,418,370,890</b>	<b>4,757,650,882,577</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>2,865,405,067,519</b>	<b>1,946,189,179,490</b>
221	1. Tangible fixed assets	11	1,183,223,208,000	1,192,105,566,363
222	Cost		1,462,391,123,246	1,404,941,091,348
223	Accumulated depreciation		(279,167,915,246)	(212,835,524,985)
227	2. Intangible fixed assets	12	297,420,588,394	97,482,876,550
228	Cost		306,580,865,041	104,268,024,066
229	Accumulated amortisation		(9,160,276,647)	(6,785,147,516)
230	3. Construction in progress	13	1,384,761,271,125	656,600,736,577
<b>240</b>	<b>II. Investment properties</b>	<b>15</b>	<b>20,112,447,361</b>	<b>20,915,846,725</b>
241	1. Cost		22,932,088,032	22,932,088,032
242	2. Accumulated depreciation		(2,819,640,671)	(2,016,241,307)
<b>250</b>	<b>III. Long-term investments</b>		<b>3,092,175,342,524</b>	<b>2,730,334,396,390</b>
252	1. Investments in associates	16.1	1,116,065,901,081	748,041,172,390
258	2. Other long-term investments	16.2	1,976,109,441,443	1,982,293,224,000
259	3. Provision for long-term investments		-	-
<b>260</b>	<b>IV. Other long-term assets</b>		<b>72,725,513,486</b>	<b>60,211,459,972</b>
261	1. Long-term prepaid expenses	17	40,248,121,256	59,297,444,565
262	2. Deferred tax assets	30.2	32,477,392,230	914,015,407
<b>269</b>	<b>V. Goodwill</b>		<b>-</b>	<b>-</b>
<b>280</b>	<b>TOTAL ASSETS</b>		<b>7,765,655,590,866</b>	<b>7,185,714,121,676</b>

Vinpearl Joint Stock Company  
[previously known as Vinpearlland Tourism Joint Stock Company]

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CONSOLIDATED BALANCE SHEET (continued)  
as at 31 December 2010

Currency: Vietnam dong

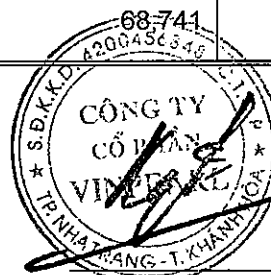
Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>5,274,137,272,837</b>	<b>5,702,941,243,469</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>1,286,498,749,924</b>	<b>1,219,714,106,616</b>
311	1. Short-term loans and borrowings	18	872,457,620,790	832,123,608,864
312	2. Trade payables		50,022,050,308	36,909,118,132
313	3. Advances from customers		34,805,201,060	22,496,839,445
314	4. Statutory obligations	19	8,881,414,399	1,905,432,792
315	5. Payables to employees		14,159,400,696	1,961,658,009
316	6. Accrued expenses	20	296,659,733,252	245,825,863,247
317	7. Intercompany payables		-	-
319	8. Other payables	21	9,513,329,419	78,491,586,127
<b>330</b>	<b>II. Non-current liabilities</b>		<b>3,987,638,522,913</b>	<b>4,483,227,136,853</b>
333	1. Other long-term liabilities		869,660,414	754,175,414
334	2. Long-term loans and debts	22	3,948,140,919,748	4,478,651,005,195
335	3. Deferred tax liabilities	30.2	35,137,033,363	963,958,527
336	4. Provision for severance allowance		3,490,909,388	2,857,997,717
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>1,955,833,670,233</b>	<b>1,184,351,315,305</b>
<b>410</b>	<b>I. Capital</b>	<b>23</b>	<b>1,955,833,670,233</b>	<b>1,184,351,315,305</b>
411	1. Contributed chartered capital		1,799,057,210,000	1,000,000,000,000
416	2. Foreign exchange differences reserve		(2,206,195,433)	(2,149,388,839)
417	3. Investment and development fund		5,994,494,000	4,994,494,000
420	4. Undistributed earnings		152,988,161,666	181,506,210,144
<b>439</b>	<b>C. MINORITY INTERESTS</b>	<b>24</b>	<b>535,684,647,796</b>	<b>298,421,562,902</b>
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>7,765,655,590,866</b>	<b>7,185,714,121,676</b>

OFF BALANCE SHEET ITEM

ITEMS	Ending balance	Beginning balance
1. Foreign currency - United States dollar	68,741	89,880



Nguyen Thinh  
Chief Accountant



Nguyen Trong Hien  
General Director

CONSOLIDATED INCOME STATEMENT  
for the year ended 31 December 2010

Currency: Vietnam dong

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods and rendering of services	25.1	665,085,636,564	485,862,930,278
02	2. Deductions	25.1	(377,468,899)	(384,884,941)
10	3. Net revenue from sale of goods and rendering of services	25.1	664,708,167,665	485,478,045,337
11	4. Cost of goods sold and services rendered	26	(403,423,826,948)	(293,312,792,091)
20	5. Gross profit from sale of goods and rendering of services		261,284,340,717	192,165,253,246
21	6. Finance income	25.2	462,170,574,471	213,271,427,061
22	7. Finance expenses	27	(556,950,518,436)	(336,864,206,949)
23	- In which: Interest expenses		(526,509,963,571)	(319,882,528,958)
24	8. Selling expenses		(55,184,785,434)	(27,651,210,269)
25	9. General and administrative expenses		(57,346,455,581)	(39,758,025,140)
30	10. Operating profit		53,973,155,737	1,163,237,949
31	11. Other income	28	149,859,286,493	28,270,776,150
32	12. Other expenses	28	(10,415,854,727)	(3,530,823,307)
40	13. Other profit	28	139,443,431,766	24,739,952,843
45	14. Shares of (loss)/profit in associates	16.1	(27,656,810,536)	47,409,074,344
50	15. Profit before tax		165,759,776,967	73,312,265,136
51	16. Current CIT expense	30.1	(13,441,084,976)	(2,592,556,731)
52	17. Deferred CIT expense	30.2	(2,609,698,013)	(332,640,211)
60	18. Net profit after tax		149,708,993,978	70,387,068,194
61	18.1. Minority interests	24	30,198,854,780	(14,905,956,034)
62	18.2. Equity holders of the parent		119,510,139,198	85,293,024,228
80	19. Earnings per share	32		
	- Basic		693	508
	- Diluted		693	508



Nguyen Thinh  
Chief Accountant



Nguyen Trong Hien  
General Director

9 March 2011

CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2010

Currency: Vietnam dong

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Profit before tax</b>		<b>165,759,776,967</b>	<b>73,312,265,136</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11,12,15	70,907,000,229	68,735,102,226
03	Provisions		57,986,610	245,382,788
04	Unrealised foreign exchange losses		3,930,637,242	5,116,527,922
05	Profits from investing activities		(559,404,106,643)	(258,403,522,968)
06	Interest expense	27	526,509,963,571	319,882,528,958
08	<b>Operating profit before changes in working capital</b>		<b>207,761,257,976</b>	<b>208,888,284,062</b>
09	(Increase)/decrease in receivables		(15,750,794,917)	9,352,820,262
10	(Increase)/decrease in inventories		(4,905,374,973)	466,032,342
11	Increase/(decrease) in payables (other than interest, corporate income tax)		34,228,699,777	(242,506,717)
12	Decrease/(Increase) in prepaid expenses		26,900,980,255	(20,061,061,569)
13	Interest paid		(479,881,663,336)	(188,456,908,741)
14	Corporate income tax paid	30.1	(4,869,734,281)	(3,517,300,785)
15	Other cash inflows from operating activities		4,415,485,000	698,403,429
16	Other cash outflows from operating activities		(8,000,000,000)	(481,788,130)
20	<b>Net cash flows (used in)/from operating activities</b>		<b>(240,101,144,499)</b>	<b>6,645,974,153</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets and other long-term assets		(587,778,065,475)	(256,218,486,946)
22	Proceeds from disposals of fixed assets		1,745,024,315	1,376,602,593
23	Loans to other entities and advance for project implementation		(481,504,680,000)	(3,615,176,633,300)
24	Collections from borrowers		1,235,766,733,300	504,776,272,292
25	Payments for investments in other entities		(666,425,000,000)	(584,158,959,000)
26	Proceeds from disposal of investments in other entities		5,000,000,000	85,000,000,000
28	Interest and dividends received		391,308,775,580	139,239,444,926
30	<b>Net cash flows used in investing activities</b>		<b>(101,887,212,280)</b>	<b>(3,725,161,759,435)</b>

CONSOLIDATED CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2010

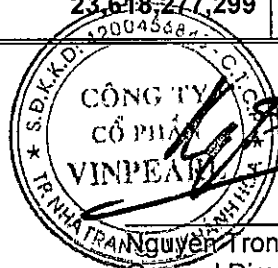
Currency: VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Capital contribution and issuance of shares	23.1	669,059,620,000	-
	Capital contribution from minority shareholders		248,000,000,000	129,250,000,000
	Capital redemption to minority shareholders		(68,218,454,775)	-
34	Proceeds from borrowings and corporate bonds		283,289,862,639	4,050,238,131,507
35	Repayment of borrowings		(776,860,063,493)	(524,749,175,914)
40	<b>Net cash flows from financing activities</b>		<b>355,270,964,371</b>	<b>3,654,738,955,593</b>
50	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,282,607,592</b>	<b>(63,776,829,689)</b>
60	<b>Cash and cash equivalents at the beginning of the year</b>		<b>10,335,669,707</b>	<b>74,112,499,396</b>
61	<b>Impact of exchange rate fluctuation</b>		-	-
70	<b>Cash and cash equivalents at the end of the year</b>	5	<b>23,618,277,299</b>	<b>10,335,669,707</b>



Nguyen Thinh  
Chief Accountant

9 March 2011



Nguyen Trong Hien  
General Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2010

**1. CORPORATE INFORMATION**

Vinpearl Joint Stock Company ("the Company") was previously a limited liability company operating under the name Hon Tre Tourism and Trading Limited Liability Company. On 26 July 2006, the Company was transformed into a joint stock company under the name 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 into Vinpearlland Tourism Joint Stock Company in accordance with the 11th amended Business License 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 issued by Khanh Hoa's Department of Planning and Investment. Subsequently, on 16 August 2010, the Company increased its registered chartered capital to VND 1,799,057,210,000 in accordance with the 15th amended Business License issued by Khanh Hoa's Department of Planning and Investment.

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's total number of employees as at 31 December 2010 is 1,782 (31 December 2009: 1,445).

*Board of Management*

The members of the Board of Management during the year and at the date of this report are:

Mr. Nguyen Trong Hien	Chairman	Appointed on 16 November 2007
Mr. Pham Nhat Vuong	Member	Appointed on 26 July 2006
Mr. Dang Thanh Thuy	Member	Appointed on 18 June 2008
Ms. Vu Tuyet Hang	Member	Appointed on 22 September 2008
Ms. Mai Thu Thuy	Member	Appointed on 16 November 2007

The Company has the following subsidiaries:

*Green City Development Joint Stock Company ("GCD")*

This subsidiary was established in accordance with Business License No. 4103008366 issued by Ho Chi Minh City's Department of Planning and Investment on 8 November 2007, and the subsequent amendments. GCD has a registered chartered capital of VND1,000 billion, in which the Company holds a 50% equity interest. The main activities of GCD are real-estate trading, hotel, restaurant and other related services, civil and industrial construction. The registered office of GCD is at 72 Le Thanh Ton, Ben Nghe Ward, District 1, Ho Chi Minh City.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

**1. CORPORATE INFORMATION** (continued)

The Company has the following subsidiaries (continued):

*Vietnam Tourism Nha Trang Joint Stock Company*

Vietnam Tourism in Nha Trang Joint Stock Company was established in accordance with Business License No. 4200764747 issued by Khanh Hoa's Department of Planning and Investment on 12 June 2008, with a registered chartered capital of VND10 billion. The main activities of this subsidiary are the provision of 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 2010, the Company holds 80% equity interest in this subsidiary.

*Nam Qua Tourism Co., Ltd.*

Nam Qua Tourism Co., Ltd. was established in accordance with Business License issued by Lam Dong's Department of Planning and Investment on 8 August 2008, with a registered chartered capital of VND110 billion. The main activities of this subsidiary 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 2010, the Company holds 80% equity interest in this subsidiary.

*Mega Global Corporation Investment and Trading JSC*

This subsidiary has been dissolved in accordance with the Official Letter 23275/ĐKKD-TNXL issued by the Ho Chi Minh City's Department of Planning and Investment on 15 August 2010.

*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 60 billion Vietnam dong, in which the Company is a founding shareholder holding 15% equity interest. On 19 October 2010, this subsidiary increased its chartered capital to 167.4 billion Vietnam dong 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 associated assets 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.

The main activities of this subsidiary 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 2010, the Company holds 83.64% equity interest in this subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

**1. CORPORATE INFORMATION** (continued)

The Company also has the following associates:

	<i>Percentage of share holding</i>
1 Vitours JSC	29.13%
2 Vincharm Service & Development JSC	20%
3 PCM JSC (*)	
4 Vietnam Tourism in Ho Chi Minh city JSC	25.28%
5 Royal City Real-estate Development and Investment JSC	21.25%
6 Viettronics Dong Da JSC (**)	24.30%
7 Vinpearl Hoi An JSC	30%
8 Vinpearl Da Nang JSC	40%
9 Tay Tang Long Real Estate Company Limited	49%

(\*) In 2010, the Company has disposed all equity interest in PCM JSC, and as a result, PCM JSC is no longer an associate as of 31 December 2010.

(\*\*) Indirect holding through GCD, a subsidiary.

Details of the investments in associates are disclosed in Note 16.1.

**2. BASIS OF PREPARATION**

**2.1 Accounting standards and system**

The consolidated financial statements of the Company and its subsidiaries ("the Group"), which are expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

**2. BASIS OF PREPARATION (continued)**

**2.1 Accounting standards and system (continued)**

**Accounting standard and guidance issued but not yet effective**

*Circular 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments:*

On 6 November 2009, the Ministry of Finance issued Circular 210/2009/TT-BTC providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments. The adoption of the Circular will require further disclosures and have impact on the presentation of certain financial instruments in the financial statements. The Circular will become effective for financial years ending 31 December 2011 onwards. The Group's management is currently assessing the impact of adopting the circular on future consolidated financial statements of the Group.

**2.2 Registered accounting documentation system**

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

**2.3 Fiscal year**

The Group's fiscal year starts on 1 January and ends on 31 December.

**2.4 Accounting currency**

The Group maintains its accounting records in VND.

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continued to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Significant accounting judgments, estimates and assumptions**

*Fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entities*

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, including the judgments and estimates of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entities. These judgments and estimates are subject to different factors, such as available market information on the fair value of identical assets or liabilities, or available information that are necessary for the purpose of determining fair value through the use of valuation models. However, uncertainty over these judgments and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **3.2 Cash and cash equivalents**

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

#### **3.3 Inventories**

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

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

The perpetual method is used to record inventories, which are valued on a weighted average basis.

*Provision for obsolete inventories*

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

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

#### **3.4 Receivables**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

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

**3.5 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred. When tangible fixed assets are sold or retired, their costs and accumulated depreciation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

**3.6 Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use. Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the consolidated income statement as incurred. When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the consolidated balance sheet and any gain or loss resulting from their disposal is included in the consolidated income statement.

**3.7 Depreciation and amortisation**

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

Buildings and structures	30 - 40 years
Other structures	10 - 20 years
Land use rights with definite term	45 - 48 years
Land use rights with indefinite term	not amortised
Machinery and equipment	8 - 15 years
Motor vehicles	6 - 12 years
Means of transmission	25 years
Office equipments	4 - 8 years
Computer software	4 - 8 years
Others	8 - 15 years

**3.8 Investment properties**

Investment properties are stated at cost including transaction costs less accumulated depreciation.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Group.

Depreciation and amortisation of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Land use rights	45 - 48 years
Buildings	10 - 20 years
Others	8 - 15 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

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

**3.8 *Investment properties* (continued)**

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

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

**3.9 *Borrowing costs***

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

**3.10 *Prepaid expenses***

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet and amortised over the period for which the amount are paid or the period in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as long-term prepaid expense and are amortised to the consolidated income statement over 3 to 5 years:

- ▶ Pre-operating expenses/start-up and preparation costs (including expenditures on training, advertising and promotional activities incurred during this period);
- ▶ Tools and consumables with large value issued into production and can be used for more than one year; and
- ▶ Bonds issue fees.

**3.11 *Business combinations and goodwill***

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortization. Goodwill is amortized over 10 year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

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

**3.11 Business combinations and goodwill (continued)**

*Property acquisitions and 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 VAS 5 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.

**3.12 Investment in associates**

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

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

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

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

**3.13 Investments in securities and other investments**

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

**3.14 Payables and accruals**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

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

**3.15 *Accrual for severance pay***

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

**3.16 *Foreign currency transactions***

The Group adopted Circular 201 issued by the Ministry of Finance on 15 October 2009 in relation to foreign currency transactions from 2009.

Transactions in currencies other than the Group's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at inter-bank exchange rates ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the income statement except to the extent that they are deferred as explained in the following paragraphs.

All unrealised foreign exchange differences arising from the translation of short-term monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are taken to the "Foreign exchange differences reserve" account in the equity section of the consolidated balance sheet and reversed in the following year.

All unrealised foreign exchange losses arising from the translation of long-term monetary liabilities denominated in foreign currencies as at balance sheet date are charged to the consolidated income statement. However, if the charging of all foreign exchange losses results in the net loss before tax for the Group, such exchange losses exceeding the foreign exchange losses arising from the translation of the current portion of the long-term liabilities is deferred in the "Foreign exchange differences reserve" account in the equity section of the consolidated balance sheet and allocated to consolidated income statement within the subsequent five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

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

**3.16 Foreign currency transactions (continued)**

The above guidance related to unrealized foreign exchange differences provided by Circular 201 is different from those stipulated under VAS 10 as follows:

<i>Transaction</i>	<i>Under VAS 10</i>	<i>Under Circular 201</i>
Translation of short-term monetary assets and liabilities denominated in foreign currencies	All unrealised foreign exchange differences are taken to the consolidated income statement	All unrealised foreign exchange differences are taken to the "Foreign exchange differences reserve" account in the equity section of the consolidated balance sheet and will be reversed on the following year.
Translation of long-term monetary liabilities denominated in foreign currencies at year end	All unrealised foreign exchange differences are taken to the consolidated income statement	<ul style="list-style-type: none"> <li>- All unrealized foreign exchange gains are taken to the consolidated income statement.</li> <li>- All foreign exchange losses will be charged to the consolidated income statement. However, if the charging of all foreign exchange losses results in net loss before tax for the company, part of the exchange losses can be deferred and allocated to the consolidated income statement within the next five years. In any case, the total foreign exchange loss to be charged to current year's income must be at least equivalent to the foreign exchange losses arising from the translation of the current portion of the long-term liabilities, while the remaining portion of the foreign exchange losses can be deferred in the consolidated balance sheet and allocated to the consolidated income statement within the next five years.</li> </ul>

The impact to the consolidated financial statements had the Group adopted VAS 10 from the financial years beginning on or after 1 January 2009 is presented in Note 35.

**3.17 Appropriation of net profits**

Net profit after tax is available for appropriation to investors after approval at the Annual General Meeting of shareholders, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

**3.18 Revenue recognition**

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

*Sale of goods*

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

*Rendering of services*

Income from hotel, amusement park and other relating services is recorded when the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

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

**3.18 Revenue recognition (continued)**

*Land use rights transfer*

Income from transfer of land use rights and assets on the land is recorded when substantial risks and rewards of ownership are transferred to buyer.

*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*

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

*Dividends*

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

*Rental income*

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

**3.19 Taxation**

*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 as at the balance sheet date.

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

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

*Deferred tax*

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

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

**3.19 Taxation (continued)**

*Deferred tax (continued)*

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

**4. BUSINESS COMBINATION**

*Acquisition of Hon Mot Tourism JSC ("Hon Mot 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 60 billion Vietnam dong, in which the Company is a founding shareholder holding 15% equity interest. On 19 October 2010, this subsidiary increased its chartered capital to 167.4 billion Vietnam dong 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 associated assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

**4. BUSINESS COMBINATION** (continued)

*Acquisition of Hon Mot Tourism JSC* (continued)

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. Accordingly, the Group has recorded other income in an amount of VND 134,448,281,694, which is the fair value of the intangible assets acquired, being the project development right of Hon Mot Resort Project. A minority interest is also recognized at their proportion of the interest in the assets acquired.

**5. CASH AND CASH EQUIVALENTS**

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Cash on hand	1,781,215,756	1,474,084,954
Cash at banks (*)	15,242,437,163	8,376,018,787
Cash in transit	30,953,130	285,565,966
Cash equivalents (**)	6,563,671,250	200,000,000
	<u>23,618,277,299</u>	<u>10,335,669,707</u>

(\*) Including cash balance which is blocked for LC opening amounting to VND 4,644,486,804.

(\*\*) Cash equivalents represent short term-deposits in VND with terms of up to three months and bear interest rates ranging from 6.5% to 9% per annum.

**6. SHORT-TERM INVESTMENTS**

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
<b><i>Short-term loans</i></b>		
Thanh Nien Newspaper	-	65,000,000,000
Ms. Pham Hong Linh	149,890,000,000	-
Ms. Nguyen Thuy Ha	4,490,000,000	122,000,000,000
Mr. Hoang Quoc Thuy	-	189,000,000,000
Mr. Nguyen Huu Binh	20,000,000,000	20,000,000,000
Ms. Vu Tuyet Hang	20,000,000,000	-
Ms. Phan Thu Huong	150,000,000,000	-
Vincharm Investment and Services JSC	-	300,000,000,000
Vinpearl Hoi An JSC	200,000,000,000	200,000,000,000
Vinpearl Danang JSC	400,000,000	5,000,000,000
Vincom JSC	-	68,646,733,300
Hanoi Investment and General Services Ltd., Co.	-	475,000,000,000
Ecology Developing and Investment JSC (**)	475,000,000,000	-
VinGroup JSC	148,300,000,000	-
<b><i>Acquisition of unlisted shares</i></b>		
Vinpearl Hoi An Tourism and Investment JSC	-	78,000,000,000
	<u>1,168,080,000,000</u>	<u>1,522,646,733,300</u>

Details on loans to related parties are disclosed in Note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

**6. SHORT-TERM INVESTMENTS (continued)**

(\*) Magnum Investment Group Limited ("Magnum"), the Owner of previously known Vegas Hotel and Villas Co., Ltd ("Vegas") transferred the capital owned by Magnum in Vegas to Vinpearl Da Nang JSC. After the transfer, Vegas was dissolved in accordance with Official Letter 3214/QD-UBND issued by Da Nang's People Committee on 22 April 2010, and all assets and liabilities of Vegas were transferred to Vinpearl Da Nang JSC. The balance of VND 400,000,000 represents the remaining loan balance provided to Vegas and is now transferred to Vinpearl Da Nang JSC.

(\*\*) Hanoi Investment and General Service., JSC has been merged with Ecology Developing and Investment JSC in accordance with the 7th amended Business License 0900222333 issued by Hanoi city's Department of Planning and Investment on 20 November 2010. The balance of VND 475,000,000,000 represents the remaining loan balance provided to Hanoi Investment and General Services JSC and is now transferred to Ecology Developing and Investment JSC after the merger.

**7. OTHER RECEIVABLES**

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Loan interest receivables	144,372,491,521	84,544,025,234
Receivables from share transfer	201,687,500,000	-
Dividend receivables	508,680,000	508,680,000
Receivable from Vinpearl Danang JSC (*)	10,975,809,393	-
Others	5,656,743,114	8,311,755,992
	<b><u>363,201,224,028</u></b>	<b><u>93,364,461,226</u></b>

(\*) This represents the balance payable from Vegas to Magnum. As per the equity transfer agreement dated 15 November 2009, the Company is entitled to this receivable and correspondingly, the balance previously recorded as payable by Vegas is now transferred to Vinpearl Da Nang JSC. This balance is interest - free, unsecured and the balance in original currency is US\$ 579,749.

**8. INVENTORIES**

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Materials and fuels	11,839,021,564	8,077,785,338
Tools and supplies	3,383,927,459	2,313,617,292
Merchandise	1,279,049,584	1,220,292,386
Goods in transit	15,071,382	-
	<b><u>16,517,069,989</u></b>	<b><u>11,611,695,016</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year the ended 31 December 2010

**9. SHORT-TERM PREPAID EXPENSES**

	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>VND</i>	<i>VND</i>
Tools and equipment	7,028,558,513	13,783,871,307
Pre-operating expenses	677,920,284	857,472,987
Bonds issue fees	17,368,053,397	20,307,455,640
Others	7,964,051,659	5,941,440,865
	<b><u>33,038,583,853</u></b>	<b><u>40,890,240,799</u></b>

**10. OTHER CURRENT ASSETS**

	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>VND</i>	<i>VND</i>
Advance for land use rights compensation for Green City project (*)	-	717,708,980,000
Advances to employees	5,458,663,554	-
Short term deposits	7,004,500,000	-
Other	38,000,000	4,836,847,491
	<b><u>12,501,163,554</u></b>	<b><u>722,545,827,491</u></b>

(\*) This represents the balance of advances to related parties which are used for land clearance purpose for Green City project.

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11. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
<b>Cost:</b>						
Beginning balance	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	2,193,789,664	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)
Ending balance	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
<b>Accumulated depreciation:</b>						
Beginning balance	80,054,403,637	97,607,856,198	18,208,630,632	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)
Ending balance	103,701,777,005	129,686,062,434	24,722,376,043	7,220,793,663	13,836,906,101	279,167,915,246
<b>Net carrying amount:</b>						
Beginning balance	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
Ending balance	796,195,195,481	291,172,580,120	79,794,822,429	3,503,369,118	12,557,240,852	1,183,223,208,000

As disclosed in Note 22, all building and structures, machinery and equipment are pledged as collaterals for the loans from the Bank for Investment and Development - Khanh Hoa Branch under the Collateral Contract No. 02/2003/HDCC dated 5 November 2003 for assets of Bai Tru Tourism Village Project and the Collateral Contract No. 03/2006/HDBD dated 17 April 2006 for assets financed by the loans.

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as at and for the year ended 31 December 2009

12. INTANGIBLE FIXED ASSETS

	Indefinite land use right VND	Definite land use right VND	Copyrights VND	Project development right VND	Computer software VND	Total VND
<b>Cost:</b>						
Beginning balance	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)
Closing balance	93,196,530,828	70,147,185,284	530,358,400	136,500,000,000	6,206,790,529	306,580,865,041
<b>Accumulated Amortisation:</b>						
Beginning balance	-	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
Closing balance	-	5,756,494,812	44,196,535	-	3,359,585,300	9,160,276,647
<b>Net carrying amount:</b>						
Beginning balance	29,807,792,900	64,117,240,680	-	-	3,557,842,970	97,482,876,550
Closing balance	93,196,530,828	64,390,690,472	486,161,865	136,500,000,000	2,847,205,229	297,420,588,394

As disclosed in Note 22, all building and structures, machinery and equipment are pledged as collaterals for the loans from the Bank for Investment and Development - Khanh Hoa Branch under the Collateral Contract No. 02/2003/HDCC dated 5 November 2003 for assets of Bai Tru Tourism Village Project and the Collateral Contract No. 03/2006/HDBD dated 17 April 2006 for assets financed by the loans.

As disclosed in Note 4, the increase in project development right during the year arose from the acquisition of Hon Mot Tourism JSC. This represents the development right of Hon Mot Resort project at Hon Mot island, Vinh Nguyen District, Nha Trang City in accordance with the Official Letter 4526/JUNND issued by Khanh Hoa's People Committee on 27 August 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2009

**13. CONSTRUCTION IN PROGRESS**

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
<b><i>Construction in progress of the parent</i></b>		
Vinpearl golf course and villa	257,651,851,442	158,927,681,782
Bai Soi ecological area	139,121,175,752	75,431,649,046
Dolphin performing area	6,536,862,642	6,539,179,579
Other projects	35,268,955,966	7,046,765,451
Others construction in progress	126,951,257,938	64,276,509,701
<b><i>Construction in progress of Green City Development JSC</i></b>		
Green City project	796,090,404,244	344,193,951,018
Others	185,000,000	185,000,000
<b><i>Construction in progress of Hon Mot JSC</i></b>		
Hon Mot project	22,955,763,141	-
	<b><u>1,384,761,271,125</u></b>	<b><u>656,600,736,577</u></b>

Others construction in progress comprise capitalized borrowing costs, project management expenses, fuel expense for power generators, construction camps, equipment rental expenses and construction materials attributable to the on-going projects.

**14. CAPITALIZATION OF BORROWING COSTS**

The total borrowing costs capitalized by the Group during the year was VND106,668,540,673. These were borrowing costs incurred on the general purpose loans, which were used for the development of the Vinpearl Villas and Golf Course project, the Green City project and other projects.

The weighted average borrowing costs used to determine the borrowing costs eligible for capitalisation during the year was 13.24% per annum.

**15. INVESTMENT PROPERTIES**

	<i>Buildings and structure</i> VND	<i>Machinery and equipment</i> VND	<i>Others</i> VND	<i>Total</i> VND
<b>Cost:</b>				
Beginning balance	20,316,776,882	1,662,247,500	953,063,650	22,932,088,032
Addition	-	-	-	-
Disposal	-	-	-	-
Ending balance	<u>20,316,776,882</u>	<u>1,662,247,500</u>	<u>953,063,650</u>	<u>22,932,088,032</u>
<b>Accumulated depreciation:</b>				
Beginning balance	1,352,853,288	415,561,887	247,826,132	2,016,241,307
Increase	507,804,156	295,595,208	-	803,399,364
Decrease	-	-	-	-
Ending balance	<u>1,860,657,444</u>	<u>711,157,095</u>	<u>247,826,132</u>	<u>2,819,640,671</u>
<b>Net carrying amount:</b>				
Beginning balance	<u>18,963,923,594</u>	<u>1,246,685,613</u>	<u>705,237,518</u>	<u>20,915,846,725</u>
Ending balance	<u>18,456,119,438</u>	<u>951,090,405</u>	<u>705,237,518</u>	<u>20,112,447,361</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 as at and for the year ended 31 December 2009

15. **INVESTMENT PROPERTIES** (continued)

Investment properties comprise the shopping area located in Vinpearlland Amusement Park. The Company has not carried out an assessment of the fair value of these investment properties as at 31 December 2010 owing to the absence of an active market for such properties.

16. **LONG-TERM INVESTMENTS**

	<i>Note</i>	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>VND</i>	<i>VND</i>
Investment in associates	16.1	1,116,065,901,081	748,041,172,390
Other long-term investments	16.2	<u>1,976,109,441,443</u>	<u>1,982,293,224,000</u>
<b>Total long-term investments</b>		<b>3,092,175,342,524</b>	<b>2,730,334,396,390</b>
Provision for long-term investments		<u>-</u>	<u>-</u>
		<b><u>3,092,175,342,524</u></b>	<b><u>2,730,334,396,390</u></b>

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**16. LONG-TERM INVESTMENTS (continued)**

**16.1 Investment in associates**

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

	Vitours JSC VND	Vinpearl Hoi An JSC VND	Vinpearl Danang JSC VND	PCM JSC VND	Vietnam Tourism in Ho Chi Minh city JSC VND	Vietronics Dong Da JSC VND
Balance as of 1 January 2010	23,473,049,475	91,715,477,057	-	11,581,103,582	99,348,638,564	55,677,083,331
Increase during the year	-	-	115,200,000,000	-	-	-
Dividends received during the year	(508,680,000)	-	-	-	(1,750,740,000)	-
Goodwill amortization	(1,765,534,000)	-	-	-	-	(1,999,150,940)
Amortization of fair value adjustments on acquisition date	-	-	-	-	(88,305,328,125)	-
Share of profit/(loss) from associates	828,896,637	28,293,787	(460,264,882)	(82,734,693)	39,110,991,070	(112,306,076)
Changes in associates' owners' equity (Loss)/profit from disposal during the year	(13,361,941)	-	(15,656,095,264)	-	(323,450,100)	-
	-	-	-	(11,498,368,889)	-	-
<b>Balance as of 31 December 2010</b>	<b>22,014,370,171</b>	<b>91,743,770,844</b>	<b>99,543,904,736</b>	<b>-</b>	<b>48,080,111,409</b>	<b>53,565,626,315</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**16. LONG-TERM INVESTMENTS (continued)**

**16.1 Investment in associates**

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

	Tay Tang Long Real Estate Company Limited VND	Thanh Nien Real Estate JSC (See Note 16.2) VND	Vincharm Investment and Service JSC VND	Hanoi Investment and General Service., JSC VND	Royal City Real Estates Investment and Development JSC VND	Total VND
Balance as of 1 January 2010	-	68,019,216	93,800,746,890	-	372,377,054,275	748,041,172,390
Increase during the year	-	-	-	189,375,000,000	305,900,000,000	610,475,000,000
Dividends received during the year	-	-	-	-	-	(2,259,420,000)
Goodwill amortization	-	-	(1,666,198,340)	(365,898,124)	-	(5,796,781,404)
Amortization of fair value adjustments on acquisition date	-	-	-	-	-	(88,305,328,125)
Share of profit/(loss) from associates	1,658,370	(1,801,773)	(446,861,127)	(265,212,172)	31,151,717,537	66,445,298,993
Changes in associates' owners' equity	-	-	-	-	-	14,417,308,809
(Loss)/profit from disposal during the year	-	(66,217,443)	-	(188,743,889,704)	3,307,077,685	(197,001,398,351)
<b>Balance as of 31 December 2010</b>	<b>1,658,370</b>	<b>-</b>	<b>91,687,687,423</b>	<b>-</b>	<b>709,428,771,812</b>	<b>1,116,065,901,080</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**16. LONG-TERM INVESTMENTS** (continued)

**16.1 Investment in associates** (continued)

(i) *Vitours JSC*

Vitours JSC was established in accordance with the Business License No. 3203001791 dated 2 January 2008, issued by Danang'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, Danang City. As at 31 December 2010, the Company holds 29.13% equity interest in this associate.

(ii) *Vinpearl Hoi An Tourism and Investment JSC*

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, and the subsequent amended licenses. The main activities of this company are to provide hotel, restaurant, resorts, golf course services, etc. The head office of this company locates at Phuoc Hai Block, Cua Dai Ward, Hoi An City, Quang Nam Province. As at 31 December 2010, the Company hold 30% equity interest in this associate.

(iii) *Vinpearl Da Nang JSC*

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 and subsequent amended Business Licenses with the latest being the 6th dated 30 September 2010. The main activities of this company are to provide hotel, restaurant, resorts, supermarket services, etc. The head office of this company locates at Hoa Hai ward, Ngu Hanh Son District, Da Nang City. As at 31 December 2010, the Company holds 40% equity interest in this associate.

(iv) *PCM JSC*

PCM JSC (previously known as Vincorn 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 all equity interest in PCM JSC.

(v) *Vietnam Tourism in Ho Chi Minh city JSC*

Vietnam Tourism in Ho Chi Minh city JSC was established in accordance with the Business License No. 4103006768 dated 18 May 2007, issued by Ho Chi Minh's Department of Planning and Investment. 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 2010, the Company holds 25.28% equity interest in this associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**16. LONG-TERM INVESTMENTS (continued)**

**16.1 Investment in associates (continued)**

(vi) *Viettronics Dong Da JSC*

Viettronics Dong Da JSC 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. As at 31 December 2010, a Company's subsidiary, GCD, holds 24.3% equity interest in Viettronics Dong Da JSC.

(vii) *Tay Tang Long Real Estate Company Limited*

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

The Company has acquired the shares hold by other shareholders in Tay Tang Long Real Estate Company Limited and the acquisition has been approved by the Ho Chi Minh City's Department of Planning and Investment in accordance with Business License 0305918940 dated 6 April 2010. As at 31 December 2010, the Company holds 49% equity interest in this associate.

(viii) *Vincharm Development and Services JSC*

Vincharm is a joint stock company established in accordance with Business License No. 0103038728 dated 12 July 2005, and the 12th amended business license dated 26 August 2009, with a registered chartered capital of VND400 billion. On 23 October 2009, the Company has successfully acquired 20% of the equity interest of this company

The main activities of this company are real estate trading & 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. The Company holds 20% voting rights in this associate at 31 December 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**16. LONG-TERM INVESTMENTS (continued)**

**16.1 Investment in associates (continued)**

(ix) *Royal City Real-estates Investment and Development JSC*

Royal City Real-estates Investment and Development JSC 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 estates 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 3,200 billion Vietnam dong in accordance with the second amended Business License issued by the Hanoi's Department of Planning and Investment and offered new shares to existing shareholder. However, the Company has turned down the offer and thus as at 31 December 2010 the Company holds 21.25% equity interest in this associate.

**16.2. Other long-term investments**

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Investment in shares of Vietnam Tourism in Hanoi JSC	7,693,224,000	7,693,224,000
Investment in shares of Thanh Nien Real Estate JSC (*)	56,016,217,443	
Thuan Phong Energy Development JSC	3,000,000,000	3,000,000,000
Loan to Royal City Real-estates Investment and Development JSC (3 year term)	1,809,400,000,000	1,871,600,000,000
Loan to Vinpearl Hoi An JSC (3 year term)	100,000,000,000	100,000,000,000
	<b><u>1,976,109,441,443</u></b>	<b><u>1,982,293,224,000</u></b>

(\*) Thanh Nien Real Estate JSC was established in accordance with Business License No. 4103010620 dated 17 June 2008, issued by Ho Chi Minh's Department of Planning and Investment, in which the Company initially held a 20% equity interest.

During the year, Thanh Nien Real Estate JSC was merged with Thanh Nien Real Estate Trading and Service JSC in accordance with the Board of Management meeting minutes dated 24 June 2010. On 12 July 2010, Thanh Nien Real Estate JSC received its 4<sup>th</sup> Amended Business License from Ho Chi Minh City's Department of Planning and Investment, which approved the increase in its registered chartered capital to VND 530 billion, with the Company holding a 10.57% equity interest.

Details on the loans to related parties are disclosed in Note 31.

**17. LONG-TERM PREPAID EXPENSES**

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Tools and equipment	3,449,091,110	9,224,080,157
Bonds issue fee	28,138,928,559	45,506,981,956
Others	8,660,101,587	4,566,382,452
	<b><u>40,248,121,256</u></b>	<b><u>59,297,444,565</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**18. SHORT-TERM LOANS AND BORROWINGS**

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Short-term loans from banks	104,689,032,010	500,849,714,864
Ecology Developing and Investment JSC	200,000,000,000	260,000,000,000
Current portion of corporate bonds (Note 22.2)	500,000,000,000	-
Current portion of long-term loans (Note 22.1)	67,768,588,780	71,273,894,000
	<b><u>872,457,620,790</u></b>	<b><u>832,123,608,864</u></b>

Details of the short-term loans from banks as at 31 December 2010 are as follows:

<i>Bank</i>	<i>31 December</i> 2010 VND	<i>Maturity date</i>	<i>Interest</i> rate (%/annum)	<i>Collateral</i>
Bank for Investment and Development of Vietnam, Khanh Hoa Branch (credit limit)	104,689,032,010	6 months, interest payable monthly	From 13% to 16.5%	Note 22.1
Ecology Developing and Investment JSC	<u>200,000,000,000</u>	16 June 2011	17%	None
	<b><u>304,689,032,010</u></b>			

**19. STATUTORY OBLIGATIONS**

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Value added tax	26,032,819	947,394,181
Special sales tax	15,224,580	22,509,002
Import, export tax	-	239,744,919
Foreign contractors' tax	405,808,242	-
Personal income tax	18,840,458	222,328,625
Corporate income tax (Note 30.1)	8,415,397,189	389,456,570
Other taxes	111,111	83,999,495
	<b><u>8,881,414,399</u></b>	<b><u>1,905,432,792</u></b>

**20. ACCRUED EXPENSES**

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Accrued bond interests	262,052,054,839	212,915,068,535
Accrued loans interests	14,680,148,685	28,655,297,548
Other accruals	19,927,529,728	4,255,497,164
	<b><u>296,659,733,252</u></b>	<b><u>245,825,863,247</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

21. OTHER PAYABLES

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Payables related to the transfer of Vinpearl Hoi An Investment and Tourism JSC shares	-	78,000,000,000
Others	9,513,329,419	491,586,127
	<b><u>9,513,329,419</u></b>	<b><u>78,491,586,127</u></b>

22. LONG-TERM LOANS AND DEBTS

	<i>Ending balance</i>	<i>Beginning balance</i>
	VND	VND
Long-term loans from Bank for Investment and Development of Vietnam - Khanh Hoa Branch ("BIDV Khanh Hoa")	416,140,919,748	478,651,005,195
Loans from other (*)	32,000,000,000	-
Corporate bonds	3,500,000,000,000	4,000,000,000,000
	<b><u>3,948,140,919,748</u></b>	<b><u>4,478,651,005,195</u></b>

(\*) This represents the loan borrowed from Le Thi Lan in accordance with loan contract No. 09-VILLAS/VINPEARL/HĐVV-1 dated 24 September 2010, at the rate of 2% per annum and with a maturity term of 20 months. The loan is secured with the rights to purchase a villa at Phu Quy Square residential project.

Details of long-term loans from BIDV Khanh Hoa are as follows:

<i>Contract</i>	<i>31 December 2010</i>		<i>Maturity date</i>	<i>Interest rate (% p.a.)</i>
	<i>USD</i>	<i>VND</i>		
(i) 01/2003/HĐTD dated 5 November 2003	365,925	6,927,700,051	11 May 2011	12 month US\$ saving rate + 3%
(ii) 01/2006/HĐTD dated 17 April năm 2006	2,772,117	52,481,723,588	17 October 2014	12 month US\$ saving rate + 3%
(iii) 02/2006/HĐTD dated 17 April 2006		306,125,851,466	12 March 2017	12 month VND saving rate + 3%
(iv) 02/2006/HĐTD dated 17 April 2006	2,168,217	41,048,684,433	12 March 2017	12 month US\$ saving rate + 4%
(v) 04/2007/HĐTD dated 7 August 2007		72,926,428,261	15 August 2017	12 month VND saving rate + 4%
(vi) 07/2009/HĐTD dated 30 June 2009		4,399,120,729	30 June 2012	12 month VND saving rate + 4%
	<b><u>5,306,260</u></b>	<b><u>483,909,508,528</u></b>		

*In which:*

*Current portion (Note 18)*

*Non-current portion*

67,768,588,780

416,140,919,748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

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

### 22.1 Long-term loans (continued)

The long-term loans are from BIDV - Khanh Hoa and are used to finance the Company's construction projects.

The loans from (i) to (v), the short-term loan from BIDV - Khanh Hoa (Note 18) and the corporate bonds in second issue (Note 22.2) are secured by all assets, land use rights, water surface use rights and all assets on the land/water surface under below contracts:

- ▶ Land use rights and on-land assets mortgage contract No 01/2006/HDTC dated 22 December 2006;
- ▶ Assets mortgage contract No 02/2006/HDTC dated 22 December 2006;
- ▶ Mortgage contract No 01/2007/HDTC dated 7 August 2007 for land use right;
- ▶ Mortgage Contract No 01/2008/HDTC dated 26 September 2008 for land use right; and
- ▶ Mortgage Contract dated 11 March 2009 for land use rights and other assets.

The loan (vi) is secured by the assets formed by the loan, i.e. the 22kV cable network.

### 22.2 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 in the first year was 15% p.a. and for the following years, interest will be determined based on the average 12-month saving rates of 4 commercial banks + 4% p.a., as determined 7 days prior to the annual coupon payment date. The bond interest rate for the third year was 15.4% p.a.
  - for the 500 bonds that mature in 5 years, interest in the first year was 16% p.a. and for the following years, interest will be determined based on the average 12-month saving rates of 4 commercial banks + 4.5% p.a., as determined 7 days prior to the annual coupon payment date. The bond interest rate for the third year was 15.9% p.a.
- ▶ 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 in the first year was 10.1% p.a. and for the following years, interest will be determined based on the most recent Government bonds' interest rate + 3.5% p.a. or average 12-month VND saving rates of 4 commercial banks + 2.5% p.a., 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 (interest for the second year is 12% per annum). Coupon is paid on 18 March each year. These corporate 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 (see Note 22.1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**22. LONG-TERM LOANS AND DEBTS (continue)**

**22.2 Corporate bonds (continued)**

- ▶ 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 in the first year was 12% p.a. and for the following years, interest will be determined based on the average 12-month saving rates of Bank for Investment and Commerce of Vietnam + 3% p.a. (interest for the second year is 14.2% per annum)
  - for the 1,000 bonds that mature in 5 years, interest in the first year was 15% p.a. and for the following years, interest will be determined based on the average 12-month saving rates of Bank for Investment and Commerce of Vietnam + 3.5% p.a. (interest for the second year is 14.7% 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 City 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 500 billion (Note 18).

Vinpearl Joint Stock Company  
[previously known as Vinpearland Tourism Joint Stock Company]

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**23. OWNERS' EQUITY**

**23.1 Increase and decrease in owners' equity**

	Contributed chartered capital VND	Foreign exchange difference reserve VND	Investment and development fund VND	Undistributed after- tax profits VND	Total VND
<b>Current year</b>					
Beginning balance	1,000,000,000,000	(2,149,388,839)	4,994,494,000	181,506,210,144	1,184,351,315,305
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
Profit for the year	-	-	-	119,510,139,198	119,510,139,198
Transfer to reserve	-	-	1,000,000,000	(1,000,000,000)	-
Decrease in profit from liquidation of subsidiaries	-	-	-	(2,904,392,897)	(2,904,392,897)
Change in associates' equity	-	(1,406,437,644)	-	(14,126,204,779)	(15,532,642,423)
Foreign exchange difference reserve	-	1,349,631,050	-	-	1,349,631,050
Ending balance	1,799,057,210,000	(2,206,195,433)	5,994,494,000	152,988,161,666	1,955,833,670,233
<b>Previous year</b>					
Beginning balance	1,000,000,000,000	-	-	101,430,607,316	1,101,430,607,316
Increase in capital	-	-	-	-	-
Profit for the year	-	-	-	85,293,024,228	85,293,024,228
Transfer to reserve	-	-	4,994,494,000	(4,994,494,000)	-
Foreign exchange difference reserve	-	(2,149,388,839)	-	-	(2,149,388,839)
Change in associates' equity	-	-	-	(222,927,400)	(222,927,400)
Ending balance	1,000,000,000,000	(2,149,388,839)	4,994,494,000	181,506,210,144	1,184,351,315,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**23. OWNERS' EQUITY (continued)**

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

In accordance with the Resolution of Annual General Shareholder Meeting dated 3 April 2010, the undistributed after-tax profits will be appropriated as follows:

- ▶ transfer to investment and development fund of VND 1 billion,
- ▶ stock dividends of VND 130 billion, and
- ▶ the remaining will be reinvested into the business.

On 17 May 2010, the Company officially announced a new share offer, which was approved in the Company's Annual General Shareholder Meeting on 3 April 2010. The number of ordinary shares to be issued is 80,000,000 shares (at a par value of VND 10,000 per share), in which:

- ▶ 13,000,000 stock dividends will be distributed to existing shareholders at the rate of 13 new shares for every 100 outstanding shares; and
- ▶ rights issue of 67,000,000 shares to existing shareholders at the rate of 67 new shares for every 100 outstanding shares, at the exercise price of VND 10,000 per share.

The new share offer has been approved by the Chairman of the State Securities Commission as per Decision No. 565/UBCK-GCN dated 17 May 2010.

On 31 May 2010, the Company completed the issuance of 12,999,759 new shares from stock dividends to existing shareholders. At the completion of the rights issue, 66,905,962 new shares were exercised by the existing shareholders, and a total cash contribution of VND 669,059,620,000 was transferred to the Company on 9 August 2010.

**23.2 Ordinary and preference shares**

	<i>Ending balance</i>	<i>Beginning balance</i>
<b>Number of shares registered to issue</b>	<b>179,905,721</b>	<b>100,000,000</b>
<b>Number of shares issued to public</b>		
<i>Issued and fully paid-up shares</i>		
Ordinary shares	179,905,721	100,000,000
Preference shares		-
<i>Issued and not yet fully paid-up shares</i>		
Ordinary shares		-
Preference shares		-
<b>Number of outstanding shares</b>		
Ordinary shares	179,905,721	100,000,000
Preference shares		-

All ordinary shares of the Company are listed in Ho Chi Minh City Stock Exchange ("HOSE").

Par value of the outstanding ordinary share: VND10,000 /share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**24. MINORITY INTERESTS**

	<i>Green City Development JSC VND</i>	<i>Vietnam Tourism Nha Trang JSC VND</i>	<i>Hon Mot JSC VND</i>	<i>Total VND</i>
<b>31 December 2010:</b>				
Contributed chartered capital	497,000,000,000	250,000,000	22,326,573,686	519,576,573,686
Share in the assets contributed to Hon Mot Tourism JSC	-	-	2,051,718,306	2,051,718,306
Share in accumulated profit (losses)	(8,709,984,570)	432,331,089	22,334,009,285	14,056,355,804
	<b>488,290,015,430</b>	<b>682,331,089</b>	<b>46,712,301,277</b>	<b>535,684,647,796</b>
<b>For the year ended 31 December 2010:</b>				
Post acquisition profits / (losses)	7,780,395,222	90,053,075	22,328,406,483	30,198,854,780

**25. REVENUE**

**25.1 Revenue from sale of goods and rendering of services**

	<i>Current year VND</i>	<i>Previous year VND</i>
<b>Gross revenue</b>	<b>665,085,636,564</b>	<b>485,862,930,278</b>
<i>Of which:</i>		
Revenue from rendering of hotel, amusement park and other related services	661,736,115,594	482,911,367,008
Revenue from providing rental of investment properties and related services	3,349,520,970	2,951,563,270
<b>Sales deduction</b>	<b>377,468,899</b>	<b>384,884,941</b>
Sales discounts	-	-
Special sales tax	377,468,899	384,884,941
<b>Net revenue</b>	<b>664,708,167,665</b>	<b>485,478,045,337</b>
<i>Of which:</i>		
Revenue from rendering of hotel, amusement park and other related services	661,358,646,695	482,526,482,067
Revenue from providing rental of investment properties and related services	3,349,520,970	2,951,563,270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 as at and for year ended 31 December 2010

**25. REVENUE (continued)**

**25.2 Financial income**

	<i>Current year</i> VND	<i>Previous year</i> VND
Interest income from loans, bank interests and deposits	449,626,958,200	205,447,076,440
Dividends earned	10,486,448,981	6,514,874,118
Foreign exchange gains	973,473,551	1,275,158,195
Other finance income	1,083,693,739	34,318,308
	<b><u>462,170,574,471</u></b>	<b><u>213,271,427,061</u></b>

**26. COST OF GOODS SOLD AND SERVICES RENDERED**

	<i>Current year</i> VND	<i>Previous year</i> VND
Cost of rendering of hotel, amusement park and other related services	402,085,154,618	290,993,304,325
Cost from providing rental of investment properties and provision of related services	1,338,672,330	2,319,487,766
	<b><u>403,423,826,948</u></b>	<b><u>293,312,792,091</u></b>

**27. FINANCIAL EXPENSES**

	<i>Current year</i> VND	<i>Previous year</i> VND
Loans and bonds interest	526,509,963,571	319,882,528,958
Foreign exchange losses	11,078,905,266	8,764,470,779
Other finance expenses	19,361,649,599	8,217,207,212
	<b><u>556,950,518,436</u></b>	<b><u>336,864,206,949</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**28. OTHER INCOME AND EXPENSES**

	<i>Current year</i>	<i>Previous year</i>
	<i>VND</i>	<i>VND</i>
<b>Other income</b>		
Contract penalties	425,539,221	16,210,371,708
Proceeds from disposal of assets	4,081,309,526	7,339,667,689
Income from acquisition of Vegas	10,401,278,065	-
Hon Mot project development right (see Note 4)	134,448,281,694	-
Others	502,877,987	4,720,736,753
	<b>149,859,286,493</b>	<b>28,270,776,150</b>
<b>Other expenses</b>		
Costs from disposal of assets	9,782,992,933	1,521,927,884
Others	632,861,794	2,008,895,423
	<b>10,415,854,727</b>	<b>3,530,823,307</b>
	<b>139,443,431,766</b>	<b>24,739,952,843</b>

**29. OPERATING COSTS**

	<i>Current year</i>	<i>Previous year</i>
	<i>VND</i>	<i>VND</i>
Raw materials	172,739,991,830	130,162,663,376
Labour costs	110,849,096,589	87,331,462,747
Depreciation and amortisation expenses	70,851,730,403	68,861,540,731
Expenses for external services	149,033,431,651	54,703,541,497
Other expenses	569,431,335,926	356,527,026,098
	<b>1,072,905,586,399</b>	<b>697,586,234,449</b>

**30. 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.

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

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 2010 is 5%.

Also, and in accordance to Circular 130/TT-BTC, the Company has the obligation to pay CIT at the rate of 25% for income from other activities.

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

The tax returns of the Company and its subsidiaries are prepared based on prevailing tax regulations. These tax returns are subject to examination by the tax authorities and as a result, the amounts reported in the interim consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

**30.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**30. CORPORATE INCOME TAX (continued)**

**30.1 Current Corporate Income Tax (continued)**

A reconciliation of the Company's accounting profit with its taxable profit is presented as follows:

	<i>Profit from operating activities</i>	<i>Profit from other activities</i>	<i>Total</i>
	<i>VND</i>	<i>VND</i>	<i>VND</i>
<b>Profit before tax</b>	<b>149,747,638,282</b>	<b>16,012,138,685</b>	<b>165,759,776,967</b>
<i>Adjustments to increase</i>			
Loss in associates	27,656,810,534	-	27,656,810,534
Interest income from intra-group transactions	38,889,409,236	-	38,889,409,236
Losses in subsidiaries	42,626,338	-	42,626,338
Losses from disposal of associates	498,368,889	-	498,368,889
Other taxable income	5,970,947,415	-	5,970,947,415
Other non –deductible expenses	27,178,686,859	-	27,178,686,859
<i>Adjustments to decrease</i>			
Capitalised Group's borrowing costs	(28,768,610,207)	-	(28,768,610,207)
Interest expenses from intra-group transactions	(10,313,098,373)	-	(10,313,098,373)
Non-taxable income	(138,622,230,675)	-	(138,622,230,675)
Others	(2,506,411,201)	-	(2,506,411,201)
<b>Adjusted net profit before loss carried forward and tax</b>	<b>69,774,137,097</b>	<b>16,012,138,685</b>	<b>85,786,275,782</b>
Tax loss carried forward	(15,280,558,399)	-	(15,280,558,399)
<b>Estimated current taxable profit</b>	<b>54,493,578,698</b>	<b>16,012,138,685</b>	<b>70,505,717,383</b>
Taxable profit of parent company	19,083,838,997	14,248,764,112	33,332,603,109
Taxable profit of subsidiaries	35,409,739,701	1,763,374,573	37,173,114,274
<b>Current CIT (before adjustment)</b>	<b>10,420,966,938</b>	<b>4,003,034,671</b>	<b>14,424,001,609</b>
CIT incentive during the year			(1,180,759,876)
Adjustment of CIT in prior year			197,843,243
<b>Current CIT (after incentive and adjustment)</b>			<b>13,441,084,976</b>
In which			
<i>CIT of the parent</i>			5,049,789,691
<i>CIT of the subsidiaries</i>			8,391,295,285
<b>CIT payable at the beginning of the year</b>			<b>(814,181,347)</b>
In which			
<i>CIT payable</i>			389,456,570
<i>CIT prepaid</i>			(1,203,637,917)
CIT paid during the year			(4,869,734,281)
<b>CIT balance at the end of the year</b>			<b>7,757,169,348</b>
In which			
<i>CIT payable</i>			8,415,397,189
<i>CIT prepaid</i>			(658,227,841)

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

**30.2 Deferred Tax**

The following are the deferred tax assets and liabilities recognized by the Group, and the movements thereon, during the current and prior reporting period.

	<i>Consolidated balance sheet</i>		<i>Consolidated income statement</i>	
	<i>Ending balance</i> VND	<i>Beginning balance</i> VND	<i>Current year</i> VND	<i>Previous year</i> VND
<b><i>Deferred tax asset</i></b>				
Unrealised losses on foreign currency denominated balances	481,128,525	648,032,725	(166,904,200)	(173,367,760)
Provision for severance allowance	131,530,065	265,982,682	(134,452,617)	(55,957,074)
Temporary difference from assets contributed to Hon Mot JSC	31,864,733,640	-	31,864,733,640	-
	<b>32,477,392,230</b>	<b>914,015,407</b>	<b>31,563,376,823</b>	<b>(229,324,834)</b>
<b><i>Deferred tax liability</i></b>				
Differences on capitalisation of Group borrowing costs	1,012,033,363	963,958,527	(48,074,836)	(103,315,377)
Temporary difference from project development right of Hon Mot Resort	34,125,000,000	-	(34,125,000,000)	-
	<b>35,137,033,363</b>	<b>963,958,527</b>	<b>(34,173,074,836)</b>	<b>(103,315,377)</b>
<b><i>Deferred tax income (expenses) calculated in consolidated income statement</i></b>			<b>(2,609,698,013)</b>	<b>(332,640,211)</b>
<b><i>Deferred tax income (expenses) calculated in owner equity</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**31. TRANSACTIONS WITH RELATED PARTIES**

Significant transactions with related parties during the year were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amount</i> <i>VND</i>
Vitours JSC	Associate	- Dividend receivable	508,680,000
		- Dividend received	508,680,000
		- Service provision	1,215,892,532
		- Cash collected for service provided	1,198,587,656
		- Commission	18,899,969
Vincharm Investment and Service JSC	Associate	- Interest from advances for project development receivable	1,923,860,000
		- Interest from advances for project development received	9,870,000,000
		- Disposal of assets	173,702,600
		- Collection of advances for investment projects.	300,000,000,000
		- Cash collected from disposed assets	173,702,600
PCM JSC	Associate (disposed during the year)	- Consultation and management fee	2,464,000,000
		- Consultation and 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 City Real Estate Development and Investment JSC	Associate	- Capital contribution	305,900,000,000
		- Interest receivables from advance for investment projects	267,798,515,900
		- Interest from advances for investment projects received	302,012,529,200
		- Collection from disposal of tools and equipments	200,000,000
		- Collection of advances for investment projects.	62,200,000,000
		- Disposal of tools and equipments	200,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**31. TRANSACTIONS WITH RELATED PARTIES (continued)**

Significant transactions with related parties during the year were as follows (continued):

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amount</i> <i>VND</i>
Vinpearl Hoi An JSC	Associate	- Interest receivables from advance for investment projects	40,797,861,100
		- Interest from advances for investment projects received	25,000,000,000
Vinpearl Danang JSC	Associate	- Interest from advances for investment projects received	50,500,000,000
		- Transferred from Vegas	20,901,278,065
		- Interest receivables from advance for investment projects	1,255,103,600
		- Interest from advances for investment projects 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
		- Expenses paid on behalf	160,836,705
An Vien JSC	Owned by a family member of a member of the BoM	- Clearance of expenses paid on behalf	249,425,955
		- Sales from hotel room and related service	1,737,951,241
Vincom JSC	Common owners	- Collection from hotel room provided and related service rendered	1,506,571,544
		- 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
Vincom JSC	Common owners	- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**31. TRANSACTIONS WITH RELATED PARTIES (continued)**

Significant transactions with related parties during the year were as follows (continued):

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amount VND</i>
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
Ecology Developing and Investment JSC	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 – Vincom JSC	Common owners	- Contribution to charity fund for housing project in Kien Giang Province	8,000,000,000
Pham Hong Linh	Family member of a member of the Board	- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**31. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

<i>Related parties</i>	<i>Relationship</i>	<i>Outstanding balance</i>	<i>Interest rate</i>	<i>Mature date</i>	<i>Collateral</i>	<i>Interest receivable</i>
		VND	% p.a.			VND
Royal City Real-estates Investment and Development JSC	Associate	1,809,400,000,000	13.20%	24 September 2012	LUR and assets to be formed in the future of Royal City project	-
Vinpearl Hoi An JSC	Associate	200,000,000,000	14.00%	17 March 2011	Share/ share options of other shareholders of Vinpearl Hoi An	35,304,527,800
Ecology Developing and Investment JSC	Common owners	100,000,000,000	15.55%	24 September 2012	None	57,405,081,154
VinGroup JSC	Common owners	475,000,000,000	17.50%	2 April 2011	None	7,278,849,100
		148,300,000,000	11.20%	23 August 2011	None	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

31. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties at the balance sheet date were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amount</i>
			<i>VND</i>
<b>Receivables</b>			
Vitours JSC	Associate	- Dividends receivable	508,680,000
Vincharm Development and Services JSC	Associate	- Interest from advances for investment projects receivable	22,860,000
Vinpearl Hoi An JSC	Associate	- Advances for investment projects	300,000,000,000
		- Interest from advances for investment projects receivable	35,304,527,800
Vinpearl Danang JSC	Associate	- Advances for investment projects	400,000,000
		- Interest from advances for investment projects receivable	1,004,632,600
		- Transferred from Vegas	10,975,809,393
Vincom JSC	Common owners		
		- Hotel rooms and related services	20,679,999
An Vien JSC	Owned by a family member of a member of the BoM		
		- Hotel rooms and related services	297,571,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**31. TRANSACTIONS WITH RELATED PARTIES (continued)**

Amounts due to and due from related parties at the balance sheet date were as follows (continued):

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>Amount</i> <i>VND</i>
<b>Receivables (continued)</b>			
Ecology Developing and Investment JSC	Common owners	- Advances for investment projects	475,000,000,000
		- Interest from advances for investment projects receivable	57,405,081,154
VinGroup JSC	Common owners	- Advances for investment projects	148,300,000,000
		- Interest from advances for investment projects receivable	7,278,849,100
Royal City Real-estates Investment and Development JSC	Associate	- Advances for investment projects	1,809,400,000,000
Pham Hong Linh	Family member of a member of the Board	- Loan	149,890,000,000
		- Loan interest receivable	23,719,991,200
Vu Tuyet Hang	Board of Management member	- Loan	20,000,000,000
		- Loan interest receivable	1,472,960,100
<b>Payables</b>			
Vietnam Tourism in Ho Chi Minh City JSC	Associate	- Payable for the service provided	(97,269,587)
		- Payable for the service provided	(798,197,265)
Ecology Developing and Investment JSC	Common owners	- Loan	200,000,000,000
		- Loan interest payable	22,522,000,000
Thien Tam Charity Fund – Vincom JSC	Common owners	- Contribution to charity fund for housing project in Kien Giang Province	8,000,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**31. TRANSACTIONS WITH RELATED PARTIES (continued)**

*Transactions with other related parties*

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

	<i>Current year</i>	<i>Previous year</i>
	<i>VND</i>	<i>VND</i>
Salaries and bonus	2,395,510,518	1,343,284,844
Other benefits	-	-
	<u>2,395,510,518</u>	<u>1,343,284,844</u>

**32. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

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

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

	<i>Current year</i>	<i>Previous year</i>
	<i>VND</i>	<i>(Restated)</i>
		<i>VND</i>
Net profit after tax attributable to ordinary equity holders for basic earnings	119,510,139,198	85,293,024,228
Interest on convertible preference shares	-	-
<b>Net profit attributable to ordinary equity holders adjusted for the effect of dilution</b>	<u>119,510,139,198</u>	<u>85,293,024,228</u>
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	159,392,107	100,000,000
Stock dividends	12,999,759	12,999,759
Restating effect of right issue in 2010	-	54,824,213
<b>Weighted average number of ordinary shares (excluding treasury shares) adjusted for the restating factors, for basic earnings per share</b>	<u>172,391,866</u>	<u>167,823,972</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

### 33. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company's operating segments comprised of:

- ▶ Hotel, amusement park and related services, which include the operations of two five star hotels and an amusement park in Hon Tre island, Vinh Nguyen district, Nha Trang city, Khanh Hoa, Vietnam;
- ▶ Real estate operations.

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

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

	<i>Hotel and other services</i>	<i>Real estate operations and other activities</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
	VND	VND	VND	VND
<b>Revenue</b>				
Third party	664,708,167,665	-	-	664,708,167,665
Inter-segment	-	-	-	-
<b>Total revenue</b>	<u>664,708,167,665</u>	<u>-</u>	<u>-</u>	<u>664,708,167,665</u>
<b>Results</b>				
Depreciation and amortisation	70,883,188,497	23,811,732	-	70,907,000,229
Share of profit/(loss) from associates	(52,760,541,446)	25,103,730,910	-	(27,656,810,536)
<b>Segment profit/(loss)</b>	<u>94,813,723,833</u>	<u>26,282,565,333</u>	<u>44,663,487,801 (1)</u>	<u>165,759,776,967</u>
<b>Assets</b>				
Investment in associates and joint venture	353,055,444,583	762,996,056,497	-	1,116,051,501,080
Capital expenditure	547,963,878,345	451,897,519,892	-	999,861,398,237
<b>Operating assets</b>	<u>2,837,861,532,666</u>	<u>1,436,575,272,303</u>	<u>3,491,204,385,897 (2)</u>	<u>7,765,641,190,866</u>
<b>Operating liabilities</b>	<u>50,908,239,353</u>	<u>230,587,321,432</u>	<u>4,992,641,712,052 (3)</u>	<u>5,274,137,272,837</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**33. SEGMENT INFORMATION (continued)**

- (1) Profit for each operating segment does not include finance income (VND462,170,574,471), other income (VND149,859,286,493), finance costs (VND556,950,518,436) and other expenses (VND10,415,854,727).
- (2) Segment assets do not include other long-term investments (VND1,976,109,441,443), loans (VND1,168,080,000,000), interest and other receivables (VND347,014,944,454) as these assets are managed on a group basis.
- (3) Segment liabilities do not include interest bearing borrowings and corporate bonds (VND4,715,909,508,528), interest payables from borrowings and bonds (VND276,732,203,524) as these liabilities are managed on a group basis.

**34. COMMITMENTS**

**Capital contribution commitments**

<i>Name of investee</i>	<i>Total registered chartered capital of investees</i>	<i>The Group's commitment</i>		
		<i>Amount</i>	<i>%</i>	<i>Commitment as at 31 December 2010</i>
		<i>VND</i>		<i>VND</i>
Tay Tang Long Real Estate Company Limited	300,000,000,000	147,000,000,000	49	147,000,000,000

**Guarantee**

In accordance with the mortgage contract signed between the Company, Vincom JSC and Vipearl Hoi An Tourism and Investment JSC, the Company agreed to provide a guarantee for the 6-month loan (of VND250 billions with an interest rate of 16.7% p.a.) that Vinpearl Hoi An borrowed from Vincom JSC. This guarantee is pledged by the entire share subscription rights that the Company has in Vinpearl Hoi An.

**Commitments relating to construction in progress**

As at 31 December 2010, the Company has outstanding commitment amounting to approximately VND82 billions, which is primarily relating to on-going contracts including the design and construction of the golf course, villas and a six-star hotel (under the Bai Tru Project) at Hon Tre Island, Nha Trang City, Khanh Hoa, and other projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
as at and for year ended 31 December 2010

**35. EFFECTS OF CIRCULAR 201 TO THE FINANCIAL STATEMENTS**

As mentioned in Note 3.16, in 2010, the Group continues to adopt the guidance on foreign currency transactions provided by Circular 201, which is different from VAS 10. The differences are as follows:

	VAS 10	Circular 201	Difference
<b>Consolidated balance sheet</b>			
Foreign exchange difference reserves	(1,462,928,503)	(2,206,195,433)	743,266,930
Retained earnings/Accumulated loss	152,244,894,736	152,988,161,666	(743,266,930)
<b>Consolidated income statement</b>			
Foreign exchange gains	973,473,551	973,473,551	-
Foreign exchange loss	11,822,172,196	11,078,905,266	743,266,930
Net foreign exchange gain/(loss) charged to the consolidated income statement	10,848,698,645	10,105,431,715	743,266,930

**36. EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE**

On 10 January 2011, the Company's General Shareholders has approved the restructuring plan for the investments in associates, including Vinpearl Hoi An JSC, Vinpearl Da Nang JSC and Vincharm Development and Services JSC. Details of the restructuring plan are as follows:

- ▶ The Company will 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;
- ▶ The acquisition will be carried out through a share swap. Accordingly, the Company will issue 25,292,780 additional shares to other existing shareholders of these companies.

The restructuring plan is still in progress as at the date of these financial statements. On 18 February 2011, the Company's plan on new share issue was approved by the Chairman of the State Securities Commission as per Decision 25/GCN-UBCK.

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



Chief Accountant  
Nguyen Thinh

9 March 2011



General Director  
Nguyen Trong Hien