



HAGL Group

Hoang Anh Gia Lai Joint Stock Company

Consolidated Financial Statements

quarter 4/2010

CPK

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

CONSOLIDATED BALANCE SHEET
as at 31 December 2010

B01-DN/HN

VND'000

Code	ASSETS	Notes	Ending balance	Beginning balance
100	A. CURRENT ASSETS		11,085,919,707	7,403,555,092
110	I. Cash		3,588,663,440	1,944,228,950
111	1. Cash	4	3,588,663,440	1,944,228,950
120	II. Short-term investments		81,783,240	157,571,210
121	1. Short-term investments	5	81,783,240	157,571,210
130	III. Current accounts receivable		4,362,062,643	2,956,113,887
131	1. Trade receivables	6	2,785,902,169	1,694,730,505
132	2. Advances to suppliers	7	1,249,025,710	870,124,080
135	3. Other receivables	8	328,293,202	392,823,227
139	4. Provision for doubtful debts		(1,158,438)	(1,563,925)
140	IV. Inventories		2,848,965,731	2,213,150,611
141	1. Inventories	9	2,849,019,215	2,213,663,205
149	2. Provision for obsolete inventories		(53,484)	(512,594)
150	V. Other current assets		204,444,653	132,490,434
151	1. Short-term prepaid expenses		47,251,854	32,418,109
152	2. Value-added tax deductibles		77,671,693	43,369,234
152	3. Tax and other receivables		737,960	36,986
158	4. Other current assets	10	78,783,146	56,666,105
200	B. NON-CURRENT ASSETS		7,690,307,236	4,792,656,182
220	I. Fixed assets		4,414,295,004	2,517,309,488
221	1. Tangible fixed assets	11	1,401,270,498	671,688,850
222	Cost		1,598,371,382	795,779,397
223	Accumulated depreciation		(197,100,884)	(124,090,547)
224	2. Finance lease		14,284,184	-
225	Cost		14,896,718	-
226	Accumulated depreciation		(612,534)	-
227	3. Intangible fixed assets	12	115,360,179	94,463,918
228	Cost		117,755,393	96,080,465
229	Accumulated amortisation		(2,395,214)	(1,616,547)
230	4. Construction in progress	13	2,883,380,143	1,751,156,720
250	II. Long-term investments		3,001,290,028	2,061,446,000
252	1. Investments in associates	14.2	30,931,029	69,098,898
258	2. Other long-term investments	15	2,970,358,999	1,992,347,102
260	III. Other long-term assets		195,803,063	213,900,694
261	1. Long-term prepaid expenses	16	153,570,220	141,963,630
262	2. Deferred tax assets	29.2	37,920,152	69,237,539
268	3. Other long-term assets		4,312,691	2,699,525
269	IV. Goodwill		78,919,141	-
270	TOTAL ASSETS		18,776,226,943	12,196,211,274

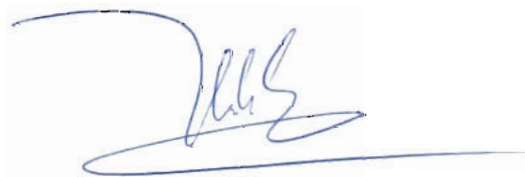
Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2010

B01-DN/HH

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	A. LIABILITIES		8,699,073,179	7,085,142,093
310	I. Current liabilities		4,908,006,153	4,311,427,635
311	1. Short-term loans and borrowings	17	2,856,363,146	2,991,797,773
312	2. Trade payables		736,661,496	197,537,916
313	3. Advances from customers	18	3,519,158	44,397,490
314	4. Statutory obligations	19	491,200,946	265,774,014
315	5. Payables to employees		22,396,669	17,811,136
316	6. Accrued expenses	20	471,955,163	644,983,946
319	7. Other payables	21	236,565,689	132,540,015
320	8. Short-term provisions		21,480,614	-
323	9. Bonus and welfare fund		67,863,272	16,585,345
330	II. Non-current liabilities		3,791,067,026	2,773,714,458
333	1. Other long-term liabilities	22	23,718,851	23,992,393
334	2. Long-term loans and debts	23	3,022,120,970	2,248,707,163
335	3. Deferred tax liabilities	29.2	743,794,382	499,210,181
336	4. Provision for severance allowance		1,432,823	1,804,721
400	B. OWNERS' EQUITY		9,213,323,493	4,694,914,864
410	I. Capital	24	9,213,323,493	4,694,914,864
411	1. Share capital		3,115,206,970	2,704,654,580
412	2. Share premium		3,504,012,140	1,223,971,061
413	3. Consolidation reserve		(346,885,112)	(399,237,919)
415	4. Treasury shares		-	(30,091,699)
416	5. Foreign exchange differences		59,665,483	20,463,787
417	6. Investment and development fund		8,622,737	8,622,737
418	7. Financial reserve fund		210,865,390	82,528,069
420	8. Undistributed earnings		2,661,835,885	1,084,004,248
500	C. MINORITY INTEREST		863,830,271	416,154,317
440	TOTAL LIABILITIES AND OWNERS' EQUITY		18,776,226,943	12,196,211,274



Mrs Ho Thi Kim Chi
Chief Accountant



Mr Nguyen Van Su
General Director

7 March 2011

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

CONSOLIDATED INCOME STATEMENT quarter 4/2010

B02-DN/HN

VND'000

Code	ITEMS	Notes	Quarter 4		Accumulated from the beginning of the year	
			Current year	Previous year	Current year	Previous year
01	1. Revenues from sale of goods and rendering of services	25.1	1,444,145,558	1,088,196,918	4,526,468,760	4,370,251,754
02	2. Deductions	25.1	(88,034)	(597,551)	(1,591,144)	(4,943,033)
10	3. Net revenues from sale of goods and rendering of services	25.1	1,444,057,524	1,087,599,367	4,524,877,616	4,365,308,721
11	4. Costs of goods sold and services rendered	26	(652,885,143)	(633,826,440)	(2,232,774,917)	(2,358,546,997)
20	5. Gross profit from sale of goods and rendering of services		791,172,381	453,772,927	2,292,102,699	2,006,761,724
21	6. Income from financial activities	25.2	176,778,159	152,321,962	1,260,909,037	199,381,768
22	7. Expenses from financial activities	27	(71,907,890)	(53,270,495)	(212,747,759)	(213,430,505)
23	<i>In which: Interest expenses</i>		(60,499,211)	(52,296,900)	(195,373,358)	(207,443,514)
24	8. Selling expenses		(41,990,192)	(20,256,594)	(133,031,950)	(108,523,436)
25	9. General and administration expenses		(45,870,330)	(46,409,872)	(181,704,569)	(162,416,224)
30	10. Operating profit		808,182,128	486,157,928	3,025,527,458	1,721,773,327
31	11. Other income	28	6,892,260	11,710,121	21,835,172	48,461,912
32	12. Other expenses	28	(14,719,775)	(6,401,432)	(29,952,993)	(26,730,915)
40	13. Other (loss) profit	28	(7,827,515)	5,308,689	(8,117,821)	21,730,997

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

CONSOLIDATED INCOME STATEMENT (continued)
quarter 4/2010

B02-DN/HN

VND'000

Code	ITEMS	Notes	Quarter 4		Accumulated from the beginning of the year	
			Current year	Previous year	Current year	Previous year
50	15. Profit before tax		800,354,613	491,466,617	3,017,409,637	1,743,504,324
51	16. Current corporate income tax expense	29.1	(127,080,949)	(131,242,233)	(443,474,926)	(137,652,012)
52	17. Deferred corporate income tax expense	29.2	(101,427,998)	(10,146,871)	(327,393,983)	(318,953,626)
60	18. Net profit for the period Attributable to: 18.1 Minority interest 18.2 The Company's shareholders		571,845,666	350,077,513	2,246,540,728	1,286,898,686
			33,535,063	18,426,321	115,100,547	98,045,423
			538,310,603	331,651,192	2,131,440,181	1,188,853,263
70	19. Basic earnings per share (VND)		1,821	1,236	7,487	4,432



Mrs Ho Thi Kim Chi
Chief Accountant

7 March 2011




Mr Nguyen Van Su
General Director



Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT
quarter 4/2010

B03-DN/HN

VND'000

Code	ITEMS	Notes	Accumulated from the beginning of the year	
			Current year	Previous year
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax		3,017,409,637	1,743,504,324
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	11,12	78,723,612	159,105,686
03	Provisions		(864,597)	963,447
04	Unrealised foreign exchange gains		(15,911,337)	-
05	Profits from investing activities		(1,245,071,983)	(196,435,954)
06	Interest expense	27	195,373,358	207,443,514
08	Operating income before changes in working capital		2,029,658,690	1,914,581,017
09	Increase in receivables		(1,372,344,876)	(339,054,195)
10	Decrease (increase) in inventories		196,925,563	(168,204,732)
11	Increase in payables		184,462,315	37,845,131
12	(Increase) decrease in prepaid expenses		(41,440,335)	66,934,106
13	Interest paid		(182,832,931)	(189,041,621)
14	Corporate income tax paid		(286,178,589)	(212,869,539)
16	Other cash outflows from operating activities		(81,984,889)	(26,879,395)
20	Net cash from operating activities		446,264,948	1,083,310,772
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets and long-term assets		(2,307,174,811)	(1,357,528,506)
22	Proceeds from disposals of fixed assets and other long-term assets		6,109,407	32,965,491
25	Investments in other entities		(1,496,226,774)	(568,353,883)
26	Proceeds from sale of investments in other entities and other long-term assets		1,691,966,557	134,000,000
27	Interest and dividends received		167,770,297	85,997,296
30	Net cash used in investing activities		(1,937,555,324)	(1,672,919,602)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuing new shares and selling treasury shares		1,339,754,093	248,393,276
32	Capital redemption		-	(30,091,699)
33	Borrowings received		5,142,574,833	4,720,800,925
34	Borrowings repaid		(3,054,595,653)	(2,577,048,046)
36	Dividends paid	24.1	(292,008,407)	(359,302,070)
40	Net cash from financing activities		3,135,724,866	2,002,752,386

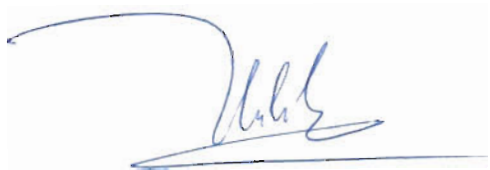
Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT (continued)
quarter 4/2010

B03-DN/HN

VND'000

Code	ITEMS	Notes	Accumulated from the beginning of the year	
			Current year	Previous year
50	Net increase in cash during the period		1,644,434,490	1,413,143,556
60	Cash at beginning of period		1,944,228,950	531,085,394
70	Cash at end of period	4	3,588,663,440	1,944,228,950



Mrs Ho Thi Kim Chi
Chief Accountant



Mr Nguyen Van Su
General Director

7 March 2011

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
quarter 4/2010

B09-DN/HN

1. CORPORATE INFORMATION

Hoang Anh Gia Lai Joint Stock Company ("the Company") is a joint stock company established in Vietnam in accordance with Business Registration Certificate No. 3903000083 dated 1 June 2006 issued by the Department of Planning and Investment of Gia Lai Province and the following amendments (No 5900377720):

First amendment	5 August 2006
Second amendment	20 December 2006
Third amendment	10 January 2007
Fourth amendment	7 March 2007
Fifth amendment	1 June 2007
Sixth amendment	19 June 2007
Seventh amendment	20 December 2007
Eighth amendment	29 August 2008
Ninth amendment	24 November 2008
Tenth amendment	13 May 2009
Eleventh amendment	11 June 2009
Twelfth amendment	15 September 2009
Thirteenth amendment	18 November 2009
Fourteenth amendment	23 December 2009
Fifteenth amendment	17 May 2010
Sixteenth amendment	17 September 2010
Seventeenth amendment	28 December 2010
Eighteenth amendment	28 January 2011

As at 31 December 2010, the Company has 42 subsidiaries and 3 associates (31 December 2009: 32 subsidiaries and 4 associates) as disclosed in Note 14 to the consolidated financial statements. At present, the Group is principally engaged in developing apartments for sale and lease; construction; planting rubber trees, processing and trading rubber latex and rubber wood; developing and operating hydropower plants; mining; producing and trading furniture and granite products; building and operating hotels and resorts; and sport and entertainment activities.

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

2. BASIS OF PREPARATION

2.1. Accounting standards and system

The consolidated financial statements of the Group, expressed in thousands of Vietnam dong ("VND'000"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese 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).

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
quarter 4/2010

B09-DN/HN

2. BASIS OF PREPARATION (continued)

2.1. *Accounting standards and system (continued)*

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

Accounting Standard(s) 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 beginning on or after 31 December 2011. The Company's management is currently assessing the impact of adopting the circular on the future financial statements of the Group.

2.2. *Registered accounting documentation system*

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

2.3. *Accounting currency*

The Company maintains its accounting records in VND.

2.4. *Fiscal year*

The Company's fiscal year starts on 1 January and ends on 31 December. These financial statements are prepared for the period from 1 October 2010 to 31 December 2010.

2.5. *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group") as at and for the fourth quarter of the fiscal year ending 31 December 2010. The financial statements of the subsidiaries are prepared for the same period as the Company, using accounting policies consistent with the Company's accounting policies. Adjustments are made for any difference in accounting policies that may exist to ensure consistency between the subsidiaries and the Company.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Minority interests represent the portion of profit or loss and net assets not held by the Company's shareholders and are presented separately in the consolidated income statements and in the consolidated balance sheet.

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

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
quarter 4/2010

B09-DN/HN

2. BASIS OF PREPARATION (continued)

2.5. *Basis of consolidation (continued)*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. *Change in accounting policies*

The accounting policies adopted by the Group are consistent with those of previous financial years except for the following:

During the financial year, the Group adopted Circular No. 244/2009/TT-BTC issued by the Ministry of Finance on 31 December 2009 ("the Circular 244") providing amendments and supplements to the existing accounting regime. One of the key changes applicable to the Group is the classification of bonus and welfare fund as a liability in the balance sheet as opposed to the prior year's classification as an owner's equity item.

The Circular 244 is applied retrospectively. The change increases the total liabilities of the Group as at 31 December 2010 by VND'000 67,863,201 (31 December 2009: increased by VND'000 16,585,345) and reduces the total owners' equity by the same amount.

3.2. *Cash*

Cash comprise cash on hand, cash in banks and cash in transit.

3.3. *Receivables*

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

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administration expense in the consolidated income statement.

3.4. *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

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

Raw materials, tools and supplies and merchandise goods - Actual cost on a weighted average basis.

Finished goods and work-in-process - Cost of direct materials and labour plus attributable overheads based on the normal operating capacity on a weighted average basis.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5. *Provision for obsolete inventories*

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

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

3.6. *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of tangible fixed assets consist of their purchase prices and any directly attributable costs of bringing the fixed assets to working condition for their intended use.

Expenditures for additions, improvements and renewals are capitalised and expenditures for maintenance and repairs are charged to the consolidated income statement when incurred.

When fixed assets are sold or retired, their cost 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.

3.7. *Leased assets*

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

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

Where the Group is the lessee

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

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful live of the asset and the lease term if it is not certain that the ownership of the leased assets will be transferred to .

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

Where the Group is the lessor

Assets subject to operating leases are included as the Group's fixed assets in the consolidated balance sheet. Lease income is recognised in the consolidated income statement on a straight-line basis over the lease term.

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
quarter 4/2010

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Land use rights

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

Computer software

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

3.9. *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:

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

3.10. *Construction in progress*

Construction in progress represents costs attributable directly to the construction of the Group's buildings, offices for lease, hydro-power plants, rubber plantation, plants and machinery which have not yet been completed as at the date of these consolidated financial statements.

Buildings and offices for lease

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

Rubber plantation costs

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

Hydro-power plants

Costs include attributable costs related directly to the construction of hydro-power plants such as survey, land compensation, land clearance, machinery and equipment, construction costs, workers' wages and other related costs.

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
quarter 4/2010

B09-DN/HN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10. *Construction in progress* (continued)

Mining costs

Costs include attributable costs related directly to the exploration of mining such as survey, licensing fees, workers' wages, machinery and equipment and other related costs.

3.11. *Borrowing costs*

Borrowing costs include interest and other costs incurred from the borrowings of the Group.

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

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

3.12. *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 amounts are paid or the period in which economic benefits are generated in relation to these expenses.

The following types of expenses are recorded as prepaid expenses:

- ▶ Prepaid rental;
- ▶ Prepaid insurance premium; and
- ▶ Tools and consumables with large value issued into production and can be used for more than one year.

3.13. *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 of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over 10-year period on a straight-line basis. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13. *Business combinations and goodwill* (continued)

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

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

3.14. *Disposal of investments in subsidiaries*

If a parent loses control of a subsidiary, it:

- ▶ derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- ▶ derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost;
- ▶ recognises:
 - the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; and
 - if the transaction that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution:
 - recognises any investment retained in the former subsidiary at its fair value at the date when control is lost; and
 - recognises any resulting difference as a gain or loss in profit or loss attributable to the parent.

Where there is disposal of part of an ownership interest in a subsidiary without loss of control, a reduction of an interest in a subsidiary is accounted for in a manner consistent with the accounting policy applied for accounting for an increase in an interest in a subsidiary. As a result, gain or loss is recognised in the consolidated income statement upon disposal of an ownership interest in a subsidiary.

3.15. *Investments 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 amortised over ten (10) year period. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

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

3.15. *Investments in associates (continued)*

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.

3.16. *Land held for development, investments in securities and other investments*

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

Investments in securities and other investments are stated at their acquisition cost. Provision is made for any decline 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.

3.17. *Payables and accruals*

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

3.18. *Provision for severance allowance*

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 Company pays unemployment insurance in accordance with Decree No.127/2008/ND-CP dated 12 December 2008.

3.19. *Earnings per share*

Basic earnings per share amount is computed by dividing net profit for the year attributable to ordinary shareholders before any appropriation of bonus and welfare fund by the weighted average number of ordinary shares outstanding during the accounting period.

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 loans) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.20. *Treasury shares*

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, issue or cancellation of the Company's own equity instruments.

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21. Foreign currency transactions

The Company follows the guidance under VAS 10 "The Effects of Changes in Exchange Rates" (the "VAS 10") in relation to foreign currency transactions as applied consistently in prior years.

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

The above guidance related to unrealised foreign exchange differences provided by VAS 10 is different from those stipulated in the Circular No. 201/2009/TT-BTC issued on 15 October 2009 by the Ministry of Finance providing guidance for the treatment of foreign exchange differences (the "Circular 201") as follows:

Transaction	VAS 10	Circular 201
Translation of short-term monetary assets and liabilities denominated in foreign currencies.	All unrealised foreign exchange differences are taken to the income statement.	All unrealised foreign exchange differences are taken to the "Foreign exchange differences reserve" account in the equity section of the 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 income statement.	- All unrealised foreign exchange gains are taken to the consolidated income statement. 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 Group, part of the exchange losses can be deferred and allocated to the income statement within the subsequent 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 balance sheet and allocated to the income statement within the subsequent five years.

The impact to the consolidated financial statements had the Group adopted the Circular 201 for the years beginning 1 January 2009 is not material to the consolidated financial statements taken as a whole.

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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

3.22. *Appropriation of net profit*

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

Financial reserve fund

Financial reserve fund is appropriated from the Company's net profit as proposed by the Board of Management and subject to shareholders' approval at the Annual General Meeting. This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages and force majeure, such as fire, economic and financial turmoil of the country or elsewhere etc.

Investment and development fund

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

Bonus and welfare fund

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

During the year, the Company has reclassified and presented the balance of bonus and welfare fund as a liability in the consolidated balance sheet in accordance with the requirements of Circular No. 244/2009/TT-BTC dated 31 December 2009.

3.23. *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. The following specific recognition criteria must also be met before revenue is recognised:

Sale of apartments

For apartments sold after completion of construction, the revenue and associated costs are recognised when the significant risks and rewards of ownership of the apartments have passed to the buyers. For apartments sold before completion of construction where the Group has material obligations to complete the apartment project and where the buyers make payments in line with the progress of construction and effectively assume market risks and rewards, the revenue and associated costs are recognised as the related obligations are fulfilled by reference to the stage of completion at the balance sheet date. Cost of apartments sold before completion is determined based on actual land, land development and construction costs and estimated costs to complete the project. The estimated costs to complete the sold apartments are accrued in the balance sheet. Actual expenditures are charged to this accrual account as incurred.

This revenue recognition policy which is a generally accepted accounting principle in Vietnam and other jurisdictions has been applied consistently with the previous years.

Construction contracts

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23. Revenue recognition (continued)

Construction contracts (continued)

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

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

Sale of goods

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

Rental income

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

Rendering of services

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

Interest

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

3.24. Taxation

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Deferred tax

Deferred tax is provided using the balance sheet 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 purpose.

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 transaction affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporary 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.

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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

3.24. *Taxation (continued)*

Deferred tax (continued)

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

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

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

Taxes paid or payable representing the required 2% of progress payments received from buyers for sales of apartments before completion is deducted from the deferred tax liabilities at the consolidated balance sheet date.

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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4. CASH

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash in banks	3,580,759,361	1,938,118,707
Cash on hand	7,904,079	6,110,243
Total	<u>3,588,663,440</u>	<u>1,944,228,950</u>

5. SHORT-TERM INVESTMENTS

Short-term investments at 31 December 2010 represent the net carrying value of Da Lat resort which has been agreed to be disposed to a third party, pending completion of the legal procedures.

6. TRADE RECEIVABLES

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from sale of apartments	2,101,497,636	1,540,626,758
Construction receivables	415,568,763	14,784,383
Trade and service receivables	268,835,770	139,319,364
Total	<u>2,785,902,169</u>	<u>1,694,730,505</u>

7. ADVANCES TO SUPPLIERS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances to contractors	931,469,365	773,468,674
Advances for acquisition of land and real estate projects	154,538,556	28,081,051
Advances to suppliers of goods and services	124,817,789	68,574,355
Advances for share acquisition	38,200,000	-
Total	<u>1,249,025,710</u>	<u>870,124,080</u>

Advances to contractors represent the amounts advanced to build real estate projects and hydro power of the Group.

8. OTHER RECEIVABLES

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Receivables from employees	91,368,218	74,971,330
Loans to other companies	56,343,034	57,385,399
Short-term loans to employees	52,552,255	61,136,442
Accrued interest receivable on bank deposits	34,485,835	27,521,566
Receivables from disposal of investments	7,000,000	128,000,000
Others	86,543,860	43,808,490
Total	<u>328,293,202</u>	<u>392,823,227</u>

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Apartments for sale under construction	2,294,583,750	1,806,305,701
Finished goods	129,504,120	96,183,765
Merchandise goods	33,855,388	49,131,285
Goods in transit	369,694	9,970,486
Work in process	186,770,256	119,973,449
<i>Of which from:</i>		
<i>Manufacturing</i>	99,674,111	79,589,385
<i>Construction contract</i>	87,096,145	39,741,107
<i>Rendered services</i>	-	642,957
Raw materials	183,479,811	129,034,391
Construction materials	12,334,340	91,694
Tools and supplies	8,121,856	2,972,434
Total	<u>2,849,019,215</u>	<u>2,213,663,205</u>

10. OTHER CURRENT ASSETS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Business advances to employees	78,621,252	47,785,437
Short-term deposits	161,894	8,757,210
Others	-	123,458
Total	<u>78,783,146</u>	<u>56,666,105</u>

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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11. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Perennial trees	Other assets	Total
Cost							
Beginning balance	423,631,909	237,314,494	115,010,780	6,652,686	6,635,322	6,534,206	795,779,397
Additions	458,209,106	285,248,352	69,977,165	3,600,995	63,023	2,290,071	819,388,712
Disposal	(5,691,139)	(4,219,975)	(5,756,298)	(721,171)	-	(408,144)	(16,796,727)
Ending balance	876,149,876	518,342,871	179,231,647	9,532,510	6,698,345	8,416,133	1,598,371,382
Accumulated depreciation							
Beginning balance	(36,015,307)	(62,828,217)	(20,317,343)	(2,245,207)	(773,523)	(1,910,950)	(124,090,547)
Increase	(18,434,858)	(38,653,738)	(17,263,411)	(1,791,754)	(168,433)	(987,662)	(77,299,856)
Disposal	910,237	592,254	2,522,856	241,542	-	22,630	4,289,519
Ending balance	(53,539,928)	(100,889,701)	(35,057,898)	(3,795,419)	(941,956)	(2,875,982)	(197,100,884)
Net carrying amount							
Beginning balance	387,616,602	174,486,277	94,693,437	4,407,479	5,861,799	4,623,256	671,688,850
Ending balance	822,609,948	417,453,170	144,173,749	5,737,091	5,756,389	5,540,151	1,401,270,498

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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12. INTANGIBLE FIXED ASSETS

			VND'000
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
Cost			
Beginning balance	89,237,364	6,843,101	96,080,465
Addition	20,943,275	1,553,163	22,496,438
Disposal	(778,751)	(42,759)	(821,510)
Ending balance	<u>109,401,888</u>	<u>8,353,505</u>	<u>117,755,393</u>
Accumulated amortisation			
Beginning balance	(1,352,594)	(263,953)	(1,616,547)
Amortisation charge	(203,143)	(608,079)	(811,222)
Disposal	-	32,555	32,555
Ending balance	<u>(1,555,737)</u>	<u>(839,477)</u>	<u>(2,395,214)</u>
Net carrying amount			
Beginning balance	<u>87,884,770</u>	<u>6,579,148</u>	<u>94,463,918</u>
Ending balance	<u>107,846,151</u>	<u>7,514,028</u>	<u>115,360,179</u>

13. CONSTRUCTION IN PROGRESS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Rubber plantations	1,174,766,048	541,842,682
Hydro-power plants	710,593,707	445,607,334
Office for lease	706,604,709	663,550,389
Building and structures	150,941,462	82,011,839
Mining facilities	104,797,176	-
Other construction works	35,677,041	18,144,476
Total	<u>2,883,380,143</u>	<u>1,751,156,720</u>

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14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

14.1. Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2010 are as follows:

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Status of operation</i>	<i>Date of establishment or acquisition</i>	<i>% holding</i>
Rubber plantation				
Hoang Anh Gia Lai Rubber Plantation JSC	Gia Lai, Vietnam	Pre-operating	26/05/2010	99.00
Gia Lai Industrial Plantation JSC	Gia Lai, Vietnam	Pre-operating	09/09/2008	98.76
Hoang Anh - Quang Minh Rubber JSC	Gia Lai, Vietnam	Operating	01/02/2007	56.93
Hoang Anh Attapeu Agricultural Development Co Ltd	Attapeu, Laos	Pre-operating	22/05/2008	83.70
Dai Lam Construction and Trading Co Ltd	Dak Lak, Vietnam	Pre-operating	17/08/2009	71.46
Hoang Anh Dak Lak JSC	Dak Lak, Vietnam	Operating	12/09/2007	71.46
Mining				
Hoang Anh Gia Lai Mining JSC	Gia Lai, Vietnam	Pre-operating	08/12/2007	83.70
Quang Ngai Mining JSC	Quang Ngai, Vietnam	Pre-operating	23/02/2008	71.15
Gia Lai Mining JSC	Gia Lai, Vietnam	Pre-operating	12/04/2007	66.93
Hoang Anh - Thanh Hoa Mining Co Ltd	Thanh Hoa, Vietnam	Pre-operating	15/03/2010	83.70
Rattanakiri Co Ltd	Rattanakiri, Cambodia	Pre-operating	18/11/2009	100.00
KBang Mining One Member Co Ltd	Gia Lai, Vietnam	Pre-operating	28/07/2010	66.93
Hoang Anh GL - Kontum Mining Limited Company	Kontum, Vietnam	Pre-operating	09/02/2010	83.70
Hoang Anh Sekong Co Ltd	Attapeu, Laos	Pre-operating	15/10/2009	83.70
Energy				
Hoang Anh Gia Lai Hydropower JSC	Gia Lai, Vietnam	Operating	05/06/2007	99.35
Hoang Anh - Thanh Hoa Hydropower JSC	Thanh Hoa, Vietnam	Pre-operating	18/10/2007	77.49
Hoang Anh Dakbla Hydropower JSC	Kontum, Vietnam	Pre-operating	30/05/2007	65.20
Hoang Anh Tona Hydropower Joint Stock Company	Gia Lai, Vietnam	Pre-operating	22/06/2010	94.38
Song Da Ban Me JSC	Dak Lak, Vietnam	Operating	06/2009	50.67

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14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

14.1. Investments in subsidiaries (continued)

<i>Name of subsidiaries</i>	<i>Location</i>	<i>Status of operation</i>	<i>Date of establishment or acquisition</i>	<i>% holding</i>
Real estate				
Hoang Anh Construction and Housing Development JSC	HCMC, Vietnam	Operating	04/06/2007	88.21
Phu Hoang Anh JSC	HCMC, Vietnam	Operating	15/01/2007	82.91
Hoang Nguyen Investment Construction and Housing JSC	HCMC, Vietnam	Operating	29/03/2007	78.50
Minh Tuan Company Limited	HCMC, Vietnam	Operating	22/06/2007	62.80
Hoang Anh Me Kong Corporation	HCMC, Vietnam	Operating	24/10/2007	44.99
Phuc Bao Minh Trading Construction Services Corporation	HCMC, Vietnam	Pre-operating	04/10/2008	87.84
Minh Thanh Co Ltd	HCMC, Vietnam	Pre-operating	28/11/2008	43.46
Hoang Anh Incomex Co Ltd	HCMC, Vietnam	Pre-operating	2007	70.56
An Tien Co Ltd	HCMC, Vietnam	Pre-operating	10/01/2008	77.40
Hoang Phuc Investment Construction and Housing JSC	HCMC, Vietnam	Pre-operating	2009	44.94
Hoang Anh Gia Lai - Bangkok Co Ltd	Bangkok, Thailand	Pre-operating	2009	41.46
Dong Nam Real Estate JSC	HCMC, Vietnam	Pre-operating	02/04/2010	88.12
An Phu Construction JSC	HCMC, Vietnam	Operating	9/2010	88.13
Hoang Anh Real Estate Management Services JSC	HCMC, Vietnam	Operating	2007	44.99
Hoang Anh Far East Co Ltd	HCMC, Vietnam	Operating	03/10/2009	64.21
Manufacturing				
Hoang Anh Gia Lai Furniture JSC	Gia Lai, Vietnam	Operating	28/09/2009	94.07
Furniture Materials One Member Co Ltd	Gia Lai, Vietnam	Operating	15/03/2010	94.07
Construction, trading and services				
Hoang Anh Gia Lai Sport JSC	Gia Lai, Vietnam	Operating	12/01/2009	63.34
Central HAGL JSC	Da Nang, Vietnam	Operating	06/07/2007	51.85
Hoang Anh Gia Lai Hospital JSC	Gia Lai, Vietnam	Pre-operating	07/05/2008	46.20
Hoang Anh Gia Lai Road Construction JSC	Gia Lai, Vietnam	Pre-operating	22/12/2009	72.20
V&H Corporation (Lao) Co Ltd	Attapeu, Laos	Pre-operating	26/03/2009	80.00
Hoang Anh Gia Lai Vientiane Co Ltd	Vientiane, Laos	Pre-operating	06/05/2010	100.00

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (continued)

14.2. Investments in associates

Name of associates	Business activities	Ending balance		Beginning balance	
		% holding	Carrying value VND'000	% holding	Carrying value VND'000
Binh Dinh Constrexim JSC	Construction of hydro-power plants	42.04	15,573,259	39.20	14,431,170
Hoang Anh Gia Dinh JSC	Real estate	25.00	7,475,610	25.00	7,457,531
A Dong Investment and Construction Consultant JSC	Electric design and consultancy	25.00	7,882,160	25.00	5,504,609
Hoang Anh – Mang Yang Rubber JSC	Rubber plantation	-	-	40.00	41,705,588
Total			30,931,029		69,098,898

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15. OTHER LONG-TERM INVESTMENTS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Land held for development	2,310,869,163	1,217,848,242
Investments in Business Cooperation Contracts ("BCC") for development of real estate projects	350,000,000	492,991,756
Loans to the Laos Government	280,819,684	266,120,201
Investments in common stocks	28,670,152	15,386,903
Total	<u>2,970,358,999</u>	<u>1,992,347,102</u>

16. LONG-TERM PREPAID EXPENSES

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	141,963,630	331,880,376
Increase	103,100,069	97,573,931
Decrease from contract liquidations	-	(198,133,393)
Amortisation charge for the period	(87,831,978)	(89,357,284)
Reclassification to other accounts	(3,661,501)	-
Ending balance	<u>153,570,220</u>	<u>141,963,630</u>

17. SHORT-TERM LOANS AND BORROWINGS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans		
Loans payable to banks	1,320,961,318	842,197,137
Loans payable to other entities and individuals	-	57,000
Current portion of long-term bank loans (<i>Note 23</i>)	435,401,828	699,543,636
	1,756,363,146	1,541,797,773
Convertible bonds	1,100,000,000	1,450,000,000
Total	<u>2,856,363,146</u>	<u>2,991,797,773</u>

18. ADVANCES FROM CUSTOMERS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from trade customers	3,519,158	42,900,982
Deposits from customers for purchase of apartments	-	1,496,508
Total	<u>3,519,158</u>	<u>44,397,490</u>

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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19. STATUTORY OBLIGATIONS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax	366,117,378	133,031,368
Value-added tax	122,294,798	130,553,105
Personal income tax	1,553,371	943,412
Others	1,235,399	1,246,129
Total	<u>491,200,946</u>	<u>265,774,014</u>

20. ACCRUED EXPENSES

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Accrued construction costs for completion of the sold units of apartment	337,780,019	548,643,141
Construction warranty costs	52,722,341	28,994,252
Interest expense	48,734,489	35,503,544
Others	32,718,314	31,843,009
Total	<u>471,955,163</u>	<u>644,983,946</u>

21. OTHER PAYABLES

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Payable to other companies	102,108,127	53,188,942
Payable to employees	45,350,449	23,441,156
Payable for land acquisition	18,259,456	18,259,456
Others	70,847,657	37,650,461
Total	<u>236,565,689</u>	<u>132,540,015</u>

22. OTHER LONG-TERM LIABILITIES

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advance from the sale of Certificate of Emission Reduction ("CER")	19,757,878	19,757,878
Deposits received from tenants for office leases	3,960,973	4,234,515
Total	<u>23,718,851</u>	<u>23,992,393</u>

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23. LONG-TERM LOANS AND DEBTS

	VND'000	
	<i>Ending balance</i>	<i>Beginning balance</i>
Straight bonds	1,330,000,000	1,450,000,000
Long-term bank loans	2,110,370,181	1,498,250,799
Finance lease liabilities	11,567,600	-
Loans from individual	5,585,017	-
Total	<u>3,457,522,798</u>	<u>2,948,250,799</u>
<i>In which</i>		
<i>Current portion (Note 17)</i>	435,401,828	699,543,636
<i>Non-current portion</i>	3,022,120,970	2,248,707,163

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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24. OWNERS' EQUITY

24.1. Increase and decrease in owners' equity

	Share capital	Share premium	Consolidation reserve	Treasury shares	Foreign exchange differences	Investment and development fund	Financial reserve fund	Undistributed earnings	Total
Beginning balance	2,704,654,580	1,223,971,061	(399,237,919)	(30,091,699)	20,463,787	8,622,737	82,528,069	1,084,004,248	4,694,914,864
Net profit for the period	-	-	-	-	-	-	-	2,131,440,181	2,131,440,181
Issuance of new shares for conversion of bonds	220,552,390	1,214,447,610	-	-	-	-	-	-	1,435,000,000
Issuance 19,000,000 new shares	190,000,000	1,109,600,000	-	-	-	-	-	-	1,299,600,000
Disposal of treasury shares	-	10,062,394	-	30,091,699	-	-	-	-	40,154,093
Reversal of previously recognised share premium from pre-acquisition profits of a subsidiary	-	(54,068,925)	54,068,925	-	-	-	-	-	-
Appropriation to financial reserve fund	-	-	-	-	-	-	128,337,321	(128,337,321)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(123,322,073)	(123,322,073)
Foreign exchange differences	-	-	-	-	39,201,696	-	-	-	39,201,696
Dividend paid	-	-	-	-	-	-	-	(292,008,407)	(292,008,407)
Remuneration of the Board of Management and Supervisors	-	-	-	-	-	-	-	(9,940,743)	(9,940,743)
Other adjustments	-	-	(1,716,118)	-	-	-	-	-	(1,716,118)
Ending balance	3,115,206,970	3,504,012,140	(346,885,112)	-	59,665,483	8,622,737	210,865,390	2,661,835,885	9,213,323,493

VND'000



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24. OWNERS' EQUITY (continued)

24.2. Shares

	<i>Ending balance</i> Shares	<i>Beginning balance</i> Shares
Shares authorised to be issued	311,520,697	270,465,458
Shares issued and fully paid	311,520,697	270,465,458
<i>Ordinary shares</i>	311,520,697	270,465,458
Treasury shares	-	512,290
<i>Ordinary shares</i>	-	512,290
Outstanding shares	311,520,697	269,953,168
<i>Ordinary shares</i>	311,520,697	269,953,168

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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25. REVENUES	Quarter 4			Accumulated from the beginning of the year		VND'000
	Current year	Previous year	Current year	Previous year		
25.1 Revenues from sale of goods and rendering of services						
Gross revenues	1,444,145,558	1,088,196,918	4,526,468,760	4,370,251,754		
<i>Of which:</i>						
Sale of apartments	1,040,209,910	801,742,448	2,833,440,471	3,373,859,483		
Sale of goods	85,104,957	241,240,230	889,537,818	543,253,583		
Revenue from construction contracts	276,210,217	20,338,624	619,144,525	319,242,570		
Revenue from services	19,986,091	24,875,616	161,711,563	133,896,118		
Revenue from hydropower	22,634,383	-	22,634,383	-		
Less	(88,034)	(597,551)	(1,591,144)	(4,943,033)		
Sales returns	(10,950)	(597,551)	(1,255,299)	(4,943,033)		
Special consumption tax	(77,084)	-	(335,845)	-		
Net revenues	1,444,057,524	1,087,599,367	4,524,877,616	4,365,308,721		
<i>Of which:</i>						
Sale of apartments	1,040,209,910	801,742,448	2,833,440,471	3,373,859,483		
Sale of goods	85,049,413	240,037,185	888,282,519	538,519,063		
Revenue from construction contracts	276,210,217	20,338,624	619,144,525	319,242,570		
Rendering of services	19,953,601	25,481,110	161,375,718	133,687,605		
Revenue from hydropower	22,634,383	-	22,634,383	-		

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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	Quarter 4		Accumulated from the beginning of the year		VND'000
	Current year	Previous year	Current year	Previous year	
25. REVENUES (continued)					
25.2 Income from financial activities					
Gain on disposal of equity and other investments	84,000,703	119,657,997	1,071,825,831	102,889,197	
Interest income from deposits with banks	89,677,851	31,939,744	164,840,271	53,197,663	
Foreign exchange gains	3,099,605	-	16,480,778	7,450,806	
Share of net profit of associates	-	-	4,832,131	5,142,260	
Others	-	724,221	2,930,026	30,701,842	
Total	176,778,159	152,321,962	1,260,909,037	199,381,768	
26. COSTS OF GOODS SOLD AND SERVICES RENDERED					
Cost of apartments sold	543,698,910	390,380,824	1,445,787,203	1,681,180,646	
Cost of goods sold	51,236,231	175,390,368	502,143,604	384,391,396	
Cost of construction contracts	32,273,602	17,278,783	179,811,674	171,498,379	
Cost of services rendered	19,079,743	50,776,465	98,435,779	121,476,576	
Cost of hydropower	6,596,657	-	6,596,657	-	
Total	652,885,143	633,826,440	2,232,774,917	2,358,546,997	

Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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27. EXPENSES FROM FINANCIAL ACTIVITIES

	VND '000			
	Quarter 4		Accumulated from the beginning of the year	
	Current year	Previous year	Current year	Previous year
Interest expense on bank loans and bonds issued	60,499,211	52,296,900	195,373,358	207,443,514
Foreign exchange loss	-	357,779	-	5,368,425
Others	11,408,679	615,816	17,374,401	618,566
Total	71,907,890	53,270,495	212,747,759	213,430,505

28. OTHER INCOME AND EXPENSES

	VND '000			
	Quarter 4		Accumulated from the beginning of the year	
	Current year	Previous year	Current year	Previous year
Other income	6,892,260	11,710,121	21,835,172	48,461,912
Proceeds from disposal of fixed assets	1,958,382	-	6,109,407	32,965,491
Scrap sales	2,734,954	8,492,640	6,854,947	9,992,765
Others	2,198,924	3,217,481	8,870,818	5,503,656
Other expenses	(14,719,775)	(6,401,432)	(29,952,993)	(26,730,915)
Net carrying amounts of disposed assets	(1,449,751)	-	(6,666,390)	(16,459,788)
Costs of scrap sales	-	(4,143,431)	-	(4,143,431)
Others	(13,270,024)	(2,258,001)	(23,286,603)	(6,127,696)
Other (loss) profit	(7,827,515)	5,308,689	(8,117,821)	21,730,997

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29. CORPORATE INCOME TAX

The Company and its subsidiaries have the obligation to pay separately corporate income tax ("CIT") at the rate of 25% of taxable profits.

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

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

The CIT expense for the period comprised of:

	<i>VND'000</i>	
	<i>Current year</i>	<i>Previous year</i>
Current tax	443,474,926	137,652,012
Deferred tax	<u>327,393,983</u>	<u>318,953,626</u>
Total	<u>770,868,909</u>	<u>456,605,638</u>



Hoang Anh Gia Lai Joint Stock Company and Subsidiaries

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29. CORPORATE INCOME TAX (continued)

29.1. Current tax

	VND'000	
	<i>Current year</i>	<i>Previous year</i>
Profit before tax	3,017,409,637	1,743,504,324
Adjustments to increase (decrease) accounting profit		
<i>Adjustments to increase</i>		
Revenue from sale of apartments recognised under stage of completion in prior periods and billed this period	717,607,038	1,031,956,167
Cost from sale of apartments recognised under stage of completion in the current period	1,354,170,730	1,695,652,999
Cost of non-taxable construction work rendered	-	164,920,172
Cost of non-taxable hydropower	6,596,657	-
Land cost allocation at the consolidation level	93,094,013	76,259,873
Accrued expenses	77,097,582	183,504,104
Loss from subsidiaries	78,920,516	44,422,616
Non-deductible cost of disposal of an associate	-	9,110,803
Expenses without adequate supporting documents	29,964,122	6,341,899
Others	1,062,327	-
<i>Adjustments to decrease</i>		
Revenue from sale of apartments recognised under stage of completion in the current period but not yet billed	(2,780,876,979)	(3,343,133,037)
Non-taxable revenue of construction work rendered	-	(241,748,669)
Non-taxable revenue of hydropower	(22,634,383)	-
Cost from sale of apartments recognised under stage of completion in prior periods and billed this period	(475,207,179)	(658,205,379)
Prior year accrued expenses paid in the current period	(112,693,601)	(45,741,081)
Prior year's intra-group unrealised profit which was realised in the current period	(1,392,515)	(109,109,170)
Share of profit in associates	(4,832,131)	(5,142,260)
Dividend received	(884,537)	(1,804,491)
Minority interest's share of loss on disposal of treasury share	-	(3,622,915)
Others	(3,893,586)	(8,507,974)
Adjusted net profit before loss carry forward and tax	1,973,507,711	538,657,981
Tax loss carried forward	(93,971,703)	-
Estimated current taxable profit	1,879,536,008	538,657,981
CIT at flat rate of 25%	469,884,004	134,664,495
Under provision of CIT in previous year	8,508,787	2,987,517
CIT reduction	(34,917,865)	-
Estimated current CIT for the period	443,474,926	137,652,012

CIT reduction represents 30% reduction on CIT payable of 2009 and the fourth quarter of 2008 of the Company's subsidiary based on Circular No. 03/2009/TT-BTC issued by the Ministry of Finance on 13 January 2009.

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29. CORPORATE INCOME TAX (continued)

29.2. Deferred tax

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

	<i>consolidated balance sheet</i>		<i>VND'000</i>
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Credit (charge) to consolidated income statement</i>
<i>Deferred tax assets</i>			
Tax losses of subsidiaries	4,800,809	19,450,913	14,650,104
Unrealised intra-group profit	348,129	3,910,600	3,562,471
Accrued expenses	<u>32,771,214</u>	<u>45,876,026</u>	13,104,812
	<u>37,920,152</u>	<u>69,237,539</u>	
<i>Deferred tax liabilities</i>			
Negative goodwill credited to the consolidated income statement	61,439,435	61,439,435	-
Profit from apartment sale recognised under stage of completion but not yet taxable	<u>806,149,341</u>	<u>510,072,745</u>	296,076,596
Advance CIT payable on advances from customers	867,588,776	571,512,180	
	<u>(123,794,394)</u>	<u>(72,301,999)</u>	
	<u>743,794,382</u>	<u>499,210,181</u>	
<i>Net deferred income tax charge to consolidated income statement</i>			<u>327,393,983</u>



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30. EVENTS AFTER THE BALANCE SHEET DATE

Changes in accounting policy

On 21 January 2011, the Company's Board of Management issued a resolution on the change in the revenue recognition policy for pre-completion sale of apartments in recognition of the recent development in the International Finance Reporting Standards and to align with the developing local industry practice. This revolution has been applicable from 1 January 2011. Accordingly, revenue and associated costs of apartments sold before completing construction will be recognized when satisfying the follow conditions:


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

On 8 February 2011, the Company submitted an official letter to the Ministry of Finance to seek for guidance on adoption of this change in accounting policy.

On 18 February 2011, the Company received the official letter No. 2205/BTC-CDKT from the Ministry of Finance providing guidance on adoption of the change of accounting policy. Accordingly, the Company has determined that the new accounting policy will be applied on retrospective basis.

Issuing bonus shares to shareholders

On 26 January 2011, the Company issued bonus shares to existing shareholders at the ratio of 2:1 (two existing shares for one new share); of which 60% would be funded from undistributed earnings and 40% would be taken from the share premium of the Company. These shares were officially listed and traded on the Ho Chi Minh City Stock Exchange on 28 February 2011.



Mrs Ho Thi Kim Chi
Chief Accountant

7 March 2011



Mr Nguyen Van Su
General Director