

**Hoang Anh Gia Lai Agricultural
Joint Stock Company**

(formerly known as Hoang Anh Gia Lai Rubber Joint Stock Company)

Consolidated financial statements

31 December 2015

Hoang Anh Gia Lai Agricultural Joint Stock Company

CONTENTS

| | <i>Pages</i> |
|--|--------------|
| General information | 1 - 2 |
| Report of management | 3 |
| Independent auditors' report | 4 - 5 |
| Consolidated balance sheet | 6 - 7 |
| Consolidated income statement | 8 |
| Consolidated cash flow statement | 9 - 10 |
| Notes to the consolidated financial statements | 11 - 65 |

Hoang Anh Gia Lai Agricultural Joint Stock Company

GENERAL INFORMATION

THE COMPANY

Hoang Anh Gia Lai Agricultural Joint Stock Company (formerly known as Hoang Anh Gia Lai Rubber Joint Stock Company) ("the Company") is a shareholding company incorporated under the Law on Enterprises of Vietnam pursuant to Business Registration Certificate ("BRC") No. 5900712753 issued by the Department of Planning and Investment of Gia Lai Province on 26 May 2010 and fourteen (14) amended BRCs.

On 3 April 2015, the Company received the 11th amended BRC No. 5900712753 with the changing its name from Hoang Anh Gia Lai Rubber Joint Stock Company to Hoang Anh Gia Lai Agricultural Joint Stock Company.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 278/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 10 July 2015.

The Company had 18 subsidiaries and 1 associate as disclosed in Note 15 to the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2015.

The registered principal activities of the Group are breeding and trading dairy cows and cows for meat; planting rubber trees and trading rubber latex; planting oil palm; planting sugarcane and other perennial trees; afforesting; generating and trading seedlings; providing plantation services and related materials; constructing houses; constructing industrial and civil projects.

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

BOARD OF DIRECTORS

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

| <i>Name</i> | <i>Position</i> | |
|-----------------------|-----------------|---------------------------|
| Mr. Doan Nguyen Duc | Chairman | |
| Mr. Vo Truong Son | Member | appointed on 4 April 2015 |
| Mr. Doan Nguyen Thu | Member | appointed on 4 April 2015 |
| Mr. Nguyen Xuan Thang | Member | |
| Mrs. Vo Thi Huyen Lan | Member | appointed on 4 April 2015 |
| Mr. Nguyen Ngoc Anh | Member | appointed on 4 April 2015 |
| Mr. Nguyen Quan Anh | Member | appointed on 4 April 2015 |
| Mr. Nguyen Van Minh | Member | resigned on 4 April 2015 |
| Mr. Nguyen Van Su | Member | resigned on 4 April 2015 |
| Mr. Truong Ngoc Thanh | Member | resigned on 4 April 2015 |
| Mr. Phan Thanh Thu | Member | resigned on 4 April 2015 |
| Mr. Tran Quoc Huy | Member | resigned on 4 April 2015 |

BOARD OF SUPERVISORS

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

| <i>Name</i> | <i>Position</i> | |
|---------------------------|-----------------|---------------------------|
| Mr. Le Hong Phong | Head | appointed on 4 April 2015 |
| Mr. Do Van Hai | Head | resigned on 4 April 2015 |
| Mr. Pham Ngoc Chau | Member | appointed on 4 April 2015 |
| Mrs. Dao Dinh Phuong | Member | appointed on 4 April 2015 |
| Mrs. Huynh Thi Lan Hong | Member | resigned on 4 April 2015 |
| Mrs. Truong Thi My Nguyet | Member | resigned on 4 April 2015 |

Hoang Anh Gia Lai Agricultural Joint Stock Company

GENERAL INFORMATION (continued)

MANAGEMENT

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

| <i>Name</i> | <i>Position</i> | |
|------------------------|-----------------|----------------------------|
| Mr. Nguyen Xuan Thang | Director | appointed on 19 April 2015 |
| Mr. Trinh Xuan Nhan | Director | resigned on 19 April 2015 |
| Mr. Phan Thanh Thu | Vice Director | |
| Mr. Nguyen Ngoc Anh | Vice Director | |
| Mr. Trinh Xuan Nhan | Vice Director | appointed on 19 April 2015 |
| Mrs. Vo Thi My Hanh | Vice Director | appointed on 19 April 2015 |
| Mr. Hoang Dinh Quy | Vice Director | appointed on 19 April 2015 |
| Mr. Nguyen Quan Anh | Vice Director | appointed on 19 April 2015 |
| Mr. Vo Nguyen Cong Buu | Vice Director | resigned on 19 April 2015 |
| Mr. Mai Dinh Hong | Vice Director | resigned on 19 April 2015 |

LEGAL REPRESENTATIVES

The legal representatives of the Company during the year and at the date of this report are:

| <i>Name</i> | |
|-----------------------|----------------------------|
| Mr. Nguyen Xuan Thang | appointed on 19 April 2015 |
| Mr. Trinh Xuan Nhan | resigned on 19 April 2015 |

AUDITORS

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

Hoang Anh Gia Lai Agricultural Joint Stock Company

REPORT OF MANAGEMENT

Management of Hoang Anh Gia Lai Agricultural Joint Stock Company (formerly known as Hoang Anh Gia Lai Rubber Joint Stock Company) ("the Company") is pleased to present its report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2015.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

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

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

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2015 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, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

For and on behalf of management:



Nguyen Xuan Thang
Director

Gia Lai Province, Vietnam

8 April 2016



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working world**

Ernst & Young Vietnam Limited
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ey.com

Reference: 60752790/17892163-HN

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Hoang Anh Gia Lai Agricultural Joint Stock Company (formerly known as Hoang Anh Gia Lai Rubber Joint Stock Company) ("the Company") and its subsidiaries ("the Group") as prepared on 8 April 2016 and set out on pages 6 to 65 which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement and consolidated cash flow statement for the financial year then ended and the notes thereto.

Management's responsibility

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

Auditors' responsibility

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

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

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

Hoàng Anh Gia Lai



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Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2015, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

Emphasis of matters

We draw attention to Notes 2.1 and 23 to the consolidated financial statements. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern. As at 31 December 2015, the Group reported loans and bonds payable amounting to VND'000 12,235,646,377, in which VND'000 3,127,105,050 will be due for repayment in 2016. Moreover, as at this date, the Group is in violation of certain bond covenants as mentioned in Note 23 to the consolidated financial statements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As at the date of the consolidated financial statements, the Group is still in progress to negotiate with creditors and relevant authorities for restructuring above loans and bonds.

In addition, we draw attention to Note 33 to the consolidated financial statements. As at 31 December 2015, the Group reported short-term and long-term loans receivable from related parties amounting to VND'000 173,855,867 and VND'000 1,245,353,038 that have yet been approved by the shareholders at Annual General Meeting as required under Circular No. 121/2012/TT-BTC issued by the Ministry of Finance on 26 July 2012 providing regulations on corporate governance applicable to public companies.

Ernst & Young Vietnam Limited



Le Vu Truong
Deputy General Director
Audit Practicing Registration Certificate
No. 1588-2013-004-1

Doan Thi Thu Thuy
Auditor
Audit Practicing Registration Certificate
No. 1070-2013-004-1

Ho Chi Minh City, Vietnam

8 April 2016

CONSOLIDATED BALANCE SHEET
as at 31 December 2015

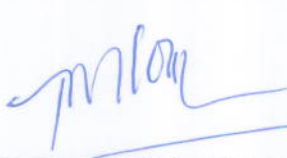
VND'000

| Code | ASSETS | Notes | 31 December 2015 | 31 December 2014 (as presented – Note 37) |
|------------|--|-----------|-----------------------|---|
| 100 | A. CURRENT ASSETS | | 7,220,860,465 | 4,731,873,635 |
| 110 | I. Cash | 5 | 331,961,020 | 46,804,781 |
| 111 | 1. Cash | | 331,961,020 | 46,804,781 |
| 130 | II. Current accounts receivable | | 3,888,556,900 | 3,494,468,401 |
| 131 | 1. Short-term trade receivables | 6 | 1,065,007,018 | 1,429,634,589 |
| 132 | 2. Short-term advances to suppliers | 7 | 2,257,718,117 | 1,661,487,304 |
| 135 | 3. Short-term loan receivables | 8 | 265,641,262 | 228,989,648 |
| 136 | 4. Other short-term receivables | 9 | 302,560,292 | 176,253,620 |
| 137 | 5. Provision for short-term doubtful receivables | 6 | (2,369,789) | (1,896,760) |
| 140 | III. Inventories | 10 | 2,966,320,073 | 1,140,636,497 |
| 141 | 1. Inventories | | 2,971,502,880 | 1,140,636,497 |
| 149 | 2. Provision for obsolete inventories | | (5,182,807) | - |
| 150 | IV. Other current assets | | 34,022,472 | 49,963,956 |
| 151 | 1. Short-term prepaid expenses | | 8,857,139 | 11,298,721 |
| 152 | 2. Value-added tax deductible | | 22,934,095 | 28,331,286 |
| 153 | 3. Tax and other receivables from the State | | 2,231,238 | 10,333,949 |
| 200 | B. NON-CURRENT ASSETS | | 19,880,731,670 | 12,392,398,321 |
| 210 | I. Long-term receivables | | 1,383,681,815 | 615,915,348 |
| 215 | 1. Long-term loan receivables | 8 | 1,307,804,207 | 576,215,557 |
| 216 | 2. Other long-term receivables | 9 | 75,877,608 | 39,699,791 |
| 220 | II. Fixed assets | | 5,596,337,810 | 4,178,392,700 |
| 221 | 1. Tangible fixed assets | 11 | 5,553,475,832 | 4,135,879,855 |
| 222 | Cost | | 6,246,257,348 | 4,519,219,989 |
| 223 | Accumulated depreciation | | (692,781,516) | (383,340,134) |
| 227 | 2. Intangible assets | 12 | 42,861,978 | 42,512,845 |
| 228 | Cost | | 54,845,260 | 48,197,185 |
| 229 | Accumulated amortisation | | (11,983,282) | (5,684,340) |
| 240 | III. Long-term assets in progress | | 11,153,955,744 | 6,431,053,932 |
| 242 | 1. Construction in progress | 13 | 11,153,955,744 | 6,431,053,932 |
| 250 | IV. Long-term investments | | 311,150,970 | 248,460,551 |
| 252 | 1. Investment in an associate | 15.2 | 271,950,970 | 248,460,551 |
| 253 | 2. Investment in other entity | 15.3 | 39,200,000 | - |
| 260 | V. Other long-term assets | | 1,435,605,331 | 918,575,790 |
| 261 | 1. Long-term prepaid expenses | 16 | 944,944,277 | 893,292,952 |
| 262 | 2. Deferred tax assets | 32.2 | 57,286,393 | 25,282,838 |
| 269 | 3. Goodwill | 17 | 433,374,661 | - |
| 270 | TOTAL ASSETS | | 27,101,592,135 | 17,124,271,956 |

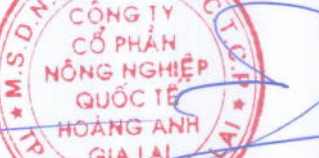
CONSOLIDATED BALANCE SHEET (continued)
as at 31 December 2015

VND'000

| Code | RESOURCES | Notes | 31 December 2015 | 31 December 2014 (as presented – Note 37) |
|------------|---|-------|-----------------------|---|
| 300 | C. LIABILITIES | | 17,221,964,230 | 10,269,183,720 |
| 310 | I. Current liabilities | | 7,030,109,890 | 6,281,915,475 |
| 311 | 1. Short-term trade payables | 18 | 630,784,705 | 247,166,661 |
| 312 | 2. Short-term advances from customers | 19 | 787,064,002 | 126,467,449 |
| 313 | 3. Statutory obligations | 20 | 148,940,710 | 256,814,835 |
| 314 | 4. Payables to employees | | 27,580,067 | 27,209,734 |
| 315 | 5. Short-term accrued expenses | 21 | 474,504,889 | 34,999,733 |
| 319 | 6. Other short-term payables | 22 | 1,834,130,467 | 1,861,194,194 |
| 320 | 7. Short-term loans | 23 | 3,127,105,050 | 3,728,062,869 |
| 330 | II. Non-current liabilities | | 10,191,854,340 | 3,987,268,245 |
| 333 | 1. Long-term accrued expenses | 21 | - | 200,000,000 |
| 337 | 2. Other long-term liabilities | 22 | 847,958,773 | 166,523,184 |
| 338 | 3. Long-term loans | 23 | 9,108,541,327 | 3,620,745,061 |
| 341 | 4. Deferred tax liabilities | | 235,354,240 | - |
| 400 | D. OWNERS' EQUITY | | 9,879,627,905 | 6,855,088,236 |
| 410 | I. Capital | | 9,879,627,905 | 6,855,088,236 |
| 411 | 1. Share capital | 24.1 | 7,081,438,950 | 3,990,670,000 |
| 411a | - Shares with voting rights | | 7,081,438,950 | 3,990,670,000 |
| 412 | 2. Share premium | 24.1 | 2,550,810 | 1,295,347,000 |
| 417 | 3. Foreign exchange differences reserve | 24.1 | 443,148,354 | 143,518,473 |
| 421 | 4. Undistributed earnings | 24.1 | 2,126,574,755 | 1,404,012,572 |
| 421a | - Undistributed earnings up to prior year-end | | 1,419,585,622 | 758,990,567 |
| 421b | - Undistributed earnings of current year | | 706,989,133 | 645,022,005 |
| 429 | 5. Non-controlling interests | 25 | 225,915,036 | 21,540,191 |
| 440 | TOTAL LIABILITIES AND OWNERS' EQUITY | | 27,101,592,135 | 17,124,271,956 |


Ho Thi Tuyet Loan
Preparer


Do Van Hai
Chief Accountant


Nguyen Xuan Thang
Director

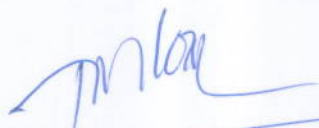



8 April 2016


CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2015

VND'000

| Code | ITEMS | Notes | Current year | Previous year (as presented – Note 37) |
|------|---|-------|-----------------|--|
| 10 | 1. Net revenue from sale of goods and rendering of services | 27.1 | 4,730,680,433 | 2,212,251,019 |
| 11 | 2. Cost of goods sold and services rendered | 28 | (3,493,579,993) | (1,184,492,722) |
| 20 | 3. Gross profit from sale of goods and rendering of services | | 1,237,100,440 | 1,027,758,297 |
| 21 | 4. Finance income | 27.2 | 164,880,632 | 38,081,784 |
| 22 | 5. Finance expenses | 29 | (383,460,219) | (293,137,307) |
| 23 | <i>In which: Interest expense</i> | | (364,676,504) | (277,854,539) |
| 24 | 6. Shares of loss of an associate | 15.2 | (1,225,021) | - |
| 25 | 7. Selling expenses | 30 | (72,904,454) | (15,753,442) |
| 26 | 8. General and administrative expenses | 30 | (120,958,460) | (87,274,811) |
| 30 | 9. Operating profit | | 823,432,918 | 669,674,521 |
| 31 | 10. Other income | 31 | 2,233,328 | 81,090,939 |
| 32 | 11. Other expenses | 31 | (110,612,760) | (3,510,769) |
| 40 | 12. Other (loss) profit | 31 | (108,379,432) | 77,580,170 |
| 50 | 13. Accounting profit before tax | | 715,053,486 | 747,254,691 |
| 51 | 14. Current corporate income tax expense | 32.1 | (3,048,663) | (23,035,483) |
| 52 | 15. Deferred tax income | 32.2 | 32,003,555 | 11,601,025 |
| 60 | 16. Net profit after tax | | 744,008,378 | 735,820,233 |
| 61 | 17. Net profit after tax attributable to shareholders of the parent | | 724,591,678 | 735,618,472 |
| 62 | 18. Net profit after tax attributable to non-controlling interests | 25 | 19,416,700 | 201,761 |
| 70 | 19. Basic earnings per share (VND) | 26 | 1,093 | 1,233 |
| 71 | 20. Diluted earnings per share (VND) | 26 | 914 | 1,013 |


Ho Thi Tuyet Loan
Preparer


Do Van Hai
Chief Accountant


Nguyen Xuan Thang
Director



8 April 2016

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2015

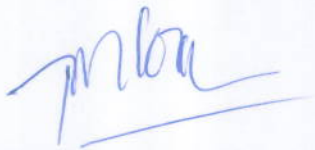
VND'000

| Code | ITEMS | Notes | Current year | Previous year (as presented – Note 37) |
|------|---|-------|-----------------|--|
| | I. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 01 | Accounting profit before tax | | 715,053,486 | 747,254,691 |
| | Adjustments for: | | | |
| 02 | Depreciation and amortisation (include amortisation of goodwill) | | 333,420,043 | 207,711,208 |
| 03 | Provisions | | 5,655,836 | 1,579,705 |
| 04 | Foreign exchange losses arisen from revaluation of monetary accounts denominated in foreign currency | | 328,995 | 3,075,619 |
| 05 | Profits from investing activities | | (52,746,866) | (103,091,422) |
| 06 | Interest expenses | 29 | 364,676,504 | 277,854,539 |
| 08 | Operating profit before changes in working capital | | 1,366,387,998 | 1,134,384,340 |
| 09 | Decrease (increase) in receivables | | 344,086,017 | (1,122,393,120) |
| 10 | Increase in inventories | | (2,180,235,216) | (343,116,971) |
| 11 | Increase in payables | | 2,159,563,563 | 35,082,810 |
| 12 | Decrease in prepaid expenses | | 66,793,246 | 19,590,454 |
| 14 | Interest paid | | (371,302,612) | (257,139,267) |
| 15 | Corporate income tax paid | 32.1 | (6,794,852) | (24,644,716) |
| 17 | Other cash outflows from operating activities | | (265,314) | (661,536) |
| 20 | Net cash flows from (used in) operating activities | | 1,378,232,830 | (558,898,006) |
| | II. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 21 | Purchase and construction of fixed assets | | (4,421,246,855) | (1,907,144,790) |
| 22 | Proceeds from disposals of fixed assets | | 27,568,222 | 348,899,272 |
| 23 | Loans to other entities | | (969,807,867) | (895,542,788) |
| 24 | Collections from borrowers | | 304,157,896 | 688,976,082 |
| 25 | Payments for investments in other entities | | (1,852,343,193) | (38,361,030) |
| 26 | Proceeds from sale of investments in other entities | | 425,663,640 | - |
| 27 | Interest received | | 28,114,041 | 912,003 |
| 30 | Net cash flows used in investing activities | | (6,457,894,116) | (1,802,261,251) |

CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 December 2015

VND'000

| Code | ITEMS | Notes | Current year | Previous year (as presented – Note 37) |
|------|--|-------|----------------------|--|
| | III. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 31 | Proceeds from share issuance | | 1,797,972,760 | - |
| 33 | Drawdown of loans and borrowings | | 9,304,243,116 | 4,312,491,633 |
| 34 | Repayment of loans and borrowings | | (5,654,081,191) | (2,052,353,224) |
| 36 | Dividends paid | | (83,317,160) | (2,365,542) |
| 40 | Net cash flows from financing activities | | 5,364,817,525 | 2,257,772,867 |
| 50 | Net increase (decrease) in cash | | 285,156,239 | (103,386,390) |
| 60 | Cash at beginning of year | | 46,804,781 | 150,191,171 |
| 70 | Cash at end of year | 5 | 331,961,020 | 46,804,781 |



Ho Thi Tuyet Loan
Preparer



Do Van Hai
Chief Accountant



Nguyễn Xuân Thang
Director

8 April 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
as at and for the year ended 31 December 2015

1. CORPORATE INFORMATION

Hoang Anh Gia Lai Agricultural Joint Stock Company (formerly known as Hoang Anh Gia Lai Rubber Joint Stock Company) ("the Company") is a shareholding company incorporated under the Law on Enterprises of Vietnam pursuant to Business Registration Certificate ("BRC") No. 5900712753 issued by the Department of Planning and Investment ("DPI") of Gia Lai Province on 26 May 2010 and fourteen (14) amended BRCs.

On 3 April 2015, the Company received the 11th amended BCR No. 5900712753 with the changing its name from Hoang Anh Gia Lai Rubber Joint Stock Company to Hoang Anh Gia Lai Agricultural Joint Stock Company.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange in accordance with the Decision No. 278/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 10 July 2015.

The Company had 18 subsidiaries and 1 associate as disclosed in Note 15 to the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2015.

The registered principal activities of the Group are breeding and trading dairy cows and cows for meat; planting rubber trees and trading rubber latex; planting sugarcane and other perennial trees; afforesting; generating and trading seedlings; providing plantation services and related materials; constructing houses; constructing industrial and civil projects.

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 *Going concern assumption*

The consolidated financial statements have been prepared on a going concern basis, which presumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

As at 31 December 2015, the Group reported loans and bonds payable amounting to VND'000 12,235,646,377, in which VND'000 3,127,105,050 will be due for repayment in 2016. Moreover, as at this date, the Group is in violation of certain bond covenants as mentioned in Note 23. In view thereof, the Group's ability to continue in business is dependent upon management's success of achieving future cash flows to repay the loans and bonds payable or obtaining agreement from creditors to restructure the current loans and bonds in place.

As at the date of these consolidated financial statements, the Group is still in progress to negotiate with creditors and relevant authorities for restructuring above loans and bonds. The management believed that its restructuring plan would be approved and the Group can continue its operation for the foreseeable future.

Accordingly, the accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

2. BASIS OF PREPARATION (continued)

2.2 *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 Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

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

Accordingly, the accompanying consolidated financial statements 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 consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.3 *Applied accounting documentation system*

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

2.4 *Fiscal year*

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.5 *Accounting currency*

The consolidated financial statements are prepared in Vietnam dong ("VND").

2.6 *Basis of consolidation*

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the subsidiaries and the Company.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**2. BASIS OF PREPARATION (continued)****2.6 Basis of consolidation (continued)**

Except for subsidiaries acquired under common control which are accounted for under the pooling of interests method (*Note 3.11*), 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.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Changes in accounting policies and disclosures**

The accounting policies adopted by the Group in preparation of consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014 except for the changes in the accounting policies in relation to the adoption the following circulars:

3.1.1 Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system

On 22 December 2014, the Ministry of Finance issued the Circular No. 200/2014/TT-BTC providing guidance on enterprise accounting system ("Circular 200") replacing Decision No. 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009 of the Ministry of Finance. Circular 200 is effective for the financial years beginning on or after 1 January 2015.

The effects of the change in accounting policies set under Circular 200 on the Group's consolidated financial statements are applied on a prospective basis as Circular 200 does not require for retrospective application. The Group also reclassified certain corresponding figures of prior year following the presentation of the current year's consolidated financial statements in accordance with Circular 200 as disclosed in Note 38.

3.1.2 Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements

On 22 December 2014, the Ministry of Finance issued the Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements ("Circular 202") replacing section XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007. Circular 202 is effective for the preparation and presentation of consolidated financial statements for the financial years beginning on or after 1 January 2015.

The effects of the change in accounting treatment in accordance with Circular 202 are applied on a prospective as Circular 202 does not require for retrospective application.

3.2 Cash

Cash comprises cash on hand and cash at banks.

3.3 Receivables

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Inventories

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

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

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

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

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.

Provision for obsolete inventories

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

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

3.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the intangible assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Intangible assets* (continued)

Land use rights

Land use rights are recorded as intangible assets representing the value of the right to use the land acquired or leased by the Group. The useful life of land use rights are assessed either definite or indefinite. Accordingly, land use rights with definite useful life representing the land lease are amortized over the lease term while land use rights with indefinite useful life are not amortized.

3.7 *Depreciation and amortisation*

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

| | |
|-------------------------|---------------|
| Buildings & structures | 10 - 50 years |
| Machinery & equipment | 5 - 20 years |
| Means of transportation | 8 - 20 years |
| Office equipment | 3 - 10 years |
| Livestock | 6 years |
| Other assets | 8 - 15 years |
| Land use rights | 20 years |
| Software system | 5 years |

Depreciation of rubber plantations is calculated in accordance with Official Letter No. 1937/BTC-TCDN on 9 February 2010 issued by Department of Business Finance – Ministry of Finance providing guidance on depreciation of rubber plantations and Decision No. 221/QD-CSVN issued on 27 April 2010 by Vietnam Rubber Group providing guidance on the depreciation rates applicable to rubber plantations within 20 years as follows:

| Year | Rate (%) |
|------------------|--------------------------|
| First year | 2.50 |
| Second year | 2.80 |
| Third year | 3.50 |
| Fourth year | 4.40 |
| Fifth year | 4.80 |
| Sixth year | 5.40 |
| Seventh year | 5.40 |
| Eighth year | 5.10 |
| Ninth year | 5.10 |
| Tenth year | 5.00 |
| Eleventh year | 7.00 |
| Twelfth year | 6.60 |
| Thirteenth year | 6.20 |
| Fourteenth year | 5.90 |
| Fifteenth year | 5.50 |
| Sixteenth year | 5.40 |
| Seventeenth year | 5.00 |
| Eighteenth year | 5.50 |
| Nineteenth year | 5.20 |
| Twentieth year | Remaining carrying value |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 *Construction in progress*

Construction in progress represents costs attributable directly to the construction and development of the Group's buildings and structures, factories, rubber, palm oil, sugarcane and other plantations which have yet been completed as at the balance sheet date.

Factories, buildings and structures

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

Plantation costs

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

Beef cattle project

Beef cattle project costs include costs directly attributed to the exploration and development of beef cattle projects such as the cost of breeder, infrastructure costs, cow's pastures and other related costs.

3.9 *Borrowing costs*

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a particular asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs is suspended during the periods 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.

3.10 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet which mainly includes cost of tools and supplies, prepaid land rentals, sugarcane plantation and corn plantation and other plantations. They are amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

- ▶ Prepaid land rental are amortised over the periods of land lease; and
- ▶ Sugarcane, corn, grass plantation and other plantations expenses include stems, land preparation and planting costs. The stem costs are amortised over the lifetime of the trees. Land preparation and planting costs are amortised over the period, in which economic benefits are generated in connection to the costs incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

When the Company acquires the non-controlling interests of a subsidiary, the difference between the cost of acquisition and the carrying amount of the non-controlling interest is reflected as undistributed earnings in the consolidated balance sheet.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Investments

Investments in an associate

The Group's investment in an associate is carried at cost and accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is 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 associate. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. 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 associate is presented on the 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. Dividend/profit sharing receivable from associate reduces the carrying amount of the investment.

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

Investments in other entity

Investments in other entity are stated at their acquisition costs.

Provision for diminution in value of investments

Provision for any diminution in value of investments in capital of other entities at the balance sheet is made date in accordance with the guidance under Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC issued by the Ministry of Finance on 7 December 2009 and on 28 June 2013, respectively. Increases and decreases to the provision balance are recorded as finance expense in the consolidated income statement.

3.13 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.

3.14 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 Company (after adjusting for the bonus and welfare fund) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 *Foreign currency transactions*

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet date which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arising from revaluation of monetary accounts denominated in foreign currency at year-end are taken to the consolidated income statement.

3.16 *Appropriation of net profits*

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders upon proposal by the Board of Directors and after approval by the shareholders in the annual general meeting, and after making appropriation to reserve funds in accordance with the Group's Charter and Vietnamese regulatory requirements.

3.17 *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.

For sale of apartments, revenue is recognised when all of the following criteria have been effectively met:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 *Revenue recognition* (continued)

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 stage of completion of the contract activity 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 to be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

Rendering of services

Revenue from rendering of services is recognized when the services are rendered.

Interest

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

Dividend

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

Income from disposal of investments

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

3.18 *Taxation*

Current income tax

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

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

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to off-set 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 consolidated financial statements 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 temporary differences associated with investments in subsidiaries and associates 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 the year ended 31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 *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 temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each 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 tax asset to be utilised. Previously unrecognised deferred tax assets are reassessed 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 tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.19 *Related parties*

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influences over the Group, key management personnel, including directors and officers of the Group and close members of the families of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.20 *Segment information*

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment), or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

4. BUSINESS COMBINATIONS AND TRANSFER SHARES

4.1 Acquisition of interest in Highland Dairy Cattle Joint Stock Company (“BSTN”)

On 27 April 2015, the Company completed its acquisition of 38,993,170 shares, equivalent to 98.61% of ownership in BSTN from Hoang Anh Gia Lai JSC – parent company with total consideration of VND’000 461,003,800. Accordingly, BSTN became a subsidiary of the Company at the acquisition date.

BSTN is incorporated under the Law on Enterprises of Vietnam pursuant to BRC No. 5900985126 issued by the DPI of Gia Lai Province on 28 April 2014. The current principal activities of BSTN are breeding and trading cows for meat and dairy cows.

On 31 December 2015, the Group is in process of determining the fair values of identifiable assets, liabilities or contingent liabilities of BSTN at the date of acquisition. Therefore, the Group applies provisional accounting method to consolidate this company. The provisional fair values of identifiable assets and liabilities of BSTN at the acquisition date are presented below:

| | VND’000 Provisional fair value recognised at acquisition date |
|---|--|
| Assets | |
| Cash | 411,433 |
| Short-term trade receivables | 205,726,534 |
| Inventories | 8,038,851 |
| Short-term prepaid expenses | 58,254,349 |
| Tangible fixed assets | 23,774,972 |
| Intangible assets | 6,648,075 |
| Construction in progress | 54,562,778 |
| Investments in other entity | 39,200,000 |
| Liabilities | |
| Other short-term payables | (2,341,549) |
| Total net assets | 394,275,443 |
| Non-controlling interests | (5,500,000) |
| Goodwill arising on acquisition (Note 17) | 72,228,357 |
| Consideration at fair value | (461,003,800) |

In addition, on 12 May 2015, the Company made the additional contribution of VND’000 154,568,300 to BSTN, increasing its ownership to 99.00%.

4.2 Additional acquisition of interest in Hoang Anh - Quang Minh Rubber Joint Stock Company (“HAQM”)

On 18 May 2015, the Company acquired additional 45,500 shares in its existing subsidiary, HAQM from the non-controlling shareholders for a total consideration of VND’000 910,910, increasing its ownership in HAQM from 97.54% to 97.77%.

The Company’s management assessed that the cost of acquisition represents the fair value of the rubber projects owned by HAQM and HAQM’s subsidiaries and the acquisition of additional interest in HAQM is primarily to increase its controlling stake in the rubber projects. As a result, the excess amount of VND’000 131,935 of the purchase consideration over the net assets of HAQM and HAQM’s subsidiaries on acquisition date has been recognised into undistributed earnings in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

4. BUSINESS COMBINATIONS AND TRANSFER SHARES (continued)

4.3 *Disposal of entire equity interest in Trung Nguyen Rubber JSC (formerly known as Gia Lai Industrial Forest Planation JSC)*

On 30 June 2015, the Company completed the disposal of its all equity interest in Trung Nguyen Rubber JSC of 99.83% to individuals with the amount of VND'000 425,663,640. Accordingly, gain from the disposal of VND'000 45,960,202 was recorded into finance income in the consolidated income statement.

4.4 *Additional acquisition of partial interest in Hoang Anh Dak Lak JSC ("HADL")*

On 22 September 2015, the Company acquired additional 22,239 shares in its existing subsidiary, HADL from the non-controlling interest shareholders for a total consideration of VND'000 890,450, increasing its ownership in HADL from 99.46% to 99.53%.

The Company's management assessed that the cost of acquisition represents the fair value of the rubber projects owned by HADL and the acquisition of additional interest in HADL is primarily to increase its controlling stake in the rubber projects. As a result, the excess amounting to VND'000 680,310 of the purchase consideration over the net assets of HADL on acquisition date has been recognised as an increase in undistributed earnings in the consolidated balance sheet.

4.5 *Acquisition of Dong Penh JSC ("DPC") and its subsidiary – Daun Penh Agrico Co., Ltd. ("DPA")*

On 14 October 2015, the Company acquired 19,940,000 shares, equivalent to 99.7% of ownership in DPC, from individuals with total consideration of VND'000 798,397,600. Accordingly, DPC became a subsidiary of the Company at the acquisition date.

DPC is incorporated under Law on Enterprise of Vietnam pursuant to the BRC No. 5900981604 issued by the DPI of Gia Lai Province on 13 March 2014. The current principal activities of DPC are planting and trading palm oil and other perennial trees.

As at the acquisition date, DPC owned 100% equity interest in DPA, a limited liability company with one member incorporated under the Law on Enterprises of Cambodia in accordance with the Permanent Certificate No. 2660/11 on 18 November 2011. The current principal activities of DPA are planting and taking care of 8,825 hectares of palm oil and construction of palm oil factory at Lumphat Ward, Rattanakiri Province, Cambodia. DPC was approved by the Ministry of Planning and Investment of Vietnam for the investment to Cambodia in accordance with Foreign Investment Registration Certificate No. 201500021 dated 26 August 2015.

On 31 December 2015, the Group is in process of determining the fair values of identifiable assets, liabilities or contingent liabilities of DPC and DPA at the date of acquisition. Therefore, the Group applies provisional accounting method to consolidate these companies. The provisional fair values of identifiable assets and liabilities of DPC and DPA at the acquisition date are presented below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

4. BUSINESS COMBINATIONS AND TRANSFER SHARES (continued)

4.5 Acquisition of Dong Penh JSC (“DPC”) and its subsidiary – Daun Penh Agrico Co., Ltd. (“DPA”) (continued)

| | VND'000 |
|--|--|
| | <i>Provisional fair value recognised at acquisition date</i> |
| Assets | |
| Cash | 1,060,840 |
| Other short-term receivables | 159,204,731 |
| Inventories | 8,827,132 |
| Short-term prepaid expenses | 2,821,666 |
| Construction in progress | 1,164,500,689 |
| Liabilities | |
| Short-term loans | (58,015,000) |
| Other short-term payables | (479,439,637) |
| Deferred tax liabilities | (122,270,705) |
| Net assets | 676,689,716 |
| Non-controlling interests | (2,030,069) |
| Goodwill arising on acquisition (<i>Note 17</i>) | 123,737,953 |
| Total consideration | (798,397,600) |

In addition, on 8 December 2015, BSTN - the Group's subsidiary acquired additional 40,000 shares of DPC from the non-controlling shareholders for a total consideration of VND'000 1,600,000, increasing its ownership in DPC from 99.7% to 99.9%. The excess amount of VND'000 1,217,251 of the purchase consideration over the net assets of DPC and DPA on acquisition date has been recognised into undistributed earnings in the consolidated balance sheet.

4.6 Acquisition of An Dong Mia JSC (“ADM”) and its subsidiary – Hoang Anh Lumphat Limited Company (“HAL”)

On 15 October 2015, the Company acquired 13,900,000 shares, equivalent to 69.5% of ownership in ADM from individuals with total consideration of VND'000 700,695,000. On the same date, the Company's subsidiary, BSTN acquired 100,000 shares, equivalent to 0.5% of ownership in ADM from other individual. Accordingly, ADM became subsidiary of the Company at the acquisition date.

ADM is incorporated under Law on Enterprise of Vietnam pursuant to the BRC No. 5900910258 issued by the DPI of Gia Lai Province on 10 July 2012. The current principal activities of ADM are planting and trading palm oil, rubber and other perennial trees.

As at the acquisition date, ADM owned 100% equity interest in HAL, a limited liability company with one member incorporated under the Law on Enterprises of Cambodia in accordance with the Permanent Certificate No. 3030/13 on 6 December 2013. The current principal activities of HAL are planting, harvesting and processing of palm oil and rubber at Labanseak Ward, Banglung City, Rattanakiri Province, Cambodia. ADM was approved by the Ministry of Planning and Investment of Vietnam for the investment to Cambodia in accordance with Foreign Investment Registration Certificate No. 670/BKHDT-DTRNN dated 9 January 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

4. BUSINESS COMBINATIONS AND TRANSFER SHARES(continued)

4.6 Acquisition of An Dong Mia JSC (“ADM”) and its subsidiary – Hoang Anh Lumphat Limited Company (“HAL”) (continued)

On 31 December 2015, the Group is in process of determining the fair values of identifiable assets, liabilities or contingent liabilities of ADM and HAL at the date of acquisition. Therefore, the Group applies provisional accounting method to consolidate these companies. The provisional fair values of identifiable assets and liabilities of ADM and HAL at the acquisition date are presented below:

| | VND'000 |
|---|--|
| | <i>Provisional fair value recognised at acquisition date</i> |
| Assets | |
| Cash | 3,790,446 |
| Other short-term receivables | 1,590,916,619 |
| Inventories | 23,478,270 |
| Short-term loan receivables | 51,920,357 |
| Tangible fixed assets | 43,737,458 |
| Construction in progress | 1,410,519,279 |
| Liabilities | |
| Short-term loans | (1,757,985,034) |
| Short-term payables | (611,629,060) |
| Deferred tax liabilities | (113,083,535) |
| Net assets | 641,664,800 |
| Non-controlling interests | (183,193,375) |
| Goodwill arising on acquisition (Note 17) | 242,223,575 |
| Total consideration | (700,695,000) |

5. CASH

| | VND'000 | |
|---------------|--------------------|-------------------|
| | 31 December 2015 | 31 December 2014 |
| Cash on hand | 32,092,852 | 4,859,005 |
| Cash at banks | 299,868,168 | 41,945,776 |
| TOTAL | 331,961,020 | 46,804,781 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

6. SHORT-TERM TRADE RECEIVABLES

| | VND'000 | |
|---|----------------------|----------------------|
| | 31 December 2015 | 31 December 2014 |
| Receivables from the Laos Government for construction of airports | 730,579,743 | 470,501,762 |
| Receivables from sales of goods and rendering of services | 334,427,275 | 959,132,827 |
| - <i>Mittaphap Import Export Company</i> | - | 425,462,663 |
| - <i>Laman – Sekong Import Export Trading Company</i> | - | 329,864,299 |
| - <i>Others</i> | 64,889,794 | 195,463,414 |
| - <i>Due from related parties (Note 33)</i> | 269,537,481 | 8,342,451 |
| TOTAL | 1,065,007,018 | 1,429,634,589 |
| Provision for short-term doubtful receivables | (2,369,789) | (1,896,760) |
| NET | 1,062,637,229 | 1,427,737,829 |

7. SHORT-TERM ADVANCES TO SUPPLIERS

| | VND'000 | |
|--|----------------------|----------------------|
| | 31 December 2015 | 31 December 2014 |
| Advances to suppliers of goods and services | 1,883,134,630 | 648,903,813 |
| - <i>Kasimex Co., Ltd.</i> | 372,988,152 | - |
| - <i>Other suppliers</i> | 82,340,128 | 152,634,235 |
| - <i>Advance to related parties (Note 33)</i> | 1,427,806,350 | 496,269,578 |
| Advances to subcontractors of airport projects in Laos | 327,627,512 | 963,495,248 |
| - <i>Mr. Nguyen Dac Quoc</i> | 70,266,565 | 321,144,384 |
| - <i>Ms. Pham Thanh Thuy</i> | 28,044,369 | 177,474,528 |
| - <i>Other subcontractors</i> | 229,316,578 | 464,876,336 |
| Advances to contractors of construction and suppliers of machineries | 46,955,975 | 49,088,243 |
| TOTAL | 2,257,718,117 | 1,661,487,304 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

8. LOAN RECEIVABLES

| | VND'000 | |
|---|----------------------|--------------------|
| | 31 December 2015 | 31 December 2014 |
| Short-term | 265,641,262 | 228,989,648 |
| Loans to related parties (Note 33) | 173,855,867 | 123,436,539 |
| Loans to other companies and individuals | 91,785,395 | 105,553,109 |
| - Samaki Agricultural Development Co., Ltd. | 91,785,395 | - |
| - Hoang Anh Lumphat Co., Ltd. | - | 92,807,498 |
| - Others | - | 12,745,611 |
| Long-term | 1,307,804,207 | 576,215,557 |
| Loans to related parties (Note 33) | 1,245,353,038 | 280,000,000 |
| Loans to other companies | 62,451,169 | 296,215,557 |
| - Dara Rattanakiri Co., Ltd. | 44,035,648 | 136,533,071 |
| - Daun Penh Agrico Co., Ltd. | - | 155,601,407 |
| - Others | 18,415,521 | 4,081,079 |
| TOTAL | 1,573,445,469 | 805,205,205 |

9. OTHER RECEIVABLES

| | VND'000 | |
|---|--------------------|--------------------|
| | 31 December 2015 | 31 December 2014 |
| Short-term | 302,560,292 | 176,253,620 |
| Advances to employees for business activities | 204,857,675 | 107,360,461 |
| - Mr. Phan Thanh Thu | 136,263,600 | - |
| - Mr. Mai Dinh Hong | - | 27,441,261 |
| - Other employees | 68,594,075 | 79,919,200 |
| Interest from loans | 77,470,619 | 46,764,005 |
| Others | 20,231,998 | 22,129,154 |
| <i>In which:</i> | | |
| Receivables from others | 212,948,729 | 171,590,670 |
| Receivables from related parties (Note 33) | 89,611,563 | 4,662,950 |
| Long-term | 75,877,608 | 39,699,791 |
| Interest from loans | 27,421,314 | - |
| Deposits | 11,823,112 | 6,389,030 |
| Others | 36,633,182 | 33,310,761 |
| <i>In which:</i> | | |
| Receivables from others | 52,528,516 | 39,699,791 |
| Receivables from related parties (Note 33) | 23,349,092 | - |
| TOTAL | 378,437,900 | 215,953,411 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

10. INVENTORIES

| | VND'000 | |
|------------------------------------|----------------------|----------------------|
| | 31 December 2015 | 31 December 2014 |
| Work in process | 2,378,243,787 | 532,495,604 |
| <i>In which:</i> | | |
| <i>Cows for meat (*)</i> | 1,417,725,816 | 141,250,534 |
| <i>Manufacturing activities</i> | 486,992,056 | 346,933,204 |
| <i>Construction contracts</i> | 473,525,915 | 44,311,866 |
| Raw materials | 410,514,950 | 305,221,847 |
| Apartments available for sales | 116,436,784 | 170,579,766 |
| Finished goods | 35,923,410 | 114,732,141 |
| Tools and supplies | 17,412,328 | 17,290,299 |
| Merchandise goods | 12,971,621 | 316,840 |
| TOTAL | 2,971,502,880 | 1,140,636,497 |
| Provision for obsolete inventories | (5,182,807) | - |
| NET | 2,966,320,073 | 1,140,636,497 |

(*) All the cows for meat have been mortgaged to secure the Group's outstanding borrowings (Note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

11. TANGIBLE FIXED ASSETS

| Cost | VND '000 | | | | | Total | |
|---|------------------------|-----------------------|---|------------------|-------------------------------|------------|---------------|
| | Buildings & structures | Machinery & equipment | Means of transportation & transmit instrument | Office equipment | Livestock and perennial trees | | Other assets |
| 31 December 2014 | 1,221,103,529 | 1,202,083,826 | 947,311,879 | 1,145,439 | 1,135,705,300 | 11,870,016 | 4,519,219,989 |
| Transfer from construction in progress | 474,725,738 | 170,043,416 | 168,262,306 | - | - | 1,713,131 | 814,744,591 |
| New purchases | 54,588,331 | 118,340,853 | 35,717,886 | 38,449 | 726,639,126 | 211,515 | 935,536,160 |
| Increase due to acquisition of subsidiaries | 1,347,855 | 45,685,149 | 21,320,075 | - | - | 3,560,726 | 71,913,805 |
| Foreign exchange differences | 26,812,539 | 28,742,716 | 18,873,414 | 19,615 | 22,619,609 | 267,159 | 97,335,052 |
| Decrease due to disposal of a subsidiary | (25,539,940) | (1,066,977) | (54,824,062) | (74,570) | (84,894,986) | - | (166,400,535) |
| Disposals | (1,015,942) | (13,057,088) | (11,995,404) | - | - | - | (26,068,434) |
| Reclassify | (23,280) | (764,915) | 769,326 | - | - | (4,411) | (23,280) |
| 31 December 2015 | 1,751,998,830 | 1,550,006,980 | 1,125,435,420 | 1,128,933 | 1,800,069,049 | 17,618,136 | 6,246,257,348 |
| <i>In which:</i> | | | | | | | |
| Fully depreciated | 1,543,390 | 2,649,780 | 3,788,805 | 401,521 | - | 517,161 | 8,900,657 |
| Accumulated depreciation | | | | | | | |
| 31 December 2014 | 113,230,789 | 153,827,136 | 81,348,327 | 810,648 | 31,640,193 | 2,483,041 | 383,340,134 |
| Depreciation for the year | 74,050,470 | 105,504,603 | 83,459,616 | 184,375 | 56,647,418 | 2,459,395 | 322,305,877 |
| Increase due to acquisition of subsidiaries | - | 2,534,033 | 1,867,342 | - | - | - | 4,401,375 |
| Foreign exchange differences | 2,310,524 | 3,374,716 | 1,651,103 | 12,210 | 658,630 | 32,156 | 8,039,339 |
| Decrease due to disposal of a subsidiary | (187,859) | (1,264,236) | (4,605,719) | - | (1,396,896) | - | (7,454,710) |
| Disposals | (6,807,147) | (627,845) | (8,169,866) | (74,570) | (2,162,015) | - | (17,841,446) |
| Reclassify | (9,053) | 928,388 | (928,388) | - | - | - | (9,053) |
| 31 December 2015 | 182,587,724 | 264,276,795 | 154,622,415 | 932,663 | 85,387,327 | 4,974,592 | 692,781,516 |
| Net carrying amount | | | | | | | |
| 31 December 2014 | 1,107,872,740 | 1,048,256,690 | 865,963,552 | 334,791 | 1,104,065,107 | 9,386,975 | 4,135,879,855 |
| 31 December 2015 | 1,569,411,106 | 1,285,730,185 | 970,813,005 | 196,270 | 1,714,681,722 | 12,643,544 | 5,553,475,832 |
| <i>In which:</i> | | | | | | | |
| Pledged as loans security (Note 23) | 1,569,411,106 | 1,285,730,185 | 970,813,005 | 196,270 | 1,714,681,722 | 12,643,544 | 5,553,475,832 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

12. INTANGIBLE ASSETS

| | <i>Land use right</i> | <i>Software system</i> | <i>VND'000</i> <i>Total</i> |
|---|-----------------------|------------------------|--------------------------------|
| Cost | | | |
| 31 December 2014 | - | 48,197,185 | 48,197,185 |
| Increase due to acquisition of a subsidiary | 6,648,075 | - | 6,648,075 |
| 31 December 2015 | 6,648,075 | 48,197,185 | 54,845,260 |
| Accumulated amortisation | | | |
| 31 December 2014 | - | 5,684,340 | 5,684,340 |
| Amortisation for the year | 249,303 | 6,049,639 | 6,298,942 |
| 31 December 2015 | 249,303 | 11,733,979 | 11,983,282 |
| Net carrying amount | | | |
| 31 December 2014 | - | 42,512,845 | 42,512,845 |
| 31 December 2015 | 6,398,772 | 36,463,206 | 42,861,978 |

13. CONSTRUCTION IN PROGRESS

| | <i>31 December 2015</i> | <i>31 December 2014</i> <i>(as presented –</i> <i>Note 37)</i> |
|-------------------------------------|-------------------------|--|
| Rubber and oil palm plantations (*) | 10,137,217,769 | 5,867,366,056 |
| Buildings and structures (*) | 613,442,399 | 314,219,395 |
| Construction of cow projects (*) | 249,346,043 | 57,262,902 |
| Others | 153,949,533 | 192,205,579 |
| TOTAL | 11,153,955,744 | 6,431,053,932 |

(*) Rubber and oil palm plantations, buildings and structures and construction of cow projects for meat have been mortgaged to secure the outstanding loans of the Group (Note 23).

14. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 557,954,522 into construction in progress (for the year ended 31 December 2014: VND'000 483,986,502). These costs incurred from the bank loans and bonds to finance the construction and development of buildings and structures, machinery and equipment, rubber and oil plantations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

15. LONG-TERM INVESTMENTS

15.1 Investments in subsidiaries

Details of investments in the Company's subsidiaries as at 31 December 2015 are as follows:

| Name | Location | Status of operation | Date of establishment or acquisition | Holding (%) |
|---|-----------------------|---------------------|--------------------------------------|-------------|
| (1) Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd. | Attapeu, Laos | Operating | 12/01/2007 | 97.77 |
| (2) Hoang Anh - Quang Minh Rubber JSC | Gia Lai, Vietnam | Operating | 01/02/2007 | 97.77 |
| (3) Hoang Anh Dak Lak JSC | Dak Lak, Vietnam | Operating | 12/09/2007 | 99.46 |
| (4) Hoang Anh Attapeu Agriculture Development Co., Ltd. | Attapeu, Laos | Operating | 22/05/2008 | 100.00 |
| (5) Hoang Anh Rattanakiri Co., Ltd. | Rattanakiri, Cambodia | Pre-operating | 18/11/2009 | 100.00 |
| (6) Ban Me Rubber JSC | Dak Lak, Vietnam | Pre-operating | 15/01/2010 | 99.38 |
| (7) Heng Brothers Co., Ltd. | Rattanakiri, Cambodia | Pre-operating | 25/01/2010 | 100.00 |
| (8) Hoang Anh Oyadav Co., Ltd. | Rattanakiri, Cambodia | Pre-operating | 16/07/2010 | 100.00 |
| (9) CRD Co., Ltd. | Rattanakiri, Cambodia | Pre-operating | 15/12/2010 | 100.00 |
| (10) Hoang Anh Gia Lai Cane Sugar JSC | Gia Lai, Vietnam | Operating | 26/01/2011 | 99.99 |
| (11) Hoang Anh Andong Meas Co., Ltd. | Rattanakiri, Cambodia | Operating | 17/02/2011 | 97.77 |
| (12) Hoang Anh Attapeu Sugar-Cane Co., Ltd. | Attapeu, Laos | Operating | 01/11/2011 | 99.99 |
| (13) Hoang Anh Gia Lai Import - Export Trading One member Co., Ltd. | Gia Lai, Vietnam | Operating | 05/02/2013 | 100.00 |
| (14) Highland Dairy Cattle JSC | Gia Lai, Vietnam | Operating | 27/04/2015 | 99.00 |
| (15) Dong Penh JSC | Gia Lai, Vietnam | Operating | 14/10/2015 | 99.90 |
| (16) Daun Penh Agrico Co., Ltd. | Rattanakiri, Cambodia | Pre-operating | 14/10/2015 | 99.90 |
| (17) An Dong Mia JSC | Gia Lai, Vietnam | Operating | 15/10/2015 | 69.05 |
| (18) Hoang Anh Lumphat Co., Ltd. | Rattanakiri, Cambodia | Pre-operating | 15/10/2015 | 69.05 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

15. LONG-TERM INVESTMENTS (continued)

15.2 *Investment in an associate*

Details of carrying value of the investment in an associate on 31 December 2015 were as follows:

| | VND'000 |
|---|--------------------|
| | <i>Bidiphar</i> |
| Cost of investment | |
| 31 December 2014 | 248,460,551 |
| Increase | <u>24,715,440</u> |
| 31 December 2015 | <u>273,175,991</u> |
| Accumulated share in post-acquisition loss | |
| 31 December 2014 | - |
| Share in post-acquisition loss for the year | <u>(1,225,021)</u> |
| 31 December 2015 | <u>(1,225,021)</u> |
| Carrying amount | |
| 31 December 2014 | <u>248,460,551</u> |
| 31 December 2015 | <u>271,950,970</u> |

Bidiphar Rubber JSC ("Bidiphar") was incorporated under the Law on Enterprises of Vietnam pursuant to BRC No.3503000155 issued by DPI of Binh Dinh Province on 14 September 2007 and amended BRCs with the charter capital of VND'000 212,800,000.

On 26 November 2015, the Company acquired additional 549,232 shares in Bidiphar from Hoang Anh Gia Lai JSC for a total consideration of VND'000 24,715,440, increasing its ownership in Bidiphar from 45.22% to 47.80%.

15.3 *Investment in other entity*

Investment in other entity represents an investment of BSTN, a subsidiary, to Gia Lai Livestock JSC with interest of 4.9%.

16. LONG-TERM PREPAID EXPENSES

| | VND'000 | |
|-------------------------------|---------------------------|---------------------------|
| | 31 December 2015 | 31 December 2014 |
| Cost of sugar cane plantation | 658,428,542 | 765,142,344 |
| Cost of grass plantation | 119,334,616 | 19,108,996 |
| Land rental fees | 81,399,952 | 25,878,208 |
| Cost of corn plantation | 49,185,469 | 48,928,696 |
| Tools and supplies | 18,864,683 | 22,371,230 |
| Office rental fees | 5,521,946 | 5,325,976 |
| Others | <u>12,209,069</u> | <u>6,537,502</u> |
| TOTAL | <u>944,944,277</u> | <u>893,292,952</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

17. GOODWILL

| | VND'000 |
|---------------------------------|--------------------|
| | Amount |
| Cost | |
| 31 December 2014 | - |
| Acquisition during the year | 438,189,885 |
| 31 December 2015 | <u>438,189,885</u> |
| Accumulated amortisation | |
| 31 December 2014 | - |
| Amortisation for the year | (4,815,224) |
| 31 December 2015 | <u>(4,815,224)</u> |
| Net carrying amount | |
| 31 December 2014 | - |
| 31 December 2015 | <u>433,374,661</u> |

18. SHORT-TERM TRADE PAYABLES

| | VND'000 | |
|--|--------------------|--------------------|
| | 31 December 2015 | 31 December 2014 |
| Payables to suppliers of goods and services | 400,037,969 | 149,918,734 |
| - Gia Lai Livestock JSC | - | 33,673,648 |
| - Other suppliers | 400,037,969 | 116,245,086 |
| Payables to suppliers of machinery and equipment | 164,346,595 | 50,354,127 |
| Payables for purchase share of subsidiary | 61,490,000 | - |
| Payables to constructors | 4,910,141 | 46,893,800 |
| TOTAL | <u>630,784,705</u> | <u>247,166,661</u> |
| <i>In which:</i> | | |
| Payables to other suppliers | 179,580,810 | 135,204,571 |
| Payables to related parties (Note 33) | 451,203,895 | 111,962,090 |

19. SHORT-TERM ADVANCES FROM CUSTOMERS

| | VND'000 | |
|---|--------------------|--------------------|
| | 31 December 2015 | 31 December 2014 |
| Advances from customers | 684,971,696 | 126,467,449 |
| - Indochina Cows JSC | 574,711,583 | - |
| - Other customers | 110,260,113 | 126,467,449 |
| Advances from related parties (Note 33) | 102,092,306 | - |
| TOTAL | <u>787,064,002</u> | <u>126,467,449</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**20. STATUTORY OBLIGATIONS**

| | VND'000 | |
|----------------------------------|--------------------|--------------------|
| | 31 December 2015 | 31 December 2014 |
| Value-added tax | 142,676,704 | 250,852,246 |
| Personal income tax | 4,034,146 | 1,136,926 |
| Corporate income tax (Note 32.1) | 2,229,860 | 4,464,177 |
| Others | - | 361,486 |
| TOTAL | 148,940,710 | 256,814,835 |

21. ACCRUED EXPENSES

| | VND'000 | |
|--------------------|--------------------|---|
| | 31 December 2015 | 31 December 2014 (as presented – Note 37) |
| Short-term | 474,504,889 | 34,999,733 |
| Interest expenses | 330,277,520 | 12,329,868 |
| Construction costs | 127,785,507 | - |
| Operating costs | 16,441,862 | 22,669,865 |
| Long-term | - | 200,000,000 |
| Interest expenses | - | 200,000,000 |
| TOTAL | 474,504,889 | 234,999,733 |

22. OTHER PAYABLES

| | VND'000 | |
|--|----------------------|----------------------|
| | 31 December 2015 | 31 December 2014 |
| Short-term | 1,834,130,467 | 1,861,194,194 |
| Temporary borrowings payables | 1,781,589,375 | 1,748,115,939 |
| Land lease payables | 16,237,999 | 16,239,014 |
| Dividend payables | 5,109,394 | 87,823,600 |
| Other payables | 31,193,699 | 9,015,641 |
| <i>In which:</i> | | |
| <i>Payables to other parties</i> | 57,660,451 | 224,378,196 |
| <i>Payables to related parties (Note 33)</i> | 1,776,470,016 | 1,636,815,998 |
| Long-term | 847,958,773 | 166,523,184 |
| Borrowings payables | 659,411,049 | - |
| Land lease payables | 188,478,724 | 166,433,291 |
| Other payables | 69,000 | 89,893 |
| <i>In which:</i> | | |
| <i>Payables to other parties</i> | 188,547,724 | 166,523,184 |
| <i>Payables to a related party (Note 33)</i> | 659,411,049 | - |
| TOTAL | 2,682,089,240 | 2,027,717,378 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**23. LOANS**

| | VND'000 | |
|---|-----------------------|----------------------|
| | 31 December 2015 | 31 December 2014 |
| Short-term loans | 3,127,105,050 | 3,728,062,869 |
| Current portion of long-term bonds (Note 23.1) | 300,000,000 | 1,988,689,724 |
| Short-term loans from banks (Note 23.3) | 2,101,643,091 | 828,650,337 |
| Current portion of long-term loans from banks (Note 23.4) | 659,401,026 | 270,571,455 |
| Current portion of long-term loans from a related party (Note 23.5) | 66,060,933 | 640,151,353 |
| Long-term loans | 9,108,541,327 | 3,620,745,061 |
| Long-term bonds (Note 23.2) | 1,700,000,000 | - |
| Long-term loans from banks (Note 23.4) | 4,031,152,897 | 2,388,747,061 |
| Long-term loans from a related party (Note 23.5) | 3,377,388,430 | 1,231,998,000 |
| TOTAL | 12,235,646,377 | 7,348,807,930 |

Movements of loans are as follows:

| | VND'000 | |
|---|----------------------|----------------------|
| | Short-term loans | Long-term loans |
| 31 December 2014 | 3,728,062,869 | 3,620,745,061 |
| Drawdown from borrowings | 3,359,994,655 | 4,934,649,698 |
| Reclassify | (173,938,505) | 173,938,506 |
| Repayment from borrowings | (3,626,513,089) | (317,293,546) |
| Decrease due to disposal of a subsidiary | (187,014,117) | (350,000,000) |
| Increase due to acquisition of subsidiaries | - | 908,014,993 |
| Foreign exchange difference arisen from revaluation of ending balance denominated in foreign currencies | 26,513,237 | 138,486,615 |
| 31 December 2015 | 3,127,105,050 | 9,108,541,327 |

23.1 Bonds with warrants

On 5 December 2012, the Company announced the issuance of bonds with a total value at VND 2,000 billion (the par value per bond is VND 100 million) which was arranged by Vietnam Prosperity Bank Securities Company Limited ("VPBS"). These bonds are repaid after three (3) years and one year grace period. Interest rate is paid for every quarter at the rate 11.37% p.a. for the first three quarters and apply the ceiling interest rate of deposit of the State Bank of Vietnam ("SBV") in Vietnam dong with the term from one to twelve (12) months plus margin of 3% p.a. for subsequent periods. Should SBV remove the ceiling interest rate of saving deposit in Vietnam dong with the term from one to twelve (12) months, the interest rate of individual saving deposit in Vietnam dong with the term of twelve (12) months announced by VPBS plus margin of 3% p.a. will be applied for subsequent years. In addition, the Company has also committed to pay the additional interest of 5% p.a. for this amount of bonds, starting from the issuance date to maturity date (Note 37). The Company has issued the bonds to EuroCapital Securities Company ("ECS") in accordance with the contracts dated 7 December 2012, 25 December 2012 and 27 December 2012 with proceeds of VND 750 billion, VND 450 billion and VND 800 billion, respectively. Accordingly, total proceeds from these bond issuances were VND 2,000 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**23. LOANS (continued)****23.1 Bonds with warrants (continued)**

The purpose of these bonds issuance is to finance investment projects of the Group including the project of planting 28,173 hectares of rubber trees in Rattanakiri Province, Cambodia; projects of planting 9,470 hectares palm oil in Rattanakiri Province, Cambodia; projects of planting 25,000 hectares rubber trees and palm oil in Attapeu and Sekong Province, Laos; projects of planting 5,000 hectares rubber trees in Attapeu and Sekong Province, Laos; projects of planting 3,000 hectares sugar cane trees in Attapeu and Sekong Province, Laos; to restructure existing debts of the Group and finance working capital and finance other investment projects of the Group. These bonds are secured by 150,717,250 shares of the Company ("HNG") held by Hoang Anh Gia Lai JSC, the parent company.

In addition, a warrant was granted for every bond issued and the warrants will be considered independent securities from the bond after being granted. Each warrant grants the holder the right to purchase a number of shares of the Company equivalent to 0.000775% of actual contributed share capital of the Company right after all warrants are exercised. Should all warrants be exercised, the Company has committed that warrant holders will own at least 15.5% ownership in the Company.

On 23 June 2015, in accordance with an agreement between ECS – owner of 20,000 warrants and the Company, the exercisable period is extended for two (2) years. Accordingly, the exercisable period of the warrants is increased from four (4) years to six (6) years from the date of issuance of the warrant.

On 17 November 2015, the Company repurchased 17,000 bonds before the maturity date from two bondholders including Vietnam Joint Stock Commercial Bank for Prosperity and Tien Phong Commercial Joint Stock Bank, the number of bond is 12,000 bonds and 5,000 bonds, respectively with total nominal value at VND 1,700 billion. Accordingly, 150,717,250 HNG shares owned by Hoang Anh Gia Lai JSC was used as collateral of bonds with warrants of VND 2,000 billion has been unwinded.

The additional interest amounting to VND 255 billion corresponding to 17,000 bonds repurchased before the maturity date are extended but no later than 10 December 2016 and secured by 92,855,945 shares which is owned by Hoang Anh Gia Lai JSC. The shares of 92,855,945 were also used as collateral for bonds of Hoang Anh Gia Lai JSC including unconvertible bonds with total par value at VND 530 billion – Huynh De Bonds, unconvertible bonds with total par value at VND 350 billion – Phu Hoang Anh Bonds and the bonds with total par value at VND 600 billion – HAGL 600 Bonds.

In addition, the remaining of 3,000 bonds with a total par value at VND 300 billion has been extended one (1) year, the new maturity date is on 28 December 2016. At date of this consolidated report, these bonds are secured by 25,585,000 shares and 3,850,000 shares of Hoang Anh Gia Lai JSC ("HAG") owned by Mr. Doan Nguyen Duc and Mr. Nguyen Anh Hoa respectively and 4,000,000 shares of HNG owned by Hoang Anh Gia Lai JSC. As at 31 December 2015 and at date of these consolidated report, the value of collateral assets does not equal at least 130% the total par value of bonds owned by bondholders.

As at 31 December 2015, these bonds were owned by North Asia Commercial Joint Stock Bank, beared interest at interest rate from 9.40% to 9.80% p.a. and have been classified into current portion of long-term bonds for the purpose of presenting consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

23. LOANS (continued)

23.2 *Straight bonds*

On 17 November 2015, the Company announced the issuance of bonds with a total value at VND 1,700 billion (the par value per bond is VND 1 billion) which was arranged by ECS. These bonds will be repaid from 17 December 2017 to 17 December 2018. Interest rate is paid for every quarter at the rate 10.5% p.a. for the first quarter and apply the saving interest rate of deposit of Vietnam Prosperity Joint Stock Commercial Bank – Main Operation Centre in Vietnam dong with the term twelve (12) months plus margin of 4.5% p.a. for subsequent periods. The Company has issued the bonds to National Citizen Commercial Joint Stock Bank, Tien Phong Commercial Joint Stock Bank and Vietnam Prosperity Joint Stock Commercial Bank in accordance with the contracts dated 17 November 2015, with proceeds of VND 300 billion, VND 200 billion and VND 1,200 billion, respectively. Accordingly, total proceeds from these bonds issuances were VND 1,700 billion. The purpose of this bond issuance is to restructure part of the bonds with total par value at VND 2,000 billion which was issued on December 2012, to finance investment projects of the Group including the project of planting 28,173 hectares of rubber trees in Rattanakiri Province, Cambodia; projects of planting 9,470 hectares palm oil in Rattanakiri Province, Cambodia; projects of planting 25,000 hectares rubber trees and palm oil in Attapeu Province, Laos; projects of planting 5,000 hectares rubber trees in Attapeu and Sekong Province, Laos; projects of planting 3,000 hectares sugar cane trees in Attapeu and Sekong Province, Laos; to finance working capital and finance other investment projects of the Group. These bonds are secured by 181,717,250 HNG shares held by Hoang Anh Gia Lai JSC. In which, 31,000,000 HNG shares were used to secure for the bonds with par value at VND 600 billion – HAGL 600 Bonds of the Hoang Anh Gia Lai JSC. At date of these consolidated financial statements, the value of collateral assets does not equal at least 200% the total par value of bonds as required in collateral contract.

As at 31 December 2015, these bonds were owned by Vietnam Public Commercial Joint Stock Bank, Tien Phong Commercial Joint Stock Bank and Vietnam Prosperity Joint Stock Commercial Bank with the value at VND 300 billion, VND 200 billion and VND 1,200 billion, respectively and beared interest at interest rate of 10.50% p.a.

23.3 *Short-term loans from banks*

| | VND'000 | |
|---|----------------------|--------------------|
| | 31 December 2015 | 31 December 2014 |
| Bank for Investment Development of Vietnam ("BIDV") | 1,248,291,110 | 273,860,292 |
| Laos - Vietnam Joint Venture Bank ("Laos - Viet Bank") | 853,351,981 | 230,424,667 |
| Joint Stock Commercial Bank for Foreign Trade of Vietnam | - | 257,987,770 |
| Ho Chi Minh City Development Joint Stock Bank ("HD Bank") | - | 66,377,608 |
| TOTAL | 2,101,643,091 | 828,650,337 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**23. LOANS (continued)****23.3 Short-term loans from banks (continued)**

Details of the short-term loans from banks are as follows:

| Banks | 31 December 2015 | | Maturity term | Interest rate | Collateral |
|--|----------------------|------------------------|--|------------------------|---|
| | VND'000 | Original amount USD | | | |
| <i>BIDV, Gia Lai Branch</i> | | | | | |
| Loan contract No. 01/20155331375/HDTD dated 19 June 2015 | 761,483,564 | 359,810,396 | From 10 March 2016 to 23 November 2016 | 5.05 – 10.00 % p.a. | Assets arising in the future of 1,194.74 ha rubber plantation at la Pa District, Gia Lai Province; 23 apartments and 2 shopping centre of apartments in Bau Thac Giac, Da Nang City of Hoang Anh Gia Lai JSC |
| Loan contract No. 04/2015/6261950/HDTD dated 4 May 2015 | 486,807,546 | 486,807,546 | - | 9.00 - 10.50 | Assets arising from loans - project of beef cattle breeding at Chuprong Ward, Gia Lai Province amounting to VND 444 billion |
| TOTAL | 1,248,291,110 | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

23. LOANS (continued)

23.3 Short-term loans from banks (continued)

Details of the short-term loans from banks are as follows: (continued)

| Banks | 31 December 2015 | | Maturity term | Interest rate % p.a. | Collateral |
|---|--------------------|-----------------|---|-------------------------|--|
| | VND'000 | Original amount | | | |
| | LAK | USD | | | |
| <i>Laos – Viet Bank, Attapeu Branch</i> | | | | | |
| Loan contract No. 083/HD - LVB.ATP/2015 dated 9 July 2015 | 401,445,860 | - | From 9 July 2016 to 7 December 2016 | 6.50 – 9.00 | 3 land use rights of 1,001.78 ha at Laman District, Sekong Province, Laos, and all related assets and imported cows for project breeding cattle valued at USD 11,372,722 and USD 26,460,000, respectively |
| Loan contract No. 080/HD - LVB.ATP/2015 dated 1 July 2015 | 218,825,225 | 79,277,382 | From 10 July 2016 to 31 December 2016 | 11.25 | Sugar severing machine with the value at LAK 5.1 billion, land use right of 18,813 m ² at Samakhixay District, Attapeu Province, Laos and related assets value at LAK 46.1 billion |
| Loan contract No. 109/LVB ATP/2015 dated 1 October 2015 | 120,362,496 | - | From 17 June 2016 to 14 December 2016 | 8.00 – 9.75 | Assets arising from the loan for the project breeding cattle including fixed assets and imported cows value at USD 7,660,097 and USD 17,640,000, respectively |
| Loan contract No. 097/HD - LVB.ATP/2015 dated 5 August 2015 | 112,718,400 | - | 26 November 2016 | 8.75 | All imported cows value at USD 47,640,000, 2 land use rights of 7.9 ha at Xaysettha District, Attapeu Province, Laos and related assets value at USD 14,301,500 |
| TOTAL | 853,351,981 | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

23. LOANS (continued)

23.4 Long-term loans from banks

| | VND'000 | |
|---|-----------------------------|-----------------------------|
| | 31 December 2015 | 31 December 2014 |
| BIDV | 2,335,644,860 | 1,873,427,711 |
| HD Bank | 937,322,850 | - |
| Laos – Viet Bank | 669,030,620 | 125,980,407 |
| Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank") | 569,974,355 | 512,454,605 |
| Asia Commercial Bank ("ACB") | 178,581,238 | 147,455,793 |
| TOTAL | <u>4,690,553,923</u> | <u>2,659,318,516</u> |
| <i>In which :</i> | | |
| <i>Non-current portion</i> | 4,031,152,897 | 2,388,747,061 |
| <i>Current portion</i> | 659,401,026 | 270,571,455 |

The Group obtained these loans mainly to finance the development of rubber and sugar cane plantations, purchases of machinery and equipment and cow for meat projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**23. LOANS (continued)****23.4 Long-term loans from banks (continued)**

Details of the long-term loans from banks are as follows:

| Name of banks | 31 December 2015 | | Maturity term | Interest rate | Collateral |
|--|------------------|------------------------|---|--|---|
| | VND'000 | Original amount USD | | | |
| <i>BIDV, Binh Dinh Branch</i> | | | | % p.a. | |
| Loan Agreement No. 01/2013/BIDV-Attapeu dated 18 February 2013 | 663,612,357 | 29,436,736 | Repayment of 120 months from the first drawdown date (i.e. 18 April 2013) | 12 months savings deposit interest paid in arrears of BIDV in USD plus 5.00% p.a. (2015: 7.00) | 121 apartments in Hoang Van Thu buildings, Pleiku City, Gia Lai Province; land use rights 4320 m ² in Dong Da ecological Lake, Quy Nhon City, Binh Dinh Province; HAGL Grammite Stone factory in Dak Doa District, Gia Lai Province; the current deposit balances of Hoang Anh Gia Lai JSC of VND'000 5,850,088 in BIDV; 136 apartments in HAGL – BIDV luxury building in Dak Lak Province; land use right 6,993.2 m ² in Phu Dong, Pleiku City, Gia Lai Province; land lease right of 5,588 ha rubber and 2,093.6 ha palm oil in Attapeu Province, Laos and related assets |
| Loan Agreement No. 01/2012/BIDV-HAGL_Attapeu dated 22 March 2012 | 581,001,018 | 25,772,235 | Repayment of 72 months from the first drawdown date (i.e. 23 April 2012) | 12 months savings deposit interest rate paid in arrears of BIDV in USD plus 3.50% p.a. (2015: 7.00 – 8.00) | Land use right of 51 ha in Phou Vong District, Attapeu Province, Laos |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

23. LOANS (continued)

23.4 Long-term loans from banks (continued)

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

| Name of banks | 31 December 2015 | | Maturity term | Interest rate % p.a. | Collateral |
|--|------------------|--------------|--|--|--|
| | VND'000 | USD | | | |
| <i>BIDV, Gia Lai Branch</i> | | | | | |
| Loan Agreement No. 01/2010/HD-TD dated 1 April 2010 | 723,036,497 | - 32,077,928 | Repayment of 130 months from the first drawdown date (i.e. 28 April 2010) | 12 months savings deposit interest rate paid in arrears of BIDV in USD plus 4.70% p.a. (2015: 7.00) | Land use right of 10,000 ha rubber in Saysetha, San Xay and Phu Vong Districts, Attapeu Province, Laos |
| Loan No. 01/2015/6261950/HDTD dated 4 May 2015 | 222,482,398 | - | Repayment of 84 months from the first drawdown date (i.e. 4 May 2015) | Fund transfer pricing rate more than 12 months of BIDV plus 3.20% p.a. (2015: 8.00 - 10.70) | Assets arising from the loans - project of beef cattle breeding in Gia Lai Province amounting to VND 444 billion |
| Loan contract No. 02/2015/6261950/HDTD dated 4 May 2015 | 79,544,318 | - | Repayment of 84 months from the first drawdown date (i.e. 4 May 2015) | Fund transfer pricing rate more than 12 months of BIDV plus 3.20% p.a. (2015: 8.00 - 11.25) | Assets arising from the loans - project of dairy cattle breeding in Gia Lai Province amounting to 480 billion |
| Loan Contract No. 05/2015/6261950/HDTD dated 1 December 2015 | 65,968,272 | - | Repayment of 84 months from the first drawdown date (i.e. 1 December 2015) | 12 month savings deposit interest rate + 3.00% p.a. but no less than first interest rate, adjust for every 3 months (2015: 8.00) | Assets arising from the loans - project of beef cattle breeding in Gia Lai Province amounting to VND 444 billion |

| | | |
|--------------|----------------------|--|
| TOTAL | 2,335,644,860 | |
|--------------|----------------------|--|

| | |
|------------------|-------------|
| <i>In which:</i> | |
| Current portion | 429,639,400 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**23. LOANS (continued)****23.4 Long-term loans from banks (continued)**

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

| Name of banks | 31 December 2015 | | Original amount | Maturity term | Interest rate | Collateral |
|---|--------------------|-------------|-----------------|---|--|--|
| | VND'000 | USD | | | | |
| <i>HD Bank – Dong Nai Branch</i> | | | | | | |
| Loan Contract No 0044/2014/HDTDTDH-DN dated 25 April 2014 | 874,362,225 | 449,999,993 | 18,827,073 | Repayment of 60 months from the first drawdown date (i.e. 25 April 2014) | 8.00% p.a. for the first year and will be determined at the 12-month saving deposit rate via USD plus 7.00% p.a. for the following year but not exceed 8.00% p.a.; adjusted twice p.a. (2015: 7.50 – 8.00 for USD and 12.00 – 13.00 for VND) | 42,880,000 HAG shares held by Mr. Doan Nguyen Duc and Ms. Hoang Thi Ngoc Bich and land lease rights of 9,173 ha at Rattaniki Province, Cambodia and related assets |
| <i>HD Bank – Dak Lak Branch</i> | | | | | | |
| Loan Contract No.1762/2015/HDTDTDH- DN dated 2 December 2015 | 62,960,625 | 62,960,625 | - | Repayment of 60 months from the first drawdown date (i.e. 2 December 2015) | Floating rate (2015: 11.25) | Assets arising from the loan - cows and calf of project cattle breeding |
| TOTAL | 937,322,850 | | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**23. LOANS (continued)****23.4 Long-term loans from banks (continued)**

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

| Name of banks | 31 December 2015 | | Maturity term | Interest rate % p.a. | Collateral |
|---|--------------------|-----------------|---|---|--|
| | VND'000 | Original amount | | | |
| | LAK | USD | | | |
| <i>Laos - Viet Bank, Attapeu Branch</i> | | | | | |
| Loan Contract No. 098/HDLVB.ATP/2015 dated 5 August 2015 | 315,729,777 | - 14,005,246 | Repayment of 60 months from the first drawdown date (i.e. 5 August 2015) | 10.00% p.a. for the first 6 months and will be determined at the 12 months individuals deposit rate at LVB + margin interest regulated by LVB, adjusted 2 times p.a. (2015: 9.00 -10.00) | All imported cow value at USD 47,640,000, 2 land use rights of 7.9 ha at Xaysettha District, Attapeu Province, Laos and related assets value at USD 14,301,500. |
| Loan Agreement No. 010/2013/LVB- ATTAPEU dated 15 March 2013 | 281,075,943 | 39,355,142 | 7,649,849 Repayment of 120 months from the first drawdown date (i.e. 21 March 2013) | For USD loans: interest rate of medium loan for adjusted twice a year (2015: 11.00). For LAK loans: saving deposits rate with the term of 13 months + 3.00% p.a., adjusted 2 times p.a. (2015: 13.75) | Land lease rights and related assets of 5,588 ha rubber plantation and 2,093.6 ha palm oil plantation at Attapeu Province, Laos |
| Loan Contract No. 124/HD-LVB/2015 dated 25 November 2015 | 44,853,677 | - 1,989,634 | Repayment of 60 months from the first drawdown date (i.e. 30 November 2015) | Floating rate (2015: 10.50) | All construction instruments, materials and machinery for the construction projects of palm oil processing plant |
| Loan agreement No. 025/LVB.NVKD/2012 dated 10 September 2012 | 27,371,223 | 9,917,110 | Repayment of 48 months from the first drawdown date (i.e. 10 September 2012) | 13.50% p.a. for the first year adjusted 2 times p.a. at the 12 months saving deposit rate + 3% p.a., (2015: 13.50 - 13.75) | 2 land use rights of 7.9 ha at Xaysettha District, Attapeu Province, Lao and related assets value at USD 14,301,500 |
| TOTAL | 669,030,620 | | | | |
| <i>In which:</i> | | | | | |
| <i>Current portion</i> | 32,007,170 | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

23. LOANS (continued)

23.4 Long-term loans from banks (continued)

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

| Name of banks | 31 December 2015 | | Maturity term | Interest rate | Collateral |
|--|------------------|------------------------|--|--|--|
| | VND'000 | Original amount USD | | | |
| <i>Sacombank, Da Nang Branch</i> | | | | | |
| Loan Agreement No. LD1400300153 dated 3 January 2014 | 262,454,605 | - 12,420,658 | Repayment of 60 months from the first drawdown date (i.e. 3 January 2014) | 1.125%/month for the first 3 months; then at the 13 months deposit rate plus 0.3333% per month, adjusted four times per year (2015: 11.55 – 12.00 per annum) | 20,000 m ² of land use right and related assets at Binh Thuan Ward, Hai Chau District, Da Nang City held by Hoang Anh Construction and Development House JSC and 16 million HAG shares held by Mr. Doan Nguyen Duc - Chairman |
| <i>Sacombank, Thu Duc Branch</i> | | | | | |
| Loan contract No. LD1333200419, 29 November 2013 | 250,000,000 | 250,000,000 | Repayment of 66 months from the first drawdown date (i.e. 6 December 2013) | Floating rate (2015: 12.00 per annum) | 1,328.1 ha land use rights and related assets of rubber plantation in Chuprong District, Gia Lai held by Trung Nguyen Rubber JSC Province; 9,000 m ² land use rights and related assets in Binh Thuan Ward, Hai Chau District, Da Nang City held by Saigon Me Kong Investment JSC – related party |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

23. LOANS (continued)

23.4 Long-term loans from banks (continued)

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

| Name of banks | 31 December 2015 | | Original amount | Maturity term | Interest rate % p.a. | Collateral |
|--|--------------------|-------------|-----------------|--|---|--|
| | VND'000 | VND'000 | | | | |
| <i>Sacombank, Cambodia Branch</i> | | | | | | |
| Loan contract No. LQ 1335703551 dated 23 December 2013 | 57,519,750 | - | 2,500,000 | Repayment 60 months from first drawdown date(i.e. 23 December 2013) | 12 months savings deposit interest rate of Sacombank for USD + 3.50% p.a., adjust every 6 months (2015: 9.00) | 8,825 ha land use rights and related assets in Ratanakiri Province value at USD 7,423,000 |
| TOTAL | 569,974,355 | | | | | |
| <i>In which:</i> | | | | | | |
| Current portion | 19,173,218 | | | | | |
| <i>ACB, Gia Lai Branch</i> | | | | | | |
| Loan Agreement No. GILDN02041110 dated 4 November 2010 | 178,581,238 | 178,581,238 | - | Repayment in 120 months from the first drawdown date (i.e. 4 November 2010) | Floating rate (2015: 10.50 – 11.00) | 24 billion deposit at ACB and 28,405,000 HNG shares held by Hoang Anh Gia Lai JSC |
| <i>In which:</i> | | | | | | |
| Current portion | 178,581,238 | | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

23. LOANS (continued)

23.5 Loans from a related party

Details of the loans from a related party are as follows:

| <i>Lenders</i> | <i>31 December 2015</i> <i>VND'000</i> | <i>Maturity</i> | <i>Interest rate</i> <i>% p.a.</i> |
|---|---|------------------------------|---------------------------------------|
| <i>Hoang Anh Gia Lai JSC, parent company (Note 33)</i> | | | |
| Business Corporation Contract No. HTKD/HAGL – BSTN dated 28 August 2015 | 600,000,000 | 36 months from drawdown date | 10.77 |
| Loan Agreement No. 04/2014/HDV-HAGL dated 1 April 2014 | 500,000,000 | 36 months from contract date | 12.00 |
| Loan Agreement No. 25-07/2015/HDV-HAGL dated 25 July 2015 | 350,000,000 | 60 months from contract date | 10.00 – 10.35 |
| Loan Agreement No. 03/2014/HDV-HAGL dated 6 November 2014 | 300,000,000 | 36 months from contract date | 10.87 |
| Loan Agreement No. 0507/HTKD/HAGL-CSHAQM dated 5 July 2015 | 300,000,000 | 60 months from contract date | 10.00 |
| Loan Agreement No. 01/HĐVHAGL-ADM dated 11 November 2015 | 295,000,000 | 36 months from contract date | 10.00 |
| Loan Agreement No. 05-01/2014/HDV-HAGL dated 28 March 2014 | 200,000,000 | 36 months from contract date | 12.00 |
| Loan Agreement No. 20082012/HDV-HAGL dated 20 August 2012 – Appendix No. 20082012/HDV-HAGL-PL1 dated 20 August 2015 | 150,000,000 | 36 months from contract date | 16.00 |
| Loan Agreement No. 01/2011/HDV-HAGL dated 28 December 2011 – Appendix No. 01/2011/HDV-HAGL_PL4 dated 28 December 2014 | 150,000,000 | 36 months from contract date | 12.00 |
| Loan Agreement No. 05/2012/HDV-HAGL dated 28 April 2012 | 120,872,963 | 60 months from contract date | 14.00 – 17.00 |
| Loan Agreement No. 03/2012/HĐV-HAGL dated 28 April 2012 | 120,000,000 | 60 months from contract date | 14.00 |
| Loan Agreement No. 02/2015/HDV-HAGL dated 6 January 2015 | 100,000,000 | 36 months from contract date | 10.87 |
| Loan Agreement No. 02/2011/HDV-HAGL dated 28 December 2011 – Appendix No. 02/2011/HDV – HAGL_PL3 dated 28 December 2014 | 99,278,400 | 36 months from contract date | 11.93 |
| Loan Agreement No. 05-02/2014/HDV-HAGL dated 28 March 2014 | 80,000,000 | 36 months from contract date | 10.87 |
| Loan Agreement No. 01/2013/HDV-HAGL dated 17 May 2013 | 66,073,000 | 36 months from contract date | 15.00 |
| Loan Agreement No. 09/12/2014/HDV-HAGL dated 9 December 2014 | 10,225,000 | 36 months from contract date | 12.00 |
| Loan Agreement No. 04/2015/HDV-HAGL dated 6 January 2015 | 2,000,000 | 36 months from contract date | 10.87 |
| TOTAL | <u>3,443,449,363</u> | | |
| <i>In which:</i> | | | |
| <i>Non-current portion</i> | <i>3,377,388,430</i> | | |
| <i>Current portion</i> | <i>66,060,933</i> | | |

Loans from a related party are unsecured loans which were used to finance the Group's working capital requirements and projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

24. OWNERS' EQUITY

24.1 Increase and decrease in owners' equity

| | Share capital | Share premium | Consolidation reserve | Foreign exchange differences | Undistributed earnings | Total |
|---|---------------|-----------------|-----------------------|------------------------------|------------------------|---------------|
| | VND'000 | | | | | |
| Previous year | | | | | | |
| 1 January 2014 (as previously reported) | 3,990,670,000 | 1,295,347,000 | 162,047,860 | 125,673,607 | 608,536,760 | 6,182,275,227 |
| Impact of restatement | - | - | - | - | (11,779,379) | (11,779,379) |
| 1 January 2014 (as presented – Note 37) | 3,990,670,000 | 1,295,347,000 | 162,047,860 | 125,673,607 | 596,757,381 | 6,170,495,848 |
| Net profit for the year (as presented – Note 37) | - | - | - | - | 735,618,472 | 735,618,472 |
| Foreign exchange differences | - | - | - | 17,844,866 | - | 17,844,866 |
| Remuneration of Board of Director | - | - | - | - | (221,999) | (221,999) |
| Dividend declared | - | - | - | - | (90,189,142) | (90,189,142) |
| 31 December 2014 (as presented – Note 37) | 3,990,670,000 | 1,295,347,000 | 162,047,860 | 143,518,473 | 1,241,964,712 | 6,833,548,045 |
| Current year | | | | | | |
| 1 January 2015 (as presented – Note 37) | 3,990,670,000 | 1,295,347,000 | 162,047,860 | 143,518,473 | 1,241,964,712 | 6,833,548,045 |
| Reclassification (Note 38) | - | - | (162,047,860) | - | 162,047,860 | - |
| 1 January 2015 (reclassified) | 3,990,670,000 | 1,295,347,000 | - | 143,518,473 | 1,404,012,572 | 6,833,548,045 |
| Net profit for the year | - | - | - | - | 724,591,678 | 724,591,678 |
| Issuance of shares in cash (i) | 798,723,950 | 999,248,810 | - | - | - | 1,797,972,760 |
| Issuance of shares from share premium (ii) | 2,292,045,000 | (2,292,045,000) | - | - | - | - |
| Foreign exchange differences | - | - | - | 299,629,881 | - | 299,629,881 |
| Decrease the parent's control due to capital transactions with non-controlling interest | - | - | - | - | (2,029,495) | (2,029,495) |
| 31 December 2015 | 7,081,438,950 | 2,550,810 | - | 443,148,354 | 2,126,574,755 | 9,653,712,869 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

24. OWNERS' EQUITY (continued)

24.1 Increase and decrease in owners' equity (continued)

- (i) In accordance with the Resolution of shareholders at Extraordinary General Meeting year 2015 No. 0604/15/DHDCD-NNHAGL ("Resolution No. 0604") dated 6 April 2015, the Company had offered and issued ordinary shares to Hoang Anh Gia Lai JSC and its employees. The aforementioned transaction has been completed as at 2 June 2015.
- (ii) In accordance with Resolution No. 0604, the Company issued ordinary shares from share premium to its existing owners at the ratio of 49.50%. The aforementioned transaction has been completed as at 2 June 2015.

24.2 Shares

| | 31 December 2015 | | 31 December 2014 | |
|----------------------------------|------------------|-------------------|------------------|-------------------|
| | Quantity | Amount VND'000 | Quantity | Amount VND'000 |
| Issued shares | | | | |
| <i>Issued and paid-up shares</i> | 708,143,895 | 7,081,438,950 | 399,067,000 | 3,990,670,000 |
| Ordinary shares | 708,143,895 | 7,081,438,950 | 399,067,000 | 3,990,670,000 |
| Shares in circulation | | | | |
| Ordinary shares | 708,143,895 | 7,081,438,950 | 399,067,000 | 3,990,670,000 |

25. NON-CONTROLLING INTERESTS

| | VND'000 | |
|---|--------------------|--|
| | Current year | Previous year (as presented - Note 37) |
| 31 December 2014 | 21,540,191 | 21,593,540 |
| Share of profit during the year | 19,416,700 | 201,761 |
| Acquisition of new subsidiaries | 190,723,444 | - |
| Disposal of a subsidiary | (3,790,480) | - |
| Acquisition of shares from non-controlling shareholders in subsidiaries | (1,371,865) | (119,429) |
| Declaration of dividends to non-controlling shareholders | (602,954) | (135,681) |
| 31 December 2015 | 225,915,036 | 21,540,191 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

26. EARNINGS PER SHARE

The Group used the following information to calculate basic and diluted earnings per share:

| | <i>Current year</i> | <i>Previous year (as presented – Note 37)</i> |
|--|---------------------|---|
| Net profit after tax attributable to ordinary shareholders (VND'000) | 724,591,678 | 735,618,472 |
| Weighted average number of ordinary shares for basic earnings per share (share) | 662,653,246 | 596,605,165 |
| <i>Effect of dilution due to warrants</i> | <u>129,896,217</u> | <u>129,896,217</u> |
| Weighted average number of ordinary shares adjusted for the effect of dilution (share) | 792,549,463 | 726,501,382 |
| Basic earnings per share (VND) | 1,093 | 1,233 |
| Diluted earnings per share (VND) | 914 | 1,013 |

As disclosed in Note 23.1 to the consolidated financial statements, on 5 December 2012, the Group issued VND 2,000 billion warrants at par value at VND 100 million per bond. These warrants could potentially dilute basic earnings per share in the future.

27. REVENUES

27.1 Net revenues from sale of goods and rendering of services

| | <i>Current year</i> | <i>VND'000 Previous year</i> |
|--|-----------------------------|----------------------------------|
| Net revenue | <u>4,730,680,433</u> | <u>2,212,251,019</u> |
| <i>Of which:</i> | | |
| <i>Sale of cows</i> | 2,541,497,018 | - |
| <i>Sale of sugars</i> | 957,503,311 | 1,042,101,594 |
| <i>Sale of goods</i> | 352,436,994 | 200,038,951 |
| <i>Sale of corns</i> | 295,939,624 | 204,513,672 |
| <i>Revenue from construction contracts</i> | 283,858,713 | 482,056,399 |
| <i>Sale of rubber latex</i> | 197,055,040 | 226,690,873 |
| <i>Sale of apartments</i> | 56,972,736 | 35,078,692 |
| <i>Revenue from rendering of services</i> | 45,416,997 | 21,770,838 |
| <i>Of which</i> | | |
| <i>Revenue to other party</i> | 4,227,562,136 | 2,128,556,619 |
| <i>Revenue to related party</i> | 503,118,297 | 83,694,400 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**27. REVENUES** (continued)**27.2 Finance income**

| | VND'000 | |
|---|---------------------------|--------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Income from disposal of a subsidiary | 45,997,846 | - |
| Interest income from loans to other companies | 64,891,633 | 22,307,029 |
| Foreign exchange difference gains | 51,665,188 | 14,785,192 |
| Interest income from bank deposits | 2,325,965 | 402,670 |
| Others | - | 586,893 |
| TOTAL | <u>164,880,632</u> | <u>38,081,784</u> |

28. COST OF GOODS SOLD AND SERVICES RENDERED

| | VND'000 | |
|--------------------------------|-----------------------------|-----------------------------|
| | <i>Current year</i> | <i>Previous year</i> |
| Cost of cows sold | 1,803,513,299 | - |
| Cost of sugar products sold | 576,122,070 | 483,306,461 |
| Cost of construction contracts | 406,580,409 | 276,333,162 |
| Cost of goods sold | 323,091,122 | 185,720,949 |
| Cost of rubber latex sold | 175,834,362 | 109,327,460 |
| Cost of corns sold | 109,668,097 | 76,252,163 |
| Cost of apartments sold | 54,180,462 | 35,124,946 |
| Cost of services rendered | 44,590,172 | 18,427,581 |
| TOTAL | <u>3,493,579,993</u> | <u>1,184,492,722</u> |

29. FINANCE EXPENSES

| | VND'000 | |
|--|---------------------------|---|
| | <i>Current year</i> | <i>Previous year</i> <i>(as presented -</i> <i>Note 37)</i> |
| Interest expenses on banks loans and bonds | 364,676,504 | 277,854,539 |
| Foreign exchange difference losses | 13,039,447 | 13,802,948 |
| Others | 5,744,268 | 1,479,820 |
| TOTAL | <u>383,460,219</u> | <u>293,137,307</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

30. SELLING AND ADMINISTRATIVE EXPENSES

| | VND'000 | |
|--|---------------------------|---------------------------|
| | Current year | Previous year |
| Selling expenses | 72,904,454 | 15,753,442 |
| Transportation expenses | 53,943,100 | 6,069,346 |
| Salary expenses | 4,281,427 | 3,708,178 |
| Depreciation expenses | 1,119,391 | 866,658 |
| Other expenses | 13,560,536 | 5,109,260 |
| General and administration expenses | 120,958,460 | 87,274,811 |
| External services | 37,456,529 | 28,796,159 |
| Salary expenses | 30,125,457 | 22,547,597 |
| Depreciation and amortisation expenses | 8,475,312 | 7,331,530 |
| Others | 44,901,162 | 28,599,525 |
| TOTAL | <u>193,862,914</u> | <u>103,028,253</u> |

31. OTHER INCOME AND EXPENSES

| | VND'000 | |
|---|-----------------------------|--------------------------|
| | Current year | Previous year |
| Other income | 2,233,328 | 81,090,939 |
| Proceeds from disposals of fixed assets | - | 80,381,723 |
| Others | 2,233,328 | 709,216 |
| Other expenses | (110,612,760) | (3,510,769) |
| Write-off minerals assets | (59,062,258) | - |
| Depreciation of idle assets | (3,521,561) | - |
| Write-off other assets | (2,732,538) | - |
| Penalty expenses | (3,266,826) | (2,318,584) |
| Others | (42,029,577) | (1,192,185) |
| OTHER (LOSS) PROFIT | <u>(108,379,432)</u> | <u>77,580,170</u> |

32. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 22% of taxable profit.

The Company's subsidiaries located in Lao People's Democratic Republic and Kingdom of Cambodia have the obligations to pay CIT at the rates of 24% and 20%, respectively, of their taxable profits. They are also entitled to CIT exemption and reduction in accordance with their respective BRC, Investment Licences and applicable tax regulations.

The Company and its subsidiaries' 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 change at a later date upon final determination by the tax authorities.

The CIT payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

32. CORPORATE INCOME TAX (continued)

32.1 Current CIT

| | Current year | VND'000 Previous year (as presented - Note 37) |
|--|--------------------|---|
| Accounting profit before tax | 715,053,486 | 747,254,691 |
| <i>Adjustments to increase</i> | | |
| Foreign exchange difference | 123,640,211 | 5,505,439 |
| Change in accrued expenses | 149,512,019 | 24,722,108 |
| Non-deductible expenses | 47,750,201 | 2,340,754 |
| Change in intra-group unrealised profits | 44,450,642 | 61,792,272 |
| Losses of subsidiaries | 42,767,708 | 18,053,088 |
| Amortisation of goodwill | 6,365,806 | 16,715,381 |
| Loss of an associate shared | 1,225,021 | - |
| Others | 2,460,784 | 470,006 |
| <i>Adjustments to decrease</i> | | |
| Income from business activities not subject to CIT | (1,086,533,478) | (759,243,598) |
| Gain from disposal of a subsidiary | (45,960,202) | - |
| Adjusted net profit before tax and loss carried forward | 732,198 | 117,610,141 |
| Tax loss carried forward | - | (1,748,114) |
| Estimated current taxable profit | 732,198 | 115,862,027 |
| Estimated current CIT expense | 161,084 | 25,221,932 |
| Adjustment for under (over) accrual of CIT in previous years | 2,887,579 | (2,186,449) |
| Estimated current CIT for the year | 3,048,663 | 23,035,483 |
| CIT payable at beginning of the year | 699,945 | 2,309,178 |
| Disposal of a subsidiary | 3,764,232 | - |
| CIT paid during the year | (6,794,852) | (24,644,716) |
| CIT payable at end of the year | 717,988 | 699,945 |
| <i>In which:</i> | | |
| CIT payable (Note 20) | 2,229,860 | 4,464,177 |
| CIT receivable (i) | (1,511,872) | (3,764,232) |

(i) The overpaid CIT was included in balance of "Tax and other receivables from the State" amounting to VND'000 2,231,238 on the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

32. CORPORATE INCOME TAX (continued)

32.2 *Deferred tax*

The following comprises the Group's deferred tax assets and the movements thereon during the year:

| | VND'000 | | | |
|--|---------------------------------------|-----------------------------|--|----------------------|
| | <i>Consolidated balance sheet</i> | | <i>Consolidated income statement</i> | |
| | <i>31 December 2015</i> | <i>31 December 2014</i> | <i>Current year</i> | <i>Previous year</i> |
| <i>Deferred tax assets</i> | | | | |
| Unrealised intra-group profits | 32,558,351 | 25,282,838 | 7,275,513 | 13,594,300 |
| Foreign exchange difference | 24,728,042 | - | 24,728,042 | - |
| Tax losses of subsidiaries | - | - | - | (1,993,275) |
| | <u>57,286,393</u> | <u>25,282,838</u> | | |
| <i>Deferred tax liability</i> | | | | |
| Difference between fair value and carrying amount of subsidiaries' net asset at acquisition date | <u>(235,354,240)</u> | - | - | - |
| <i>Net deferred tax (liability) assets</i> | <u>(178,067,847)</u> | <u>25,282,838</u> | | |
| <i>Net deferred tax benefit</i> | | | <u>32,003,555</u> | <u>11,601,025</u> |

33. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties during the financial year ended 31 December 2015 and 31 December 2014 were as follows:

| <i>Related parties</i> | <i>Relationship</i> | <i>Transactions</i> | VND'000 | |
|------------------------|---------------------|---|---------------------|----------------------|
| | | | <i>Current year</i> | <i>Previous year</i> |
| Hoang Anh Gia Lai JSC | Parent company | Loans and borrowings | 3,056,390,738 | 541,877,604 |
| | | Purchase of goods, services and raw materials | 889,411,032 | 288,371,389 |
| | | Purchase of investment | 485,731,688 | 38,086,144 |
| | | Interest expenses | 135,653,129 | 85,113,653 |
| | | Sales of goods | 134,831,238 | 83,694,400 |
| | | Purchase of assets | 94,824,025 | 48,671,743 |
| | | Dividend paid | 83,091,160 | - |
| Gia Lai Livestock JSC | Related party | Purchase raw materials and cows | 1,031,200,105 | - |
| | | Sales of goods | 360,660,622 | - |
| | | Purchase fixed assets | 306,271,359 | - |
| | | Interest income | 23,349,092 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at 31 December 2015 and 31 December 2014 were as follows:

| Related parties | Relationship | Transactions | VND'000 | |
|---|----------------|------------------------------------|----------------------|--------------------|
| | | | 31 December 2015 | 31 December 2014 |
| Short-term trade receivables | | | | |
| Gia Lai Livestock JSC | Related party | Sales of goods | 251,301,873 | - |
| Hoang Anh Gia Lai JSC | Parent company | Sales of goods | 14,272,963 | 4,347,645 |
| Hoang Anh Gia Lai Bridge & Road JSC | Related party | Sales of assets | 3,870,645 | 3,322,776 |
| Hoang Anh Attapeu Power JSC | Related party | Sales of goods and services | 19,661 | 562,626 |
| Others | Related party | Sales of goods | 72,339 | 109,404 |
| | | | 269,537,481 | 8,342,451 |
| Short-term advances to suppliers | | | | |
| Hoang Anh Gia Lai JSC | Parent company | Advances for purchase of materials | 938,403,361 | 485,527,578 |
| Gia Lai Livestock JSC | Related party | Advances for purchase of goods | 467,936,006 | - |
| Hoang Anh Gia Lai (Bangkok) Co., Ltd. | Related party | Advances for purchase of seeds | 11,398,000 | 10,742,000 |
| Hoang Anh Gia Lai Bridge & Road JSC | Related party | Advances for construction contract | 10,068,983 | - |
| | | | 1,427,806,350 | 496,269,578 |
| Short-term loan receivables (*) | | | | |
| Trung Nguyen Rubber JSC | Related party | Lending (i) | 123,358,579 | - |
| Mr. Phan Thanh Thu | Related party | Lending | 30,434,400 | - |
| Mr. Do Thai Co | Related party | Lending | 16,157,837 | - |
| V&H Corporation (Laos) Co., Ltd. | Related party | Lending | 3,905,051 | 2,984,749 |
| Hoang Anh Gia Lai JSC | Parent company | Lending | - | 109,285,839 |
| Hoang Anh Gia Lai Vientiane Co., Ltd. | Related party | Lending | - | 11,165,951 |
| | | | 173,855,867 | 123,436,539 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at 31 December 2015 and 31 December 2014 were as follows: (continued)

| Related parties | Relationship | Transactions | VND'000 | |
|---------------------------------------|----------------|-------------------|----------------------|--------------------|
| | | | 31 December 2015 | 31 December 2014 |
| Other short-term receivables | | | | |
| An Phu Investment Real Estate JSC | Related party | Interest | 45,321,667 | - |
| Trung Nguyen Rubber JSC | Related party | Interest | 29,765,040 | - |
| Mr. Doan Nguyen Duc | Chairman | Payment on behalf | 7,779,191 | - |
| Hoang Anh Gia Lai JSC | Parent company | Payment on behalf | 6,710,392 | 4,662,950 |
| Others | Related party | Payment on behalf | 35,273 | - |
| | | | 89,611,563 | 4,662,950 |
| Long-term loan receivables (*) | | | | |
| Gia Lai Livestock JSC | Related party | Lending (ii) | 608,275,000 | - |
| Mr. Huynh Huu Vu | Related party | Lending (iii) | 294,936,000 | - |
| An Phu Investment Real Estate JSC | Related party | Lending (iv) | 280,000,000 | 280,000,000 |
| Trung Nguyen Rubber JSC | Related party | Lending (i) | 62,142,038 | - |
| | | | 1,245,353,038 | 280,000,000 |
| Other long-term receivable | | | | |
| Gia Lai Livestock JSC | Related party | Interest | 23,349,092 | - |

(i) These represent unsecured long-term loans to Trung Nguyen Rubber JSC amounted to VND'000 185,500,617 as at 31 December 2015 and earns interest at interest rate of 6.6% to 10.5% p.a. In which, the current portion was VND'000 123,358,579 as at 31 December 2015.

(ii) This represents an unsecured loan to Gia Lai Livestock JSC in accordance with loan agreement No. 09/15-HDV dated 20 August 2015 with credit limit of VND'000 608,275,000 and earns interest at interest rate of 10.5% p.a.

(iii) This represents an unsecured loan to Mr. Huynh Huu Vu, employee of the Group, in accordance with loan agreement No. 11-11/HDV/ADM-HHV dated 11 November 2015 with credit limit of VND'000 295,000,000 and earns interest at interest rate of 10% p.a.

(iv) This represents an unsecured loan to An Phu Real Estate Investment JSC in accordance with loan agreement No. 02/08/HDV/AP/XNK – HAGL Import Export dated 8 August 2014 with the credit limit of VND'000 300,000,000 and earns interest at interest rate of 12% p.a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at 31 December 2015 and 31 December 2014 were as follows: (continued)

| Related parties | Relationship | Transactions | VND'000 | |
|--|----------------|----------------------------------|----------------------|----------------------|
| | | | 31 December 2015 | 31 December 2014 |
| Short-term trade payables | | | | |
| Hoang Anh Gia Lai JSC | Parent company | Purchase of assets | 259,900,187 | 48,671,743 |
| | | Purchase of materials | 149,236,381 | 28,542,141 |
| | | Construction services | 22,180,171 | 22,442,100 |
| Hoang Anh Gia Lai Bridge & Road JSC | Related party | Construction services | 9,660,688 | 1,271,684 |
| Gia Lai Livestock JSC | Related party | Purchase of assets | 6,945,437 | - |
| Hoang Anh Gia Lai Mineral JSC | Related party | Purchase of materials | 2,677,446 | 3,471,349 |
| | | Purchase of assets | - | 3,493,692 |
| Hoang Anh Gia Lai Hospital JSC | Related party | Services received | 254,786 | 30,109 |
| Other | Related party | Purchase of materials | 348,799 | 4,039,272 |
| | | | 451,203,895 | 111,962,090 |
| Short-term advance from customers | | | | |
| Hoang Anh Gia Lai JSC | Parent company | Purchase of goods | 101,375,786 | - |
| Hoang Tho Co., Ltd. | Related party | Purchase of goods | 716,520 | - |
| | | | 102,092,306 | - |
| Other short-term payables | | | | |
| Hoang Anh Gia Lai JSC | Parent company | Borrowings and interest expenses | 1,364,104,229 | 1,424,950,604 |
| | | Receipt on behalf | 1,993,113 | 125,853,486 |
| | | Dividend | - | 83,091,160 |
| Nam Kong 3 Electricity Co., Ltd. | Related party | Borrowings | 405,141,333 | - |
| Hoang Anh Attapeu Power JSC | Related party | Borrowings | 3,196,958 | 2,714,596 |
| Hoang Anh Sekong Mineral Co., Ltd. | Related party | Borrowings | 1,478,796 | - |
| Others | Related party | Receipt on behalf | 555,587 | 206,152 |
| | | | 1,776,470,016 | 1,636,815,998 |
| Other long-term payable | | | | |
| Hoang Anh Gia Lai JSC | Parent company | Borrowings | 659,411,049 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at 31 December 2015 and 31 December 2014 were as follows: (continued)

| Related parties | Relationship | Transactions | VND'000 | |
|-----------------------|----------------|-----------------|----------------------|----------------------|
| | | | 31 December 2015 | 31 December 2014 |
| Long-term loan | | | | |
| Hoang Anh Gia Lai JSC | Parent company | Long-term loans | <u>3,443,449,358</u> | <u>1,872,149,353</u> |

Salaries, bonus and remunerations for the members of the Board of Directors and the management of the Group are as follows:

| | VND'000 | |
|---------------------------------|-------------------|-------------------|
| | Current year | Previous year |
| Salary, remunerations and bonus | <u>16,700,568</u> | <u>16,718,069</u> |

(*) On 31 December 2015, the Group have short-term and long-term loan receivables to related parties value at VND'000 173,855,867 and VND'000 1,245,353,038, respectively and had yet approved in the shareholders meeting as guidance on Circular No. 121/2012/TT-BTC dated 26 July 2012 issued by the Ministry of Finance providing corporate governance in public company ("Circular 121").

The management committed to get approval for loan receivables to related parties at the coming shareholder meeting and adjust management policies relating to loan receivable to comply with relevant rules to lending or guarantee for shareholders and related parties in accordance with Circular 121.

34. OPERATING LEASE COMMITMENTS

The Group leases parcels of land in Vietnam, Laos and Cambodia to build factories, hotels, plant rubber and other plantations and offices lease under the operating lease agreements. The future lease commitments are as follows:

| | VND'000 | |
|--------------------|-----------------------------|-----------------------------|
| | 31 December 2015 | 31 December 2014 |
| Less than one year | 34,610,371 | 42,031,436 |
| From 1 to 5 years | 175,511,188 | 168,125,746 |
| More than 5 years | <u>2,498,738,536</u> | <u>2,041,849,572</u> |
| TOTAL | <u>2,708,860,095</u> | <u>2,252,006,754</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

35. OFF BALANCE SHEET ITEM

31 December 2015 31 December 2014

| | | |
|------------------------------|----------------|-------------|
| Foreign currencies: | | |
| – United States dollar (USD) | 8,033,654 | 1,301,627 |
| – Laos KIP (LAK) | 18,497,052,361 | 825,867,640 |
| – Cambodia Riels (KHR) | 123,448,266 | 100,364,068 |

36. 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.

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

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

36.1 Business segment

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

- ▶ Plantation: planting rubber, sugarcane and palm oil trees, processing and trading of rubber latex, rubber wood, sugar, palm oil and other tree plantations;
- ▶ Breeding and trading cows for meat and dairy cows;
- ▶ Trading and services: managing properties and trading of goods;
- ▶ Construction: constructing airport construction projects in Laos; and
- ▶ Others: developing apartments and office buildings for sale and lease and hotel service.

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

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

36. SEGMENT INFORMATION (continued)

36.1 Business segment (continued)

| | VND'000 | | | | | | |
|---|----------------------|---------------|-------------------------|--------------------|-------------------|----------------------|-------------------------|
| | Plantation | Breeding | Trading and services | Construction | Others | Eliminations | Total |
| For the year ended 31 December 2014 | | | | | | | |
| <i>Revenue</i> | | | | | | | |
| External customers | 1,473,306,139 | - | 221,809,789 | 482,056,399 | 35,078,692 | - | 2,212,251,019 |
| Inter-segment elimination | 61,367,367 | - | 470,076,605 | - | - | (531,443,972) | - |
| Total | 1,534,673,506 | - | 691,886,394 | 482,056,399 | 35,078,692 | (531,443,972) | 2,212,251,019 |
| <i>Results</i> | | | | | | | |
| Segment results | 804,420,055 | - | 17,661,259 | 205,723,237 | (46,254) | - | 1,027,758,297 |
| Unallocated expenses | | | | | | | (25,448,083) |
| Profit before income tax, finance income and finance expense | | | | | | | 1,002,310,214 |
| Finance income | | | | | | | 38,081,784 |
| Finance expense | | | | | | | (293,137,307) |
| Profit before tax | | | | | | | 747,254,691 |
| Current corporate income tax | | | | | | | (23,035,483) |
| Deferred tax income | | | | | | | 11,601,025 |
| Net profit for the year | | | | | | | 735,820,233 |
| As at 31 December 2014 | | | | | | | |
| <i>Assets and liabilities</i> | | | | | | | |
| Segment assets | 12,639,298,452 | 251,835,195 | 668,564,706 | 1,433,997,010 | 1,178,386,880 | - | 16,172,082,243 |
| Cash | | | | | | | 46,804,781 |
| Investments in associates | | | | | | | 248,460,551 |
| Unallocated assets | | | | | | | 656,924,381 |
| Total assets | | | | | | | 17,124,271,956 |
| Segment liabilities | (4,343,982,411) | (153,480,369) | (5,763,539,593) | - | - | - | (10,261,002,373) |
| Unallocated liabilities | | | | | | | (8,181,347) |
| Total liabilities | | | | | | | (10,269,183,720) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

36. SEGMENT INFORMATION (continued)

36.1 Business segment (continued)

| | Plantation | Breeding | Trading and services | Construction | Others | Eliminations | Total |
|---|----------------------|----------------------|-------------------------|--------------------|-------------------|------------------------|-------------------------|
| For the year ended 31 December 2015 | | | | | | | |
| <i>VND '000</i> | | | | | | | |
| <i>Revenue</i> | | | | | | | |
| External customers | 1,448,703,768 | 2,541,497,017 | 397,853,991 | 283,858,713 | 58,766,944 | - | 4,730,680,433 |
| Inter-segment elimination | 355,587,553 | 465,646,010 | 402,620,580 | - | - | (1,223,854,243) | - |
| Total | 1,804,291,321 | 3,007,143,027 | 800,474,571 | 283,858,713 | 58,766,944 | (1,223,854,243) | 4,730,680,433 |
| <i>Results</i> | | | | | | | |
| Segment results | 587,079,239 | 737,983,718 | 30,172,697 | (122,721,696) | 4,586,482 | - | 1,237,100,440 |
| Unallocated expenses | | | | | | | (302,242,346) |
| Profit before income tax, finance income and finance expense | | | | | | | 934,858,094 |
| Finance income | | | | | | | 164,880,632 |
| Finance expense | | | | | | | (383,460,219) |
| Share loss from an associate | | | | | | | (1,225,021) |
| Profit before tax | | | | | | | 715,053,486 |
| Current income tax expense | | | | | | | (3,048,663) |
| Deferred tax income | | | | | | | 32,003,555 |
| Net profit for the year | | | | | | | 744,008,378 |
| As at 31 December 2015 | | | | | | | |
| <i>VND '000</i> | | | | | | | |
| <i>Assets and liabilities</i> | | | | | | | |
| Segment assets | 19,744,299,165 | 2,982,789,885 | 931,471,487 | 1,058,207,255 | 775,446,934 | - | 25,492,214,726 |
| Cash | | | | | | | 331,961,020 |
| Investments in associates | | | | | | | 271,950,970 |
| Unallocated assets | | | | | | | 1,005,465,419 |
| Total assets | | | | | | | 27,101,592,135 |
| Segment liabilities | (8,249,487,875) | (2,178,198,133) | (5,926,449,891) | (132,695,648) | (500,386,808) | - | (16,987,218,355) |
| Unallocated liabilities | | | | | | | (234,745,875) |
| Total liabilities | | | | | | | (17,221,964,230) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015**36. SEGMENT INFORMATION (continued)****36.2 Geographical segment**

The following tables present revenue, profit and certain asset information regarding the Group's geographical segments:

| | Vietnam | Laos | Cambodia | Others | VND'000 Total |
|--|---------------|----------------|---------------|------------|-----------------------|
| For the year ended 31 December 2014 | | | | | |
| <i>Revenue</i> | | | | | |
| Sales to external customers | 211,758,485 | 1,900,012,812 | 70,863,312 | 29,616,410 | 2,212,251,019 |
| <i>Capital expenditure</i> | | | | | |
| Tangible fixed assets | 133,633,647 | 834,896,791 | 755,647,556 | - | 1,724,177,994 |
| Intangible fixed assets | 47,863,975 | - | - | - | 47,863,975 |
| As at 31 December 2014 | | | | | |
| <i>Other segment information</i> | | | | | |
| Segment assets | 2,317,286,589 | 10,277,340,922 | 3,577,454,732 | - | 16,172,082,243 |
| Cash | | | | | 46,804,781 |
| Investment in an associate | | | | | 248,460,551 |
| Unallocated assets | | | | | 656,924,381 |
| Total assets | | | | | 17,124,271,956 |
| For the year ended 31 December 2015 | | | | | |
| <i>Revenue</i> | | | | | |
| Sales to external customers | 2,109,732,826 | 2,316,020,039 | 304,927,568 | - | 4,730,680,433 |
| <i>Capital expenditure</i> | | | | | |
| Tangible fixed assets | 715,848,330 | 2,483,005,561 | 589,213,313 | - | 3,788,067,204 |
| As at 31 December 2015 | | | | | |
| <i>Other segment information</i> | | | | | |
| Segment assets | 3,944,178,249 | 14,141,251,807 | 7,406,784,670 | - | 25,492,214,726 |
| Cash | | | | | 331,961,020 |
| Investment in an associate | | | | | 271,950,970 |
| Unallocated assets | | | | | 1,005,465,419 |
| Total assets | | | | | 27,101,592,135 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

37. RESTATEMENT OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS

The Group omitted in recognition of interest expenses in relation to the additional interest of 5% p.a. for the bonds with warrants of VND 2,000 billion (*Note 23.1*) amounting to VND'000 200,000,000. The Company's management decided to adjust the additional interest expenses into consolidated financial statement for the year ended 31 December 2013 and 31 December 2014. These bonds mainly finance for the investment in Group's construction in progress projects, therefore most of interest expenses was capitalized into construction in progress.

Undistributed earnings were restated as follows:

| | VND'000 |
|---|----------------------|
| 31 December 2013 | |
| Undistributed earnings as previously reported | 608,536,760 |
| Adjustment for additional interest expenses | <u>(11,779,379)</u> |
| Undistributed earnings after restated | <u>596,757,381</u> |
| 31 December 2014 | |
| Undistributed earnings as previously reported | 1,276,813,665 |
| Adjustment for additional interest expenses | <u>(34,848,953)</u> |
| Undistributed earnings after restated | <u>1,241,964,712</u> |

Certain corresponding figures on the consolidated financial statements for the year ended 31 December 2014 have been restated as follows:

| | 31 December 2014 (before restated) | Restatements | VND'000 31 December 2014 (after restated) |
|---|---------------------------------------|---------------------|---|
| CONSOLIDATED BALANCE SHEET | | | |
| Construction in progress | 6,266,089,389 | 164,964,543 | 6,431,053,932 |
| Long-term accrued expenses | - | 200,000,000 | 200,000,000 |
| Undistributed earnings | 1,276,813,665 | (34,848,953) | 1,241,964,712 |
| Non-controlling interests | 21,726,695 | (186,504) | 21,540,191 |
| | | | VND'000 |
| | Previous year (before restated) | Restatement | Previous year (after restated) |
| CONSOLIDATED INCOME STATEMENTS | | | |
| Finance expenses | (269,882,407) | (23,254,900) | (293,137,307) |
| <i>In which: Interest expense</i> | <i>(254,599,639)</i> | <i>(23,254,900)</i> | <i>(277,854,539)</i> |
| Operating profit | 692,929,421 | (23,254,900) | 669,674,521 |
| Accounting profit before tax | 770,509,591 | (23,254,900) | 747,254,691 |
| Net profit after tax | 759,075,133 | (23,254,900) | 735,820,233 |
| Net profit after tax attributable to shareholders of the parent | 758,688,046 | (23,069,574) | 735,618,472 |
| Net profit after tax attributable to non-controlling interests | 387,087 | (185,326) | 201,761 |
| Basic earnings per share (VND) | 1,901 | (668) | 1,233 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

37. RESTATEMENT OF PRIOR YEAR'S CONSOLIDATED FINANCIAL STATEMENTS
(continued)

| | <i>Previous year (before restated)</i> | <i>Restatement</i> | <i>VND'000 Previous year (after restated)</i> |
|-------------------------------|--|--------------------|---|
| CONSOLIDATED CASH FLOW | | | |
| Profit before tax | 770,509,591 | (23,254,900) | 747,254,691 |
| Interest expense | 254,599,639 | 23,254,900 | 277,854,539 |

38. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the consolidated financial statements for the year ended 31 December 2014 have been reclassified to reflect the presentation of the current year's consolidated financial statements in accordance with Circular 200 and Circular 202. Details are as follows:

| | <i>31 December 2014 (previously presented)</i> | <i>Reclassification</i> | <i>VND'000 31 December 2014 (reclassified)</i> |
|-----------------------------------|--|-------------------------|--|
| CONSOLIDATED BALANCE SHEET | | | |
| Short-term loan receivables | - | 228,989,648 | 228,989,648 |
| Other receivables | 626,979,445 | (450,725,825) | 176,253,620 |
| Other short-term assets | 107,790,141 | (107,790,141) | - |
| Long-term loan receivables | 280,000,000 | 296,215,557 | 576,215,557 |
| Other long-term receivables | - | 39,699,791 | 39,699,791 |
| Long-term prepaid expenses | 904,603,228 | (11,310,276) | 893,292,952 |
| Other long-term assets | 6,389,030 | (6,389,030) | - |
| Short-term loans | 3,739,373,145 | (11,310,276) | 3,728,062,869 |
| Consolidation reserve | 162,047,860 | (162,047,860) | - |
| Undistributed earnings | 1,241,964,712 | 162,047,860 | 1,404,012,572 |

| | <i>Previous year (previously presented)</i> | <i>Reclassification</i> | <i>VND'000 Previous year (reclassified)</i> |
|--------------------------------------|---|-------------------------|---|
| CONSOLIDATED INCOME STATEMENT | | | |
| Other income | 349,608,488 | (268,517,549) | 81,090,939 |
| Other expenses | (272,028,318) | 268,517,549 | (3,510,769) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2015

39. EVENTS AFTER THE BALANCE SHEET DATE

On 22 February 2016, the Company had completed the issuance of 59,000,000 ordinary shares to non-controlling shareholders at the price of VND 28,000 per share (par value: VND 10,000 per share) in accordance with the Resolution of Shareholder No. 0610/15/NQDHDGD-HAGL Agrico dated 6 October 2015, the Resolutions of Board of Directors No. 3010/15/NQHDQT-HAGL Agrico dated 30 October 2015 and No. 3012/15/NQHDQT-HAGL Agrico dated 30 December 2015. Accordingly, the Company's share capital increased from VND'000 7,081,438,950 to VND'000 7,671,438,950 and share premium increased from VND'000 2,550,810 to VND'000 1,064,550,810. On 8 March 2016, the Company received the 14th amended BRC No. 5900712753 issued by the DPI of Gia Lai Province in relation to approval for the increase of the Company's share capital.

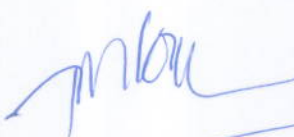
Also on 22 February 2016, the Company had acquired 100% equity interest in Indochina Rubber Investment and Development Co., Ltd. ("Indochina Rubber") from Cuong Thinh Rubber Co., Ltd. and An Thinh Rubber Co., Ltd. in accordance with Capital transfer contracts No. 01/2016/HDCN dated on 20 February 2016 and No. 02/2016/HDCN dated on 20 February 2016 with the consideration amount of VND 770 billion and VND 880 billion, respectively. Accordingly, Indochina Rubber has become the Company's subsidiary since 22 February 2016.


On 9 March 2016, Hoang Anh Dak Lak JSC ("HADL"), the Company's subsidiary, received an Official Letter No. 11/2016 dated 9 March 2016 from ACB – Gia Lai Branch informing about the status of debt collection and debt balance with HADL. As mentioned in the letter, ACB has disposed 20,022,500 shares of HNG held by Hoang Anh Gia Lai JSC among 28,405,000 shares used as collaterals for the loan from ACB amounting to VND'000 178,581,238 (Note 23.4). The disposal of such collaterals was incurred from 19 February 2016 to 4 March 2016 at the price from VND 7,400 per share to VND 8,300 per share. The remaining 8,382,500 shares were also lifted a mortgage by ACB on 8 March 2016. Accordingly, HADL has no loans' balance with ACB as at 9 March 2016 and the outstanding loan from ACB amounting to VND'000 178,581,238 was disclosed as a current portion of long-term loan in the consolidated balance sheet as at 31 December 2015.


As at the date of these consolidated financial statements, the Group has yet made repayment for initial principal and interest of on-due loans and bonds. In addition, the Group is in violation of certain banks and bonds covenants as mentioned in Note 23 to the consolidated financial statements.

The management is currently negotiating with its main creditors with a view to finding a solution to the Group's financial situation. Main discussions include restructuring the current financing in place by extending principal payment schedule of loans and bonds to minimum time of 3 to 15 years, restructuring and extending the due date of interest payables for additional 3 years, decreasing interest rates, responding to new drawdowns, and maintaining the Group's current credit limit.

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


Ho Thi Tuyet Loan
Preparer


Do Van Hai
Chief Accountant


Nguyen Xuan Thang
Director

