



**Bien Hoa Sugar Joint Stock Company
and its subsidiary**

Consolidated Interim Financial
Statements for the six-month period
ended 30 June 2012

Bien Hoa Sugar Joint Stock Company and its subsidiary Corporate Information

Establishment Decision No. 44/2011/QĐ-TTg 27 March 2001

**Business Registration
Certificate No.** 3600495818 16 May 2001

The Company's business registration certificate has been amended several times, the most recent of which is by business registration certificates No. 3600495818 dated 1 August 2012. The business registration certificate and its updates were issued by the Planning and Investment Department of Dong Nai Province.

Board of Management

Ms. Huynh Bich Ngoc	Chairwoman (from 20 April 2012 to 2 August 2012)
Mr. Thai Van Chuyen	Chairman (from 2 August 2012)
Ms. Pham Thi Sum	Chairwoman (until 20 April 2012)
Mr. Nguyen Xuan Trinh	Vice Chairman (until 20 April 2012)
Mr. Pham Dinh Manh Thu	Vice Chairman
Ms. Dang Huynh Uc My	Member
Mr. Tong Thong	Member (from 20 April 2012)

Board of Directors

Mr. Nguyen Van Loc	General Director
Mr. Tran Tuu	Deputy General Director (from 9 July 2012)
Mr. Nguyen Thanh Cuong	Deputy General Director (until 27 July 2012)
Mr. Bui Van Lang	Deputy General Director
Mr. Pham Cong Hai	Deputy General Director
Mr. Nguyen Hoang Tuan	Deputy General Director

Registered Office

Industrial Zone 1
Bien Hoa City
Dong Nai Province
Vietnam

Auditors

KPMG Limited
Vietnam

**Bien Hoa Sugar Joint Stock Company and its subsidiary
Report of the Board of Management**

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

The Board of Management and Board of Directors are responsible for preparing the consolidated interim financial statements of Bien Hoa Sugar Joint Stock Company ("the Company") and its subsidiary (collectively "the Group") in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements of each financial period which gives a true and fair view of the state of affairs of the Group and of its results and cash flows for the period. In preparing these financial statements, the Board of Management and Board of Directors are required to:

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

The Board of Management and Board of Directors are also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial information of the Group and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management and Board of Directors confirm that they have complied with the above requirements in preparing the consolidated interim financial statements.

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements which give a true and fair view of the consolidated financial position of the Group as of 30 June 2012 and of the consolidated results of operations, changes in equity and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

On behalf of the Board of Directors 



Mr. Nguyen Van Loc
General Director

Dong Nai, 27 August 2012



KPMG Limited
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet www.kpmg.com.vn

INDEPENDENT AUDITORS' REPORT ON RESULTS OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS REVIEW

**To the Shareholders
Bien Hoa Sugar Joint Stock Company and its subsidiary**

Scope

We have reviewed the accompanying consolidated balance sheet of Bien Hoa Sugar Joint Stock Company ("the Company") and its subsidiary (collectively "the Group") as of 30 June 2012, and the related consolidated statements of income, changes in equity and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 27 August 2012 as set out on pages 4 to 53. These consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review. The consolidated financial statements of the Group as of and for the year ended 31 December 2011 were audited by another firm of auditors whose report dated 5 March 2012 expressed an unqualified opinion on these financial statements. Additionally, the consolidated interim financial statements of the Group as of and for the six-month period ended 30 June 2011 were reviewed by another firm of auditors whose report dated 10 August 2011 expressed an unqualified review conclusion on those financial statements.

We conducted our review in accordance with Vietnamese Standard on Auditing 910 on Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Group's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respect, of the consolidated financial position of the Group as of 30 June 2012 and of its consolidated results of operations and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial statements.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Review Report No: 12-01-249



Chang Hung Chun
CPA No: N0863/KTV
Deputy General Director

Lam Thi Ngoc Hao
CPA No. N0866/KTV

Ho Chi Minh City, 27 August 2012

Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated balance sheet at 30 June 2012

Form B 01a – DN/HN

	Code	Note	30/06/2012 VND	31/12/2011 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		571,619,716,909	752,872,194,158
Cash and cash equivalents	110	5	38,652,993,172	178,778,249,429
Cash	111		18,652,993,172	16,878,249,429
Cash equivalents	112		20,000,000,000	161,900,000,000
Accounts receivable	130	6	304,751,594,820	234,744,313,899
Accounts receivable – trade	131		108,477,810,779	47,347,504,711
Prepayments to suppliers	132		193,073,084,349	190,011,179,869
Other receivables	135		4,476,605,341	7,540,396,530
Allowance for doubtful debts	139		(1,275,905,649)	(10,154,767,211)
Inventories	140	7	221,556,449,039	333,067,839,753
Inventories	141		221,556,449,039	333,067,839,753
Other current assets	150		6,658,679,878	6,281,791,077
Short-term prepayments	151		-	15,600,000
Deductible value added tax	152		1,246,201,565	4,631,692,020
Other current assets	158		5,412,478,313	1,634,499,057
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		518,944,903,180	528,865,023,153
Accounts receivable – long-term	210	6	70,804,060,634	58,765,140,846
Other long-term receivables	218		70,804,060,634	58,765,140,846
Fixed assets	220		403,896,375,002	406,501,374,593
Tangible fixed assets	221	8	310,493,391,435	201,125,463,345
Cost	222		660,114,331,342	521,794,159,598
Accumulated depreciation	223		(349,620,939,907)	(320,668,696,253)
Intangible fixed assets	227	9	11,456,664,924	12,261,509,740
Cost	228		20,440,816,437	20,361,700,982
Accumulated amortisation	229		(8,984,151,513)	(8,100,191,242)
Construction in progress	230	10	81,946,318,643	193,114,401,508

The accompanying notes are an integral part of these consolidated interim financial statements

Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated balance sheet at 30 June 2012 (continued)

Form B 01a – DN/HN

	Code	Note	30/06/2012 VND	31/12/2011 VND
Long-term investments	250	11	9,000,000,000	30,775,710,000
Other long-term investments	258		9,000,000,000	50,239,701,076
Allowance for diminution in the value of long-term investments			-	(19,463,991,076)
Other long-term assets	260		35,244,467,544	32,822,797,714
Long-term prepayments	261	12	11,432,488,519	7,920,159,075
Deferred tax assets	262	13	1,254,305,010	1,254,305,010
Other long-term assets	268		5,652,450,000	5,652,450,000
Goodwill	269	14	16,905,224,015	17,995,883,629
TOTAL ASSETS	270		1,090,564,620,089	1,281,737,217,311
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		547,641,997,627	733,238,203,768
Current liabilities	310		433,111,233,345	628,124,819,122
Short-term borrowings and liabilities	311	15	297,633,101,646	361,712,095,401
Accounts payable – trade	312		59,349,838,697	81,093,001,599
Advances from customers	313	16	1,763,233,503	131,773,602,991
Taxes payable to State Treasury	314	17	9,791,890,757	16,726,524,877
Payables to employees	315		10,418,220,202	1,938,277,345
Accrued expenses	316	18	23,294,183,054	4,828,609,292
Other short-term payables	319	19	19,883,815,299	13,960,380,260
Bonus and welfare fund	323	20	10,976,950,187	16,092,327,357
Long-term liabilities	330		114,530,764,282	105,113,384,646
Long-term borrowings and liabilities	334	21	113,697,161,832	104,338,661,817
Provision for severance allowance	336	22	833,602,450	774,722,829
EQUITY (400 = 410 + 430)	400		542,922,622,462	548,499,013,543
Owners' equity	410		542,922,622,462	548,499,013,543
Share capital	411	23	299,975,800,000	299,975,800,000
Capital surplus	412		39,817,240,000	39,817,240,000
Investment and development funds	417	25	87,752,273,950	65,413,962,846
Financial reserves	418	25	25,241,483,303	17,795,379,602
Retained profits	420		90,135,825,209	125,496,631,095
TOTAL RESOURCES (440 = 300 + 400)	440		1,090,564,620,089	1,281,737,217,311

The accompanying notes are an integral part of these consolidated interim financial statements

**Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated balance sheet at 30 June 2012 (continued)**

Form B 01a – DN/HN

OFF BALANCE SHEET ITEMS

	30/06/2012	31/12/2011
	VND	VND
Materials and goods held for third parties	1,106,677,022	378,751,390
Bad debts written off	10,896,024,834	2,339,968,982
Foreign currencies		
▪ USD	114,615,658	264,169,457
▪ EUR	7,110,632	7,110,632

Prepared by:



Vo Cong Minh
Chief Accountant

Approved by:



Nguyen Van Loc
General Director

27 August 2012

The accompanying notes are an integral part of these consolidated interim financial statements

Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated statement of income for the six-month period ended 30 June 2012

Form B 02a – DN/HN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Total revenue	01	26	1,383,474,726,241	1,108,653,236,733
Less revenue deductions	02		(800,943,207)	(640,377,482)
Net revenue (10 = 01 - 02)	10		1,382,673,783,034	1,108,012,859,251
Cost of sales	11	27	(1,285,628,830,419)	(982,225,332,971)
Gross profit (20 = 10 - 11)	20		97,044,952,615	125,787,526,280
Financial income	21	28	19,027,409,092	15,629,444,060
Financial expenses	22	29	(13,446,218,432)	(55,532,684,149)
<i>In which: Interest expenses</i>			<i>(15,263,029,754)</i>	<i>(46,342,400,661)</i>
Selling expenses	24		(33,261,237,961)	(15,451,198,590)
General and administration expenses	25		(18,004,068,735)	(23,118,984,999)
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		51,360,836,579	47,314,102,602
Other income	31		433,899,107	63,795,748
Other expenses	32		(513,319,621)	(3,600,000)
Results of other activities (40 = 31 - 32)	40		(79,420,514)	60,195,748
Profit before tax (50 = 30 + 40 + 41)	50		51,281,416,065	47,374,298,350
Income tax expense – current	51	30	(6,869,310,485)	(4,846,622,353)
Income tax benefit – deferred			-	-
Net profit (60 = 50 - 51 - 52)	60		44,412,105,580	42,527,675,997

The accompanying notes are an integral part of these consolidated interim financial statements

Bien Hoa Sugar Joint Stock Company

Statement of income for the six-month period ended 30 June 2011 (continued)

Form B 02a – DN/HN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Attributable to:				
Equity holders of the Company	62		44,412,105,580	42,527,675,997
Earnings per share				
Basic earnings per share	70	31	1,481	1,418

Prepared by:



Vo Cong Minh
Chief Accountant

Approved by:



Nguyen Van Loc
General Director

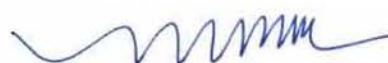
27 August 2012

Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated statement of changes in equity for the six-month period ended 30 June 2012

Form B 09a – DN/HN

	Share capital VND	Capital surplus VND	Investment and development funds VND	Financial reserves VND	Other equity funds VND	Retained profits VND	Total owners' equity VND
Balance at 1 January 2011	185,316,200,000	154,476,840,000	43,083,053,253	10,351,743,071	-	103,446,818,448	496,674,654,772
Net profit for the period	-	-	-	-	-	42,527,675,997	42,527,675,997
Dividends (Note 24)	-	-	-	-	-	(27,797,430,000)	(27,797,430,000)
Appropriation to bonus and welfare fund (Note 20)	-	-	-	-	-	(13,407,140,723)	(13,407,140,723)
Appropriation to equity funds	-	-	22,330,909,593	7,443,636,531	3,541,026,295	(33,315,572,419)	-
Utilisation of funds	-	-	-	-	(3,541,026,295)	-	(3,541,026,295)
Balance at 30 June 2011	185,316,200,000	154,476,840,000	65,413,962,846	17,795,379,602	-	71,454,351,303	494,456,733,751
Balance at 1 January 2012	299,975,800,000	39,817,240,000	65,413,962,846	17,795,379,602	-	125,496,631,095	548,499,013,543
Net profit for the period	-	-	-	-	-	44,412,105,580	44,412,105,580
Dividends (Note 24)	-	-	-	-	-	(44,996,370,000)	(44,996,370,000)
Appropriation to bonus and welfare fund (Note 20)	-	-	-	-	-	(4,270,648,883)	(4,270,648,883)
Appropriation to equity funds	-	-	22,338,311,104	7,446,103,701	721,477,778	(30,505,892,583)	-
Utilisation of funds	-	-	-	-	(721,477,778)	-	(721,477,778)
Balance at 30 June 2012	299,975,800,000	39,817,240,000	87,752,273,950	25,241,483,303	-	90,135,825,209	542,922,622,462

Prepared by:



Vo Cong Minh
Chief Accountant

Approved by:



Nguyen Van Loc
General Director

27 August 2012

The accompanying notes are an integral part of these consolidated interim financial statements

Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the six-month period ended 30 June 2012 -
Indirect method

Form B 03a – DN/HN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		51,281,416,065	47,374,298,350
Adjustments for				
Depreciation and amortisation	02		35,991,516,170	31,985,163,284
Allowances and provisions	03		(19,348,219,965)	5,060,473,279
Unrealised foreign exchange losses	04		-	45,920,000
Gain on disposal fixed assets	05		(136,064,815)	(2,000,000)
Interest income from deposits	05		(4,836,593,920)	(1,974,196,984)
Interest income from prepayments to sugar cane farmers	05		(12,182,590,938)	(9,808,546,453)
Dividend incomes from long-term investment in securities	05		-	(3,046,004,586)
Loss from disposal of long-term investments in securities	05		17,445,051,076	-
Interest expense	06		15,263,029,754	46,342,400,661
Operating profit before changes in working capital	08		83,477,543,427	115,977,507,551
Change in receivables	09		(82,259,051,000)	55,742,092,282
Change in inventories	10		122,633,825,152	(549,048,498,860)
Change in payables and other liabilities	11		(120,887,953,942)	216,722,865,375
Change in prepayments	12		(8,427,583,927)	(4,247,908,241)
			(5,463,220,290)	(164,853,941,893)
Interest paid	13		(15,263,029,754)	(46,342,400,661)
Income tax paid	14		(7,768,680,695)	(10,814,053,146)
Other payments for operating activities	16		(10,107,503,831)	(11,093,033,282)
Net cash flows from operating activities	20		(38,602,434,570)	(233,103,428,982)

The accompanying notes are an integral part of these consolidated interim financial statements

Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the six-month period ended 30 June 2012-
Indirect method (continued)

Form B 03a – DN/HN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(27,464,537,667)	(32,075,192,164)
Proceeds from disposals of fixed assets	22		220,000,000	2,000,000
Proceeds from disposal of long-term investments in securities	25		23,794,650,000	-
Receipts of interests and dividends	27		5,896,750,420	5,597,753,582
Net cash flows from investing activities	30		2,446,862,753	(26,475,438,582)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term and long-term borrowings	33		438,980,450,435	828,254,757,360
Payments to settle debts loan principals	34		(493,700,944,175)	(549,163,731,162)
Payments of dividends	36		(49,249,190,700)	(26,663,579,500)
Net cash flows from financing activities	40		(103,969,684,440)	252,427,446,698
Net cash flows during the period (50 = 20 + 30 + 40)	50		(140,125,256,257)	(7,151,420,866)
Cash and cash equivalents at the beginning of the period	60		178,778,249,429	58,758,932,992
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	5	38,652,993,172	51,607,512,126

The accompanying notes are an integral part of these consolidated interim financial statements

Bien Hoa Sugar Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the six-month period ended 30 June 2012-
Indirect method (continued)

Form B 03a – DN/HN

NON-CASH INVESTING ACTIVITIES

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Net off purchase of sugar cane against interest income receivables from sugar cane farmers	11,122,434,438	9,230,994,441

Prepared by:



Vo Cong Minh
Chief Accountant



Approved by:



Nguyen Van Loc
General Director

27 August 2012

The accompanying notes are an integral part of these consolidated interim financial statements

Bien Hoa Sugar Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012

Form B 09a – DN/HN

These notes form an integral part of and should be read in conjunction with the accompanying consolidated interim financial statements.

1. Reporting Entity

Bien Hoa Sugar Joint Stock Company (“the Company”) is a joint-stock company incorporated in Vietnam. The consolidated interim financial statements for the six-month period ended 30 June 2012 comprises the Company and its subsidiary (“the Group”) – Hai Vi One Member Limited Company (“Hai Vi”). The principal activities of the Group are producing sugar; planting sugar cane; producing and trading products using sugar or its by products, waste products; producing and trading fertilizer, agricultural materials; and consulting technology and management in sugar’s production industry.

The Company has one 100% shareholding subsidiary, Hai Vi One Member Limited Company, whose principal activities are planting sugar cane; producing and trading fertilizer, agricultural materials under the Business License No. 3900244283 issued by the Department of Planning and Investment of Tay Ninh Province on 29 July 2010. The head office of Hai Vi is located at Thanh Tan Hamlet, Thanh Long Commune, Chau Thanh District, Tay Ninh Province, Vietnam.

The Group’s shares are listed on the Ho Chi Minh Stock Exchange in accordance with the Licence No. 79/UBCK-GPNY dated 21 November 2006 issued by the Ho Chi Minh City Stock Exchange on 21 November 2006 and formal trading on 20 December 2006. The Group’s head office and factory are located at Binh Hoa Industrial Zone I, An Binh Ward, Bien Hoa City, Dong Nai Province.

The Group’s branches and other factories at 30 June 2012 included:

- Bien Hoa – Tay Ninh factory was established in accordance with Business Registration Certificate No. 450300000501 dated 13 June 2001 which is located at highway 22B, Tan Phuoc, Tan Binh Ward, Tay Ninh City, Tay Ninh Province.
- Bien Hoa – Tri An factory was established in accordance with Business Registration Certificate No. 4713000435 dated 7 December 2007 which is located at hamlet 1, Tri An Ward, Vinh Cuu District, Dong Nai Province.
- Thanh Long agricultural enterprise was established in accordance with Business Registration Certificate No. 3600495818-010 dated 15 July 2009 which is located at Thanh Dong Hamlet, Thanh Long Ward, Chau Thanh District, Tay Ninh Province.
- Da Nang branch was established in accordance with Business Registration Certificate No. 3213000033 dated 11 June 2001 which is located at 120 Ong Ich Khiem Street, Thanh Khe District, Da Nang City.
- Can Tho branch was established in accordance with Business Registration Certificate No. 5713000208 dated 8 June 2001 which is located at 550 Cach Mang Thang Tam Street, An Thoi Ward, Binh Thuy District, Can Tho City.
- Ho Chi Minh branch was established in accordance with Business Registration Certificate No. 3600495818008-008 dated 15 September 2003 which is located at 24 Nguyen Truong To, District 4, Ho Chi Minh City.

As at 30 June 2012, the Group had 975 employees (31 December 2011: 1,056 employees).

Bien Hoa Sugar Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN/HN

2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial reporting.

(b) Basis of measurement

The consolidated interim financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting currency

The consolidated interim financial statements are prepared and presented in Vietnam Dong (“VND”).

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee.

Bien Hoa Sugar Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN/HN

(b) Foreign currency

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income in accordance with Vietnamese Accounting Standard No. 10 (“VAS 10”) – *The Effects of Changes in Foreign Exchange Rates*.

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investment

Investments are stated at cost. An allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Prepayments to suppliers

Prepayments to sugar cane farmers are stated at cost less allowance for overdue receivables. The Group’s policies on making allowance for overdue receivables are in accordance with the guidance under Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Increases and decreases to the provision balance are recorded as finance expense in the income statement.

Bien Hoa Sugar Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

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(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventory.

(h) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhauls cost, is charged to income in the period in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation for tangible fixed assets which are directly involved in the production in Tay Ninh and Tri An factories is computed based on estimated average productivity at 418,000 tons and 221,000 tons per annum for Tay Ninh factory and Tri An factory, respectively. The estimated depreciation charge rates are VND595/kg of raw sugar in Tay Ninh factory and VND610/kg of raw sugar in Tri An factory.

Depreciation for other fixed assets (including Bien Hoa factory) is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	3 – 15 years
▪ machinery and equipment	2 – 12 years
▪ office equipment	3 – 6 years
▪ motor vehicles	3 – 7 years

Bien Hoa Sugar Joint Stock Company and its subsidiary
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(i) Intangible fixed assets

(i) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 20 years.

(ii) Development costs

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and process, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised include the costs of materials, direct labour and an appropriate portion of overheads. Other development expenditure is recognised in the statement of income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation, which is provided on a straight-line basis from 5 to 15 years.

(j) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(k) Long-term prepayments

Long-term prepayments mainly comprise prepaid advertising expenses, prepaid land cost, building and machinery insurance which are initially stated at cost and amortised on a straight line basis over the estimated useful lives from 2 to 3 years.

(l) Goodwill

Goodwill arises on the acquisition of subsidiary. Goodwill is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss. Goodwill is amortised on a straight-line basis over 10 years. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(m) Trade and other payables

Trade and other payables are stated at their cost.

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(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Severance allowance

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service until 31 December 2008 and employees’ compensation at termination. Provision for severance allowance is made at the rate of 2% (2011: 2%) of the total basic salary in accordance with the guidance based on Circular No. 82/2003/TT-BTC dated 14 August 2003 of the Ministry of Finance.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2008 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(ii) Provisions for maintenance fees and supports for sugar cane farmers

Provision for maintenance fees and supports for sugar cane farmers relate to possible maintenance works and technical support costs during seasonal non-production periods. The estimation is based on experience, events and management best judgments. Inevitably, such circumstances and information may be subject to change in subsequent periods and thus the eventual outcome may be better or worse than the assessments made in drawing up periodic financial reports.

(o) Bonus and welfare funds

Allocations are made to bonus and welfare funds based on shareholders’ resolution. This fund is used exclusively to pay bonus and welfare to the Group’s staff. Payments from bonus and welfare funds are not charged to consolidated statement of income.

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(p) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follow:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial assets at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group on initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group on initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

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Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that is not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

Under the above disclosure requirements, cash in bank are under the category of held-to-maturity assets and all other financial assets are under the category of loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial liability at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised costs.

Under the above disclosure requirements, all financial liabilities are under the category of financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

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(q) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Revenue

(i) Goods sold

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(ii) Services rendered

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) Interest income

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable rate.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

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Notes to the consolidated interim financial statements for the six-month period
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(s) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(t) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(u) Earnings per share

The Group presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group primary format for segment reporting is based on business segments.

(w) Related company

Related companies include major shareholders and its ultimate parent company and its subsidiaries and associates.

(x) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these consolidated interim financial statements.

4. Segment reporting

The Group operates mainly in one business segment, which is in producing and trading sugar and sugar related by-products and in one geographical segment, which is in Vietnam.

Bien Hoa Sugar Joint Stock Company and its subsidiary
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5. Cash and cash equivalents

	30/06/2012	31/12/2011
	VND	VND
Cash on hand	329,116,426	188,492,846
Cash in banks	18,323,876,746	16,689,756,583
Cash equivalents	20,000,000,000	161,900,000,000
	<hr/>	<hr/>
	38,652,993,172	178,778,249,429
	<hr/>	<hr/>

Cash and cash equivalents at 30 June 2012 included amounts denominated in currencies other than VND amounting to VND122 million (31/12/2011: VND271 million).

6. Accounts receivable – short-term and long-term

Accounts receivables included the following amounts due from related parties:

	30/06/2012	31/12/2011
	VND	VND
Amounts due from shareholders		
Trade	309,003,000	247,000
	<hr/>	<hr/>

The trade related amounts due from shareholders were unsecured, interest free and are receivables on demand.

Including in prepayment to suppliers and other long-term receivables were prepayments to sugar cane farmers, details are as follows:

	30/06/2012	31/12/2011
	VND	VND
Short-term prepayments to sugar cane farmers	166,291,383,346	136,758,001,114
Long-term prepayments to sugar cane farmers	70,804,060,634	58,765,140,846
	<hr/>	<hr/>
	237,095,443,980	195,523,141,960
	<hr/>	<hr/>

The prepayments to sugar cane farmers are partially secured by the farmers' land use rights and earned interest at fixed rate of 1.125% per month (2011: 1.125% per month). The prepayments to sugar cane farmers are receivables at most four-year from each drawdown date.

Bien Hoa Sugar Joint Stock Company and its subsidiary
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Other short-term receivables comprised:

	30/06/2012	31/12/2011
	VND	VND
Harvest and transportation receivables from sugar cane farmers	704,968,545	5,655,136,101
Personal income tax paid on behalf of employees	2,141,432,328	854,284,433
Interest income receivables	178,888,889	687,061,111
Others	1,451,315,579	343,914,885
	<hr/>	<hr/>
	4,476,605,341	7,540,396,530
	<hr/>	<hr/>

Movements in the allowance for doubtful debts during the period were as follows:

	Six-month period	Six-month period
	from 1/1/2012 to	from 1/1/2011 to
	30/06/2012	30/06/2011
	VND	VND
Opening balance	10,154,767,211	10,801,168,078
Increase in allowance during the period	77,771,665	-
Allowance utilised during the period	(8,714,823,052)	(164,641,794)
Written back	(241,810,175)	(481,759,073)
	<hr/>	<hr/>
Closing balance	1,275,905,649	10,154,767,211
	<hr/>	<hr/>

At 30 June 2012 trade receivables with a carrying value of VND105,772 million and USD129,400 (31/12/2011: VND1,493 million) were pledged with banks as security for loans granted to the Group.

Bien Hoa Sugar Joint Stock Company and its subsidiary
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7. Inventories

	30/06/2012	31/12/2011
	VND	VND
Raw materials	24,000,223,621	133,480,169,995
Tools and supplies	12,108,584,992	12,258,262,460
Work in progress	79,845,999,158	101,344,865,797
Finished goods	98,497,505,818	81,463,044,323
Merchandise inventories	7,104,135,450	4,521,497,178
	<hr/>	<hr/>
	221,556,449,039	333,067,839,753
Allowance for inventories	-	-
	<hr/>	<hr/>
	221,556,449,039	333,067,839,753
	<hr/>	<hr/>

At 30 June 2012 inventories with a carrying value of VND132,508 million (31/12/2011: VND185,926 million) were pledged with banks as security for loans granted to the Group.

Bien Hoa Sugar Joint Stock Company and its subsidiary

Notes to the separate interim financial statements for the six-month period ended 30 June 2012 (continued)

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8. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
Opening balance	109,537,257,913	394,680,667,009	5,099,476,414	12,476,758,262	521,794,159,598
Transfer from construction in progress	7,298,507,894	130,006,998,609	1,247,998,574	-	138,553,505,077
Disposals	-	(233,333,333)	-	-	(233,333,333)
Closing balance	116,835,765,807	524,454,332,285	6,347,474,988	12,476,758,262	660,114,331,342
Accumulated depreciation					
Opening balance	70,826,513,572	238,492,623,644	3,178,413,998	8,171,145,039	320,668,696,253
Charge for the year	3,900,608,174	24,320,988,279	324,727,241	555,318,108	29,101,641,802
Disposals	-	(149,398,148)	-	-	(149,398,148)
Closing balance	74,727,121,746	262,664,213,775	3,503,141,239	8,726,463,147	349,620,939,907
Net book value					
Opening balance	38,710,744,341	156,188,043,365	1,921,062,416	4,305,613,223	201,125,463,345
Closing balance	42,108,644,061	261,790,118,510	2,844,333,749	3,750,295,115	310,493,391,435

Included in the cost of tangible fixed assets were assets costing VND106,895 million which were fully depreciated as of 30 June 2012 (31/12/2011: VND65,675 million), but which are still in active use.

At 30 June 2012 tangible fixed assets with a carrying value of VND219,884 million (31/12/2011: VND132,430 million) were pledged with banks as security for loans granted to the Group.

Bien Hoa Sugar Joint Stock Company and its subsidiary
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

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9. Intangible fixed assets

	Land use rights VND	Development costs VND	Software VND	Total VND
Cost				
Opening balance	14,882,785,128	4,545,823,923	933,091,931	20,361,700,982
Increase in the period	-	79,115,455	-	79,115,455
Closing balance	14,882,785,128	4,624,939,378	933,091,931	20,440,816,437
Accumulated amortisation				
Opening balance	4,687,955,828	3,412,235,414	-	8,100,191,242
Charge for the period	735,495,314	148,464,957	-	883,960,271
Closing balance	5,423,451,142	3,560,700,371	-	8,984,151,513
Net book value				
Opening balance	10,194,829,300	1,133,588,509	933,091,931	12,261,509,740
Closing balance	9,459,333,986	1,064,239,007	933,091,931	11,456,664,924

Included in the cost of intangible fixed assets were assets costing VND1,526 million which were fully amortised as of 30 June 2012 (31/12/2011: VND1,499 million), but which are still in use.

At 30 June 2012 intangible fixed assets with a carrying value of VND9,585 million (31/12/2011: VND10,557 million) were pledged with banks as security for loans granted to the Group.

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10. Construction in progress

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Opening balance	193,114,401,508	43,395,407,117
Additions during the period	27,385,422,212	32,075,192,164
Transfer to long-term prepayment	-	(20,001,300)
Transfer to tangible fixed assets	(138,553,505,077)	(17,634,845,695)
	<hr/>	<hr/>
Closing balance	81,946,318,643	57,815,752,286
	<hr/>	<hr/>

During the period, borrowing costs capitalised into construction in progress amounted to VND993 million (six-month period ended 30 June 2011: VND2,095 million).

At 31 December 2011 construction in progress with a carrying value of VND105,457 million were pledged with bank as security for loans granted to the Group. At 30 June 2012 these assets were transferred to tangible fixed assets.

Bien Hoa Sugar Joint Stock Company and its subsidiary

Notes to the consolidated interim financial statements for the six-month period ended 30 June 2012 (continued)

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11. Investments

	30/6/2012			31/12/2011				
	Quantity	% of equity owned	% of voting right	VND	Quantity	% of equity owned	% of voting right	VND
Other long-term investment in securities:								
▪ Sai Gon Thuong Tin Commercial Joint Stock Bank	-	-	-	-	1,442,100	0.13%	0.13%	41,239,701,076
▪ Son Tin Commodity Exchange Joint Stock Company	750,000	5%	5%	9,000,000,000	750,000	5%	5%	9,000,000,000
				<u>9,000,000,000</u>				<u>50,239,701,076</u>
Allowance for diminution in value of long-term investments				-				(19,463,991,076)
				<u>9,000,000,000</u>				<u>30,775,710,000</u>

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Notes to the consolidated interim financial statements for the six-month period
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Movements in the allowance for diminution in value of investments during the period were as follows:

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/06/2011 VND
Opening balance	19,463,991,076	19,141,101,076
Increase in allowance during the period	-	5,169,600,000
Written back	(19,463,991,076)	-
Closing balance	-	24,310,701,076

Movements of long-term investments in securities during the period were as follows:

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Opening balance	50,239,701,076	48,358,701,076
Disposals	(41,239,701,076)	-
Closing balance	9,000,000,000	48,358,701,076

Bien Hoa Sugar Joint Stock Company and its subsidiary
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ended 30 June 2012 (continued)

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12. Long-term prepayments

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Opening balance	7,920,159,075	3,087,118,011
Transfer from construction in progress	-	20,001,300
Additions	8,427,583,927	4,247,908,241
Amortisation for the period	(4,915,254,483)	(667,140,131)
Closing balance	11,432,488,519	6,687,887,421

13. Deferred tax assets

(i) Recognised deferred tax assets

Deferred tax assets are relating to temporary difference arising from depreciation of fixed assets

(ii) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item:

	30/06/2012		31/12/2011	
	Temporary difference VND	Tax value VND	Temporary difference VND	Tax value VND
Tax losses	364,082,263	91,020,566	3,200,798,367	800,199,592

The tax losses expire in 2013 as follow:

Year of expiry	Status of tax review	Tax losses available VND
2013	Outstanding	364,082,263

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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14. Goodwill

	VND
Cost	
Opening balance and closing balance	21,813,192,278
	<hr/>
Accumulated amortisation	
Opening balance	3,817,308,649
Charged for the period	1,090,659,614
	<hr/>
Closing balance	4,907,968,263
	<hr/>
Net book value	
Opening balance	17,995,883,629
Closing balance	16,905,224,015
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Bien Hoa Sugar Joint Stock Company and its subsidiary
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ended 30 June 2012 (continued)

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15. Short-term borrowings

	31/06/2012 VND	31/12/2011 VND
Short-term borrowings	275,244,640,925	322,964,681,280
Current portion of long-term borrowings (Note 21)	22,388,460,721	38,747,414,121
	297,633,101,646	361,712,095,401

Terms and conditions of outstanding short-term borrowings were as follows:

	Currency	Nominal interest rate	30/06/2012 VND	31/12/2011 VND
▪ Loan 1 from Joint Stock Commercial Bank for Foreign Trade of Vietnam (a)	VND	13%	8,460,000,000	27,525,000,000
▪ Loan 2 from Joint Stock Commercial Bank for Foreign Trade of Vietnam (a)	USD	5.5%	69,538,080,000	158,401,080,000
▪ Loan 3 from Sai Gon Thuong Tin Commercial Joint Stock Bank (b)	VND	14%	13,335,000,000	-
▪ Loan 4 from Chinatrust Commercial Bank (c)	VND	12.5% - 13%	41,728,635,000	-
▪ Loan 5 from Chinatrust Commercial Bank	USD	5.72%	-	65,516,201,280
▪ Loan 6 from The Hongkong and Shanghai Banking Corporation Limited (d)	VND	11.5% - 12.5%	59,502,308,800	-
▪ Loan 7 from The Hongkong and Shanghai Banking Corporation Limited	USD	5.6%	-	71,522,400,000
▪ Loan 8 from Hong Leong Bank Vietnam Limited (e)	VND	11.75% - 11.8%	41,505,367,125	-
▪ Loan 9 from ANZ Bank (Vietnam) Limited (f)	VND	11.7% - 11.75%	41,175,250,000	-
			275,244,640,925	322,964,681,280

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- (a) These loans have a maximum facility of VND400,000 million (31/12/2011: VND300,000 million). These loans are secured by land use right at Thanh Long Agricultural Enterprise with a carrying amount of VND1,707 million (31/12/2011: VND2,110 million), machinery with net book value as at 30 June 2012 of VND4,210 million (31/12/2011: VND5,097 million) and inventory with carrying amount at 30 June 2012 of VND77,998 million (31/12/2011: VND185,926 million).
- (b) This loan has a maximum facility of VND300,000 million. This loan is secured by the inventories with a carrying amount of VND13,335 million.
- (c) This loan has a maximum facility of VND114,554 million. This loan is secured by trade receivables with a carrying amount of VND56,080 million and USD129,400.
- (d) This loan has a maximum facility of VND122,885 million. This loan is secured by land use right at Tay Ninh factory with a carrying amount of VND5,717 million and trade receivables with carrying amount of VND49,692 million.
- (e) This loan has a maximum facility of VND50,000 million and is unsecured.
- (f) This loan has a maximum facility of USD5 million. This loan is secured by land use right at Tay Ninh factory with a carrying amount of VND2,161 million and the inventories with a carrying amount of VND41,175 million.

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16. Advances from customers

Accounts advances from customers included the following amounts due to related parties:

	30/06/2012	31/12/2011
	VND	VND
Amounts due to shareholder	799,666,534	3,350,189,270

17. Taxes payable to State Treasury

	30/6/2012	31/12/2011
	VND	VND
Value added tax	7,457,004,640	9,274,329,845
Special consumption tax	106,837,959	205,466,011
Import tax	-	4,110,457,994
Corporate income tax	2,095,835,318	2,995,205,528
Other taxes	132,212,840	141,065,499
	9,791,890,757	16,726,524,877

18. Accrued expenses

	30/6/2012	31/12/2011
	VND	VND
Supporting fees to sugar cane farmers	12,274,857,704	-
Maintenance fees for fixed assets	10,388,341,001	262,814,449
Transportation fees	-	2,387,587,320
Others	630,984,349	2,178,207,523
	23,294,183,054	4,828,609,292

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19. Other payables

	30/6/2012 VND	31/12/2011 VND
Borrowing from Trade Union of the Group	15,860,396,589	5,467,262,067
Dividends payables	1,543,386,100	5,796,206,800
Trade union fees	485,400,000	-
Social insurance	147,195,256	95,009,696
Short-term deposits and collaterals received	228,640,000	1,129,800,000
Others	1,618,797,354	1,472,101,697
	<hr/> 19,883,815,299	<hr/> 13,960,380,260 <hr/>

20. Bonus and welfare fund

Movements of bonus and welfare fund during the period were:

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Opening balance	16,092,327,357	4,107,443,183
Allocation from retained profits	4,270,648,883	13,407,140,723
Utilisation of funds	(9,386,026,053)	(7,552,006,987)
	<hr/> 10,976,950,187	<hr/> 9,962,576,919 <hr/>

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21. Long-term borrowings

	31/6/2012 VND	31/12/2011 VND
Long-term borrowings	136,085,622,553	143,086,075,938
Repayable within twelve months (Note 15)	(22,388,460,721)	(38,747,414,121)
	<hr/> 113,697,161,832	<hr/> 104,338,661,817

Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Nominal interest rate	Year of maturity	30/6/2012 VND	31/12/2011 VND
▪ Loan 1 from Joint Stock Commercial Bank for Investment and Development of Vietnam (a)	VND	5.4%	2014	29,743,400,000	35,693,900,000
▪ Loan 2 from Vietnam Bank for Agriculture and Rural Development (b)	VND	5.4%	2018	25,756,551,253	25,756,551,253
▪ Loan 3 from Sai Gon Thuong Tin Commercial Joint Stock Bank (c)	VND	14%	2015	24,996,000,000	28,568,000,000
▪ Loan 4 from Sai Gon Thuong Tin Commercial Joint Stock Bank (d)	VND	19.4%	2015	7,344,789,900	8,474,757,900
▪ Loan 5 from The Vietnam Development Bank - Tay Ninh branch (e)	VND	3.9%	2020	15,294,881,400	16,301,366,800
▪ Loan 6 from Joint Stock Commercial Bank for Foreign Trade of Vietnam (f)	VND	17.6%	2015	32,950,000,000	28,291,499,985
				<hr/> 136,085,622,553	<hr/> 143,086,075,938

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- (a) This loan is secured by machinery at Tay Ninh factory with carrying amount at 30 June 2012 of VND53,681 million (31/12/2011: VND64,761 million). Principal outstanding at 30 June 2012 is repayable in 9 equal quarterly instalments amounting to VND2,975 million each beginning on 25 September 2012 and a final instalment of VND2,971 million on 25 December 2014.
- (b) This loan has a maximum facility of VND51,513 million and is unsecured. Principal outstanding at 30 June 2012 is repayable in 7 equal annually instalments amounting to VND3,680 million each beginning on 20 September 2012.
- (c) This loan has a maximum facility of VND50,000 million and is secured by tangible assets in Tri An factory at the time of factory purchase in 2009, including building and structures with carrying amount at 30 June 2012 of VND21,574 million (31/12/2011: VND23,417 million), machinery and equipment with carrying amount at 30 June 2012 of VND34,287 million (31/12/2011: VND37,216 million), office equipment with carrying amount at 30 June 2012 of VND1,111 million (31/12/2011: VND1,206 million), and motor vehicles with carrying amount at 30 June 2012 of VND675 million (31/12/2011: VND733 million). Principal outstanding at 30 June 2012 is repayable in 6 equal semi-annual instalments amounting to VND3,572 million each beginning on 11 December 2012 and a final instalment of VND3,564 million 11 December 2015.
- (d) This loan has a maximum facility of VND16,000 million and is secured by the same assets as long-term loan (c). Principal outstanding at 30 June 2012 is repayable in 13 equal quarterly instalments amounting to VND565 million each beginning on 12 September 2012.
- (e) This loan has a maximum facility of VND30,195 million and is unsecured. Principal outstanding at 30 June 2012 is repayable in 15 equal semi-annual instalments amounting to VND1,006 million each beginning 15 October 2012 and a final instalment of VND198 million on 15 April 2020.
- (f) This loan has a maximum facility of VND40,000 million and is secured by machinery at the Group head office with carrying amount at 30 June 2012 of VND21,328 million and building and structures, machinery and office equipment at Tay Ninh factory with carrying value at 30 June 2012 of VND6,568 million, VND76,353 million and VND97 million, respectively (31/12/2012: VND105,457 million under construction in progress). Principal outstanding at 30 June 2012 is repayable in 13 equal quarterly instalments amounting to VND2,350 million each beginning 30 June 2012 and a final instalment of VND2,400 million on 22 September 2015.

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22. Provision for severance allowance

Movement of provision for severance allowance during the period were as follows:

	Six-month period from 1/1/2012 to 30/6/2012 VND
Opening balance	774,722,829
Provision made during the period	279,809,621
Provision used during the period	(220,930,000)
	<hr/>
Closing balance	833,602,450
	<hr/>

For the six-month period ended 30 June 2012, the Group contributed VND325 million (six-month period ended 30 June 2011: VND157 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

23. Share capital

The Group's authorised and issued share capitals are:

	30/6/2012		31/12/2011	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital – Par value				
Ordinary shares	29,997,580	299,975,800,000	29,997,580	299,975,800,000
Shares in circulation – Par value				
Ordinary shares	29,997,580	299,975,800,000	29,997,580	299,975,800,000
	<hr/>			

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Group. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares bought back by the Group, all rights are suspended until those shares are reissued.

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Movements in share capital during the period were as follows:

	Six-month period from		Year ended 31/12/2011	
	1/1/2012 to 30/6/2012			
	Number of		Number of	
	shares	VND	shares	VND
Balance at the beginning of the period	29,997,580	299,975,800,000	18,531,620	185,316,200,000
Bonus shares issued during the period	-	-	11,465,960	114,659,600,000
Balance at the end of the period	29,997,580	299,975,800,000	29,997,580	299,975,800,000

24. Dividends

The General Meeting of Shareholders of the Group on 24 April 2012 resolved to distribute cash dividends amounting to VND44,996 million equivalent to VND1,500 per share (period ended 30 June 2012: VND27,797 million in share dividends equivalent to VND1,500 per share).

25. Equity funds

(i) Investment and development funds

Investment and development funds were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. These funds were established for the purpose of future business expansion.

(ii) Financial reserves

Financial reserves were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. The reserves are established as recourse for the Group's future general business risks.

(iii) Other equity funds

During the period, according to shareholders' general meeting, the Group transferred VND721 million to established management fund. These funds were established for the purpose of conferring rewards and other purposes relating to managing activities of the Group's Board of Directors and Board of Management.

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26. Total revenue

Total revenue represented the gross invoiced value of goods sold and services provided exclusive of value added tax.

Net sales comprised:

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Total revenue		
▪ Sales of goods	1,379,200,553,203	1,099,512,055,830
▪ Services	4,274,173,038	9,141,180,903
Less sales deductions		
▪ Sales returns	(162,220,000)	(7,030,978)
▪ Special consumption tax	(638,723,207)	(633,346,504)
Net sales	1,382,673,783,034	1,108,012,859,251

27. Cost of sales

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Total cost of sales		
▪ Cost of goods sold	1,282,535,044,607	978,489,308,473
▪ Services provided	3,093,785,812	3,736,024,498
	1,285,628,830,419	982,225,332,971

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28. Financial income

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Interest income from deposits	4,836,593,920	1,974,196,984
Interest income from prepayments to sugar cane farmers	12,182,590,938	9,808,546,453
Dividend receipts from investment in securities	-	3,046,004,586
Foreign exchange gains	2,008,224,234	800,696,037
	<hr/> 19,027,409,092	<hr/> 15,629,444,060 <hr/>

29. Financial expenses

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Interest expense from borrowings	15,263,029,754	46,342,400,661
Loss from disposal of other long-term investments in securities	17,445,051,076	-
Allowance for long-term investments	-	5,169,600,000
Written back allowance for diminution in the value of other long-term investments	(19,463,991,076)	-
Foreign exchange losses	202,128,678	4,020,683,488
	<hr/> 13,446,218,432	<hr/> 55,532,684,149 <hr/>

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30. Income tax

(a) Recognised in the statement of income

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Current tax expense		
Current year	6,869,310,485	4,846,622,353

(b) Reconciliation of effective tax rate

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Profit before tax	51,281,416,065	47,374,298,350
Tax at the Group's tax rate	7,692,212,410	7,106,144,753
Tax incentives	(2,208,659,919)	(2,912,579,804)
Effect of different tax rate applied in subsidiary	283,671,610	118,264,294
Effect of different tax rate applied to trading and other income	1,811,265,410	1,287,354,532
Tax exempt income	-	(456,900,688)
Tax losses utilised	(709,179,026)	(295,660,734)
Corporate income tax expense	6,869,310,485	4,846,622,353

Pursuant to Resolution No. 29/2012/QH13 ("Resolution 29") issued by the National Assembly on 21 June 2012, the Group's operations meet the definition for enterprise employing more workers in field of production, processing of agriculture and the Group is therefore entitled to a 30 percent reduction of current income tax expense for 2012.

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(c) Applicable tax rates

(i) *Bien Hoa Sugar Joint Stock Company*

Manufacturing operation

Under the terms of Investment Licence the Company has an obligation to pay the government income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation (2001) and 25% for the succeeding years.

The current tax regulations allow the Company to be exempt from income tax for 2 years starting from the first year it generates a taxable profit (2001) and entitled to a 50% reduction in income tax for the 9 succeeding years.

Trading operation

Under the terms of Investment Licence the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits for the first 10 years starting from the first year of operation (2001) and 25% of for the succeeding years.

The current tax regulations allow the Company to be exempt from income tax for 2 years starting from the first year it generates a taxable profit (2001) and entitled to a 50% reduction in income tax for the 8 succeeding years.

All the above tax exemption and reduction are not applicable to other income which is taxed at a rate of 25%.

(ii) *Hai Vi One Member Limited Company*

Under the terms of Investment Licence the Company has an obligation to pay the government income tax at the rate of 25% of taxable profits. The company is exempted from income tax for 3 years from the first year (2003) it generates a taxable profit, and entitled to a 50% reduction in income tax for the next 7 years.

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31. Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 Jun 2012 was based on the profit attribute to ordinary shareholders of VND44,412 million (2011: VND42,527 million) and a weighted average number of ordinary shares outstanding of 29,997,580 (2011: 29,997,580), calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Net profit for the period and attributable to ordinary shareholders	44,412,105,580	42,527,675,997

(ii) Weighted average number of ordinary shares

	Six-month period from 1/1/2012 to 30/6/2012	Six-month period from 1/1/2011 to 30/6/2011
Issued ordinary shares at the beginning of the period	29,997,580	18,531,620
Effect of bonus shares issued on 11 November 2011	-	11,465,960
Weighted average number of ordinary shares for the six-month period ended 30 June 2012	29,997,580	29,997,580

As of 30 June 2012, the Group did not have any potential dilutive shares.

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32. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(i) Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows

	30/06/2012	31/12/2011
	VND	VND
Cash in bank and cash equivalents (*)	38,323,876,746	178,589,756,583
Trade and other receivables (**)	112,954,416,120	54,887,901,241
Prepayments to sugar cane farmers (Note 6) (**)	237,095,443,980	195,523,141,960
	<hr/>	<hr/>
	388,373,736,846	429,000,799,784
	<hr/>	<hr/>

(*) Cash in bank and cash equivalents

The cash and cash equivalents at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

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() *Trade receivables, other receivables and prepayments to sugar cane farmers***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, the risk management committee of the Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. In addition, customers are required to make advances for all sales orders. Receivables are due within 30 days from the date of billing. Debtors with balances that are more than 30 days outstanding are requested to settle the balances before further credit is granted.

Trade and other receivables that are neither past due nor impaired are mostly companies with good collection track records with the Group. Management believes that those receivables are of high credit quality.

The aging of trade and other receivables at period/year-end that were past due but not impaired is as follows:

	30/06/2012	31/12/2011
	VND	VND
Not past due	304,574,540,712	239,914,289,401
Past due 0 – 30 days	36,105,590,558	1,150,000
Past due 31 – 180 days	5,014,023,161	340,836,589
Past due more than 180 days	3,079,800,020	-
	<hr/>	<hr/>
	348,773,954,451	240,256,275,990
	<hr/>	<hr/>

There were no material impairments of receivables as of 30 June 2012.

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(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at 30 June 2012, the financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	1 – 2 years VND	2 – 5 years VND	More than 5 years VND
Short-term borrowings and liabilities						
Short-term borrowings	275,244,640,925	282,893,786,994	282,893,786,994	-	-	-
Accounts payable-trade	59,349,838,697	59,349,838,697	59,349,838,697	-	-	-
Payables to employees	10,418,220,202	10,418,220,202	10,418,220,202	-	-	-
Other payables	19,883,815,299	19,883,815,299	19,883,815,299	-	-	-
Accrued expenses	23,294,183,054	23,294,183,054	23,294,183,054	-	-	-
Taxes payable to State Treasury	9,791,890,757	9,791,890,757	9,791,890,757	-	-	-
Long-term borrowings and liabilities						
Long-term borrowings	136,085,622,553	154,710,695,192	69,613,272,704	32,377,156,072	39,518,443,924	13,201,822,492
	534,068,211,487	560,342,430,195	475,245,007,707	32,377,156,072	39,518,443,924	13,201,822,492

The Group manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term investments and maintaining several bank facilities.

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(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group does not have significant exposure to foreign currency risk as most transactions are carried out in VND, the functional currency of the Group.

(ii) Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	30/6/2012	31/12/2011
	VND	VND
Fixed rate instruments		
Financial assets	257,095,443,980	357,423,141,960
Financial liabilities	(111,089,622,553)	(114,518,075,938)
	<hr/> 146,005,821,427	<hr/> 242,905,066,022
Variable rate instruments		
Financial assets	18,323,876,746	16,689,756,583
Financial liabilities	(300,240,640,925)	(351,532,681,280)
	<hr/> (281,916,764,179)	<hr/> (334,842,924,697)

As at 30 June 2012, VND24,996 million of the long-term borrowings and liabilities obtained or issued by the Group was at variable interest rate. No policy was in place pertaining to the mitigation of any potential volatility of the interest rate. A change of 100 basis points in interest rates would have decreased the net profit of the Group by VND2,396 million.

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(e) Fair values

The carrying amounts of significant financial assets and liabilities approximate their respective fair values as at 30 June 2012. The following policies were used to estimate the fair value for each class of financial instrument:

Cash, trade and other receivables, trade and other payables, short-term bank loan and other liabilities:

The carrying amounts approximate their respective fair values due to the short-term maturity of these instruments.

Long-term receivable and borrowings

As at 30 June 2012, the fair value of loans receivable and borrowings based on present value of future principal and interest cash flows, discounted at the market rate of interest at 30 June 2012 approximate the carrying amount recorded.

Investments in equity

The Group has not determined fair value of investments in equity for disclosure in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market is not available for these financial assets; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market is not available. Fair value of these financial instruments may be different from their carrying value.

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33. Significant transactions with related parties

In addition to related party balances disclosed in other notes to these interim financial statements, the Group has the following transactions with related parties:

	Transaction value	
	from 01/01 to 30/06	
	2012	2011
	VND	VND
Shareholders		
Thanh Thanh Cong Manufacturing and Trading Joint Stock Company		
Sales of goods	28,302,692,130	60,809,306,047
Bourbon Tay Ninh Joint Stock Company		
Sales of goods	3,072,535,953	1,183,259,528
Purchase of goods	10,108,716,342	12,448,611,193
Dividends paid	10,222,720,000	-
Sugar Corporation II – Company Limited		
Sales of goods	-	1,343,735,754
Saigon Thuong Tin Commercial Joint Stock Bank		
Short-term borrowings	58,535,000,000	-
Interest expenses	3,224,265,400	20,604,853,332
Board of Directors and Board of Management		
Remuneration	630,000,000	720,000,000
Salary and compensation	457,598,456	558,989,774

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34. Leases

The future minimum lease payments under non-cancellable operating leases were:

	30/06/2012 VND	31/12/2011 VND
Within one year	1,699,716,590	1,699,716,590
Within two to five years	6,798,866,360	6,798,866,360
More than five years	58,640,222,352	59,490,080,647
	67,138,805,302	67,988,663,597

35. Production and business costs by element

	Six-month period from 1/1/2012 to 30/6/2012 VND	Six-month period from 1/1/2011 to 30/6/2011 VND
Raw material costs included in production costs	831,357,782,878	706,596,482,309
Labour costs and staff costs	67,262,659,841	62,673,350,901
Depreciation and amortisation	35,991,516,170	31,985,163,284
Outside services	31,125,402,854	22,539,041,674
Other expenses	61,082,197,749	31,068,476,452

36. Corresponding figures

Certain corresponding figures have been reclassified to conform with the current period's presentation. A comparison of the amounts previously reported and as reclassified is as follows:

(a) Balance sheet

	31/12/2011 VND (as reclassified)	31/12/2011 VND (as previously reported)
Prepayments to suppliers	190,011,179,869	179,856,412,658
Allowance for doubtful debts	(10,154,767,211)	-
Other long-term receivables	58,765,140,846	68,919,908,057
Allowance for doubtful long-term debts	-	(10,154,767,211)

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(b) Statement of income

	Six-month period from 1/1/2011 to 30/6/2011 VND (as restated)	Six-month period from 1/1/2011 to 30/6/2011 VND (as previously reported)
Basic earnings per share	1,481	2,295

(c) Statement of cash flows

Effective 1 January 2012, the Group changed its method in preparation of statement of cash flows from direct method to indirect method. As a result of this change, certain corresponding figures in the consolidated statement of cash flows for the six-month period ended 30 June 2011 have been reclassified to conform with the current period's presentation, details as follow:

	Six-month period from 1/1/2011 to 30/6/2011 VND (as reclassified)	Six-month period from 1/1/2011 to 30/6/2011 VND (as previously reported)
Net cash flows from operating activities	(233,103,428,982)	(234,381,428,521)
Net cash flows from investing activities	(26,475,438,582)	(25,558,239,043)
Net cash flows from financing activities	252,427,446,698	252,788,246,698

Prepared by:



Vo Cong Minh
Chief Accountant



Approved by:



Nguyen Van Loc
General Director

27 August 2012

