

## VinaLand Limited

### Audited financial results for the twelve months ended 30 June 2010

VinaLand Limited ("the Company" or "VNL"), the AIM-quoted investment vehicle established to target key growth segments within Vietnam's emerging real estate market, today announces its full year results for the twelve months ended 30 June 2010 ('the period').

#### Financial highlights:

- Net profit attributable to shareholders for the period of USD76.0 million (2009: net loss of USD201.6 million).
- Earnings per share of USD0.10 (2009: losses per share of USD0.26).
- Net Asset Value ("NAV") of USD680 million (2009: USD660 million), and NAV per share of USD1.36 (2009: USD1.32).
- No debt at the fund level.

#### Performance highlights:

- Increase in NAV of 3.2 percent (2009: decrease of 17.9 percent).
- Total of USD197 million in non-recourse construction loans now secured.
- Total of USD115.7 million in residential sales commitments and reservations during the period, with the launch of sales at five projects.
- Four construction starts, and the re-opening of two hotel assets after complete renovations.

Commenting, Don Lam, Director of VinaLand Limited said:

"This year the real estate market as a whole in Vietnam has proven to be a difficult one for investors, which makes the fact we have been able to increase to our NAV and share price a significant achievement. This outperformance is reflective of progress in several of our key residential holdings, which saw us bring a total of 663 residential units to market. We have also been able to secure construction project financing, with five construction starts taking place during the year. However, despite the improvement in our share price, we continue to seek ways to maximise returns to shareholders. This is why post the period-end we revised our distribution policy with the aim of reducing our discount while retaining our ability to invest in new projects."

#### Notes to Editors:

VinaCapital Group is a leading asset management, investment banking and real estate consulting firm with unrivalled experience in the Vietnamese market. VinaCapital Group was founded in 2003 and has grown from a single USD10 million fund to a diversified investment firm with over USD1.8 billion in assets under management as of July 2010.

VinaCapital manages three closed-end funds trading on the London Stock Exchange's Alternative Investment Market (AIM). These are:

- VinaCapital Vietnam Opportunity Fund (VOF), the largest diversified fund for investment in Vietnam;
- VinaLand Limited (VNL), the top performing Vietnam fund for the past three years according to LCF Edmond de Rothschild; and
- Vietnam Infrastructure Limited (VNI), the first fund for investment in Vietnam's infrastructure sector.

VinaCapital also co-manages the DFJ VinaCapital technology venture capital fund with Draper Fisher Jurvetson. More information is available at [www.vinacapital.com](http://www.vinacapital.com).

More information on VinaLand Limited is available at [www.vinacapital/vnl](http://www.vinacapital/vnl)

#### Enquiries:

Michael L. Gray

VinaCapital Investment Management Limited  
Communications/Investor Relations  
+84 8 821 9930  
michael.gray@vinacapital.com

Philip Secrett  
Grant Thornton Corporate Finance, Nominated Adviser  
+44 20 7383 5100  
philip.j.secrett@uk.gt.com

Hiroshi Funaki  
LCF Edmond de Rothschild Securities, Broker  
+44 20 7845 5960  
funds@lcf.co.uk

Alastair Hetherington  
Financial Dynamics, Public Relations (Hong Kong)  
+852 3716 9802  
alastair.hetherington@fd.com

Andrew Walton  
Financial Dynamics, Public Relations (London)  
+44 20 7269 7204  
andrew.walton@fd.com

## **Chairman's Statement**

Dear Shareholders,

We are pleased to present the annual report of VinaLand Limited (AIM: VNL) for the year ended 30 June 2010.

Vietnam's real estate market during the financial year saw strong performance in the low and mid-range residential sector, and a much-improved hospitality sector, again with the best performance seen in the mid-range of the market.

The pace of foreign investment into Vietnam's property sector was slower than the previous year, with Vietnam appearing to miss out on the increased investment into emerging markets around the world. Despite Vietnam's rapid economic growth, reaching 6.5 percent year-on-year over the first half of 2010, foreign exchange and inflation concerns kept many investors on the sidelines.

In the real estate market, oversupply in the office sector persisted, and retail investment remained slow as large foreign retailers continued a slow cautious approach to entering a market where site access and branch expansion remain difficult.

VNL's strategy, however, saw the fund successfully avoid underperforming sectors. VNL at the end of June 2010 had an NAV of USD685 million, or USD1.36 per share, an increase of 3.8 percent from the end of June 2009, when VNL had an NAV of USD660 million, or USD1.32 per share. The four cent per share gain in FY2010 is a positive turn-around from the 26 cent per share loss the previous year.

The reason for the turn-around is primarily due to progress with the development and sales of several key residential holdings in the portfolio. During the year, VNL brought a total of 663 residential units to market, with residential sales commitments and reservations totalling USD115.7 million.

Another performance highlight is the success in obtaining project financing, with a total of USD197 million in non-recourse construction loans now secured. There were five construction starts during the year. In the hotel portfolio, the Sheraton Nha Trang Hotel and Spa opened near the end of the year, and the Movenpick Hotel Saigon re-opened after a complete renovation in August 2010.

The VNL Board was further strengthened at the end of the year by the addition of independent director Nicholas Allen, who brings valuable accounting expertise to the Board, built on his previous experience with PriceWaterhouseCoopers and his participation in the audit committees of listed companies CLP Holdings Ltd, Lenovo Group Ltd, and Hysan Development Company Ltd.

Despite the wide-ranging progress VNL recorded during FY2010, the company's share price continued to trade at a significant discount to net asset value. Investors clearly remain concerned about macro issues affecting Vietnam, and they want greater clarity on performance and the ability of the investment manager to realise proceeds and return value to shareholders.

Recognising this, the Board announced on 28 October 2010 that VNL would distribute 50 percent of cash generated from divestments, after providing for future investment commitments, as a semi-annual tender for the repurchase of shares at NAV. The first distribution will occur following finalisation of the 30 December 2010 interim results.

This distribution policy, in addition to other measures announced at the time, aims to reduce the share price discount while still leaving VNL with the ability to invest in new projects. The Board believes this policy is in the best interests of the shareholders – particularly as it will offer the investment manager the opportunity to continue to demonstrate the value of the fund's holdings, as more projects move to the development and sales/divestment phases. On 10 December 2010, shareholders voted at an EGM to allow VNL to buy back and tender for shares, a decision that allows the distribution policy to proceed.

The Board welcomes shareholder feedback, and we hope to be in touch with many of you over the coming year. Thank you for your continued support.

Nicholas Brooke  
Chairman  
VinaLand Limited  
17 December 2010

## Consolidated Statement of Financial Position

|   | Note | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000<br>(Reclassified) |
|---|------|-------------------------|---|
| <b>ASSETS</b>                               |      |                         |   |
| <b>Non-current</b>                          |      |                         |   |
| Investment properties                       | 9    | 620,650                 | 446,614                                   |
| Properties developed for sales              | 10   | 80,057                  | -   |
| Property, plant and equipment               | 11   | 111,569                 | 78,908                                    |
| Intangible assets                           | 12   | 13,400                  | 12,091                                    |
| Investments in associates                   | 13   | 71,789                  | 104,764                                   |
| Goodwill                                    | 7    | 3,923                   | -   |
| Prepayments for operating lease assets      | 14   | 41,595                  | 53,041                                    |
| Prepayments for acquisitions of investments | 15   | 52,208                  | 66,097                                    |
| Other long-term financial assets            | 16   | 9,980                   | 1,112                                     |
| Deferred tax assets                         | 17   | 18,268                  | 5,024                                     |
| Non-current assets                          |      | 1,023,439               | 767,651                                   |
| <b>Current</b>                              |      |                         |   |
| Inventories                                 |      | 712                     | 146                                       |
| Trade and other receivables                 | 18   | 112,637                 | 109,901                                   |
| Receivables from related parties            | 19   | 4,389                   | 2,572                                     |
| Short-term investments                      | 20   | 15,215                  | 34,888                                    |

|  |    |                  |           |
|--|----|------------------|-----------|
| Financial assets at fair value through Statement of Income | 21 | 32,796           | 46,298    |
| Cash and cash equivalents                                  | 22 | 79,979           | 50,274    |
| <b>Current assets</b>                                      |    | <b>245,728</b>   | 244,079   |
| Assets classified as held for sale                         | 24 | -                | 85,321    |
| <b>Total assets</b>  |    | <b>1,269,167</b> | 1,097,051 |

|  | Note | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000<br>(Reclassified) |
|--|------|-------------------------|---|
| <b>EQUITY</b>  |      |                         |   |
| <b>Equity attributable to shareholders of the parent</b> |      |                         |   |
| Share capital  | 25   | 4,999                   | 4,999                                     |
| Additional paid-in capital                               | 26   | 588,870                 | 588,870                                   |
| Revaluation reserve                                      | 27   | 3,483                   | 10,799                                    |
| Translation reserve                                      |      | (29,733)                | (16,147)                                  |
| Retained earnings  |      | 114,025                 | 72,008                                    |
|  |      | <b>681,644</b>          | 660,529                                   |
| Non-controlling interests                                |      | 224,269                 | 166,445                                   |
| <b>Total equity</b>                                      |      | <b>905,913</b>          | 826,974                                   |
| <b>LIABILITIES</b>                                       |      |                         |   |
| <b>Non-current</b>                                       |      |                         |   |
| Long-term borrowings and debts                           | 28   | 70,995                  | 21,841                                    |
| Long-term payables to related parties                    | 31   | 76,856                  | 65,018                                    |
| Deferred tax liabilities                                 | 29   | 50,823                  | 19,367                                    |
| Other liabilities  |      | 879                     | 912                                       |
| Non-current liabilities                                  |      | <b>199,553</b>          | 107,138                                   |
| <b>Current</b>   |      |                         |   |
| Short-term borrowings and debts                          | 28   | 21,090                  | 20,584                                    |
| Trade and other payables                                 | 30   | 116,466                 | 74,354                                    |
| Payables to related parties                              | 31   | 26,145                  | 49,943                                    |
| Current liabilities                                      |      | <b>163,701</b>          | 144,881                                   |
| Liabilities included in disposal group held for sale     | 24   | -                       | 18,058                                    |
| <b>Total liabilities</b>                                 |      | <b>363,254</b>          | 270,077                                   |
| <b>Total equity and liabilities</b>                      |      | <b>1,269,167</b>        | 1,097,051                                 |
| <b>Net assets per share attributable to shareholders</b> | 40   | <b>1.36</b>             | 1.32                                      |

## Consolidated Statement of Changes in Equity

|             | Equity attributable to shareholders of the parent |                            |                     |                     |                   | Non-controlling interests | Total equity |
|-------------|---|----------------------------|---------------------|---------------------|-------------------|---------------------------|--------------|
|             | Share capital                                     | Additional paid-in capital | Revaluation reserve | Translation reserve | Retained earnings |                           |              |
|             | USD'000   | USD'000                    | USD'000             | USD'000             | USD'000           | USD'000                   | USD'000      |
| 1 July 2008 | 4,999   | 588,870                    | 13,844              | (4,623)             | 201,437           | 219,868                   | 1,024,395    |

|   |                |                |                 |                 |                |                |                |
|---|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|
| Currency translation                                    | -              | -              | -               | (11,524)        | -              | (6,129)        | (17,653)       |
| Revaluation losses on buildings<br>(Note 27)            | -              | -              | (3,045)         | -               | -              | (2,544)        | (5,589)        |
| <b>Total other comprehensive income</b>                 | -              | -              | (3,045)         | (11,524)        | -              | (8,673)        | (23,242)       |
| Losses for the year ended                               |                |                |                 |                 |                |                |                |
| 30 June 2009  | -              | -              | -               | -               | (129,429)      | (72,194)       | (201,623)      |
| <b>Total comprehensive income</b>                       | -              | -              | (3,045)         | (11,524)        | (129,429)      | (80,867)       | (224,865)      |
| Acquisitions of subsidiaries                            | -              | -              | -               | -               | -              | 12,553         | 12,553         |
| Capital contributions in subsidiaries                   | -              | -              | -               | -               | -              | 15,935         | 15,935         |
| Dividend distributions to non-<br>controlling interests | -              | -              | -               | -               | -              | (1,044)        | (1,044)        |
| <b>30 June 2009</b>                                     | <b>4,999</b>   | <b>588,870</b> | <b>10,799</b>   | <b>(16,147)</b> | <b>72,008</b>  | <b>166,445</b> | <b>826,974</b> |
| <b>1 July 2009</b>                                      |                |                |                 |                 |                |                |                |
| <b>4,999</b>  | <b>588,870</b> | <b>10,799</b>  | <b>(16,147)</b> | <b>72,008</b>   | <b>166,445</b> | <b>826,974</b> |                |
| Currency translation                                    | -              | -              | -               | (13,586)        | -              | (13,081)       | (26,668)       |
| Gains on acquisition of non-<br>controlling interests   | -              | -              | -               | -               | 1,683          | -              | 1,683          |
| Revaluation gains on buildings (Note<br>27)             | -              | -              | 439             | -               | -              | 1,387          | 1,826          |
| <b>Total other comprehensive income</b>                 | -              | -              | 439             | (13,586)        | 1,683          | (11,694)       | (23,158)       |
| Profits for the year ended                              |                |                |                 |                 |                |                |                |
| 30 June 2010  | -              | -              | -               | -               | 48,451         | 27,541         | 75,992         |
| <b>Total comprehensive income</b>                       | -              | -              | 439             | (13,586)        | 50,134         | 15,847         | 52,834         |
| Acquisitions of subsidiaries                            | -              | -              | -               | -               | -              | 44,119         | 44,119         |
| Capital contributions in subsidiaries                   | -              | -              | -               | -               | -              | 37,298         | 37,298         |
| Acquisitions of non-controlling<br>interests            | -              | -              | -               | -               | -              | (18,133)       | (18,133)       |
| Disposals of subsidiaries (Note 27)                     | -              | -              | (7,755)         | -               | (8,117)        | (20,685)       | (36,557)       |
| Dividend distributions to non-<br>controlling interests | -              | -              | -               | -               | -              | (622)          | (622)          |
| <b>30 June 2010</b>                                     | <b>4,999</b>   | <b>588,870</b> | <b>3,483</b>    | <b>(29,733)</b> | <b>114,025</b> | <b>224,269</b> | <b>905,913</b> |

## Consolidated Statement of Income

|   | Note | Year ended<br>30 June 2010 | Year ended 30<br>June 2009 |
|---|------|----------------------------|----------------------------|
|   |      | USD'000                    | USD'000                    |
| Revenue   |      | 17,277                     | 28,014                     |
| Cost of sales   | 32   | (10,235)                   | (15,711)                   |
| <b>Gross profit</b>   |      | <b>7,042</b>               | <b>12,303</b>              |
| Net gains/(losses) on fair value adjustments of investment properties                         | 33   | 95,487                     | (153,544)                  |
| Operating, selling and administration expenses  | 32   | (46,171)                   | (35,611)                   |
| Other net changes in fair value of financial assets at fair value through Statement of Income | 34   | 7,695                      | (4,754)                    |
| Other income  | 35   | 45,809                     | 2,591                      |
| Other expenses  | 36   | (7,710)                    | (38,067)                   |
| <b>Operating profit/(loss) from continuing operations</b>                                     |      | <b>102,152</b>             | <b>(217,082)</b>           |
| Finance income  | 37   | 6,860                      | 11,972                     |
| Finance expenses  | 38   | (8,244)                    | (6,735)                    |
| Finance (expenses)/income – net   |      | (1,384)                    | 5,237                      |
| Share of losses of associates   | 13   | (9,609)                    | (3,342)                    |
|   |      | (10,993)                   | 1,895                      |
| <b>Profit/(loss) from continuing operations before tax</b>                                    |      | <b>91,159</b>              | <b>(215,187)</b>           |
| Tax (expense)/income  | 39   | (15,167)                   | 13,564                     |
| <b>Net profit/(loss) for the year from continuing and total</b>                               |      | <b>75,992</b>              | <b>(201,623)</b>           |
| Attributable to equity shareholders of the parent   |      | 48,451                     | (129,429)                  |
| Attributable to non-controlling interests   |      | 27,541                     | (72,194)                   |
|   |      | 75,992                     | (201,623)                  |
| <b>Earnings per share – basic and diluted (USD per share)</b>                                 | 40   | <b>0.10</b>                | <b>(0.26)</b>              |

## Consolidated Statement of Comprehensive Income

|                                   | Year ended<br>30 June 2010 | Year ended<br>30 June 2009 |
|-----------------------------------|----------------------------|----------------------------|
|                                   | USD'000                    | USD'000                    |
| <b>Profit/(loss) for the year</b> | <b>75,992</b>              | <b>(201,623)</b>           |

**Other comprehensive income/(losses)**

|   |                 |                  |
|---|-----------------|------------------|
| Gain/(loss) on revaluation of buildings in the year     | 1,826           | (5,589)          |
| Gains on acquisitions of non-controlling interests      | 1,683           | -                |
| Exchange differences on translating foreign operations  | (26,668)        | (17,653)         |
| <b>Other comprehensive income/(losses) for the year</b> | <b>(23,158)</b> | <b>(23,242)</b>  |
| <b>Total comprehensive income/(losses) for the year</b> | <b>52,834</b>   | <b>(224,865)</b> |
| <hr/>   |                 |                  |
| Attributable to equity shareholders of the parent       | 36,987          | (143,998)        |
| Attributable to non-controlling interests               | 15,847          | (80,867)         |
|   | <b>52,834</b>   | <b>(224,865)</b> |

### Consolidated Statement of Cash Flows

|  | Note | 30 June 2010   | 30 June 2009    |
|--|------|----------------|-----------------|
|  |      | USD'000        | USD'000         |
| <b>Operating activities</b>  |      |                |                 |
| Net profit/(loss) for the year before tax  |      | 91,159         | (215,187)       |
| Adjustments  | 41   | (92,186)       | 198,636         |
| <b>Net losses before changes in working capital</b>                              |      | <b>(1,027)</b> | <b>(16,551)</b> |
| Change in trade and other assets   |      | (38,972)       | 48,906          |
| Change in inventory  |      | (566)          | 131             |
| Change in trade and other liabilities  |      | 37,958         | 15,432          |
| Cash and cash equivalents classified as held for sale assets                     |      | -              | (19,858)        |
| Corporate income tax paid  |      | (1,224)        | (1,352)         |
| <b>Cash flow from operating activities</b>                                       |      | <b>(3,831)</b> | <b>26,708</b>   |
| <b>Investing activities</b>  |      |                |                 |
| Interest received  |      | 6,877          | 7,420           |
| Purchases of investment property, plant, equipment, and other non-current assets |      | (151,948)      | (80,023)        |
| Acquisitions of subsidiaries, net of cash  | 7    | (18,524)       | (7,189)         |

|  |                 |                  |
|--|-----------------|------------------|
| Proceeds from disposals of investments   | 41,438          | 5,132            |
| Deposits for acquisitions of investments   | (12,262)        | (11,664)         |
| Proceeds from disposals of held for sale assets/liabilities and financial assets | 30,600          | 10,873           |
| Investments in associates  | (3,768)         | (61,962)         |
| Acquisitions of long-term assets   | (210)           | (5,774)          |
| Net proceeds from short-term investments   | 27,405          | 22,139           |
| Net cash receipts from related parties for real estate projects                  | 27,113          | 16,072           |
| <b>Cash flow from investing activities</b>                                       | <b>(53,279)</b> | <b>(104,976)</b> |
| <b>Financing activities</b>  |                 |                  |
| Additional capital contributions from minority shareholders                      | 37,298          | 15,935           |
| Loan proceeds from banks   | 76,866          | 42,305           |
| Loan repayments to banks   | (26,449)        | (8,488)          |
| Dividends paid to non-controlling shareholders                                   | (622)           | (1,044)          |
| Loans proceeds from non-controlling shareholders                                 | -               | 1,481            |
| Loan repayments to non-controlling shareholders                                  | (278)           | -                |
| Interest paid  | -               | (2,453)          |
| <b>Cash flow from financing activities</b>                                       | <b>86,815</b>   | <b>47,736</b>    |
| <b>Net change in cash and cash equivalents</b>                                   | <b>29,705</b>   | <b>(30,532)</b>  |
| Cash and cash equivalents at the beginning of the year                           | 50,274          | 80,806           |
|  | 22              | 79,979           |
| <b>Cash and cash equivalents at end of the year</b>                              |                 | <b>50,274</b>    |

## Notes to the Consolidated Financial Statements

### 1. General information

VinaLand Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company's primary objective is to focus on key growth segments within Vietnam's emerging real estate market, namely residential, office, retail, industrial and leisure projects in Vietnam and the surrounding countries in Asia. The Company is listed on the AIM Market of the London Stock Exchange under the ticker symbol VNL.

The consolidated financial statements for the year ended 30 June 2010 were authorised for issue by the Board of Directors on 17 December 2010.

### 2. Statement of compliance with IFRS and adoption of new and amended standards and interpretations



## **2.1 Statement of compliance with IFRS**

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

## **2.2 Changes in accounting policies**

### **2.2.1 Overall considerations**

The Group has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2009:

- IAS 1 Presentation of Financial Statements (Revised 2007)
- IFRS 8 Operating Segments
- IFRS 3 Business Combinations (Revised 2008)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- Amendments to IFRS 7 Financial Instruments: Disclosures – improving disclosures about financial instruments

### **2.2.2 Adoptions of revised and amended standards**

#### **IAS1 Presentation of Financial Statements (Revised 2007)**

The adoption of IAS 1 (Revised 2007) made certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gave rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses were unchanged. However, some items that were recognised directly in equity were subsequently recognised directly in the Consolidated Statement of Comprehensive Income, for example revaluations of property, plant and equipment and exchange differences on translation of foreign operations. IAS 1 changed the presentation of changes in owner's equity and introduced a "Statement of Comprehensive Income".

IAS 1 (Revised 2007) requires an additional comparative statement of financial position to be presented whenever an accounting policy is applied retrospectively. This applies in the current year as IAS 1 (Revised 2007) is applied for the first time, and application is retrospective. The comparative statement of financial position is unchanged from when it was previously reported. As this is the case for the previously reported statement of financial position as at 30 June 2009 the additional comparative statement of comprehensive income is not required as they are not expected to have a material impact on the Group's Consolidated Statement of Financial Position.

#### **IFRS 8 Operating Segments**

This standard has been applied retrospectively. The adoption of IFRS 8 has not affected the identified operating segments for the Group. However, reported segment results are based on internal management reporting information that is regularly reviewed by the Investment Manager. In the previous annual consolidated financial statements, segments were identified by reference to the way the Investment Manager manages and monitors the risks and returns of the Group. As the change in accounting policy only results in additional disclosures, there is no impact on the historic, current or future earnings per share ratio.

#### **IFRS 3 Business Combinations (Revised 2008)**

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and has been applied prospectively. The new standard introduced changes to the accounting requirements for business combinations, but still requires use the purchase method with some of significant changes. For example, all acquisition related costs are expensed in the period in which the costs are incurred rather than included in the cost of investment. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All payments to

purchase a business are recorded at fair value at the acquisition date. Some changes in the fair value of contingent consideration that the Group recognizes after the acquisition date may be the result of additional information that the Group obtained after the date about facts and circumstances that existed at the acquisition date. Where the changes in fair value of the contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured, contingent consideration classified as an asset or liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognized either in profit or loss in other comprehensive income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate. The Group have applied IFRS 3 (Revised 2008) prospectively to all business combinations from 1 July 2009.

### **IAS 27 Consolidated and Separate Financial Statements (Revised 2008)**

The revised standard introduced changes in accounting for additional acquisition interests in subsidiaries. Where the Group increases and decreases its interest in subsidiaries but there is no change in control, the effects of all transactions between the Group with non-controlling interests no longer result in goodwill or any gains or losses, but are recorded in equity. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in the Consolidated Statement of Income.

The revaluation surpluses of disposed subsidiaries previously recognized in equity are transferred directly to retained earnings when control is lost. The Group applied IAS 27 (Revised 2008) prospectively to transactions with non-controlling interests and disposals of subsidiaries from 1 July 2009.

### **Adoption of IFRS 7 Financial Instruments: Disclosure – improving disclosures about financial instruments**

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurement by level of a fair value measurement hierarchy to be disclosed in the consolidated financial statements. As the changes in accounting policy only result in additional disclosures, there is no impact on the historic, current or future earnings per share ratio.

### **2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

### **IAS 24 Related Party Disclosures (effective from 1 January 2011)**

The IASB issued a revised version of IAS 24 *Related Party Disclosures* (IAS 24 (2009)) on 4 November 2009 which supersedes IAS 24 (2003).

The changes introduced by IAS 24 (2009) relate mainly to the related party disclosure requirements for government-related entities and the definition of a related party.

In respect of definition of a related party, the amendments have been made in order to clarify its meaning and to eliminate previous inconsistencies. The changes include:

- It has been clarified that, where a Company has a subsidiary and an associate, for the purposes of the associate's separate or individual financial statements, the subsidiary is regarded as a related party of the associate as well as the Company itself;
- The definition of a related party has been amended such that in the circumstances in the bullet point above, for the purposes of the subsidiary's separate or individual financial statements, the associate is a related party;
- An inconsistency has been removed in order that, when considering investments held by individuals rather than entities, two associates are not regarded as being related parties simply because one person has significant influence over one entity, and a close family member of that person has significant influence over another entity;
- The criteria for investments held by key management personnel have been changed, so that where the key management personnel of a Company have control or joint control over other entities, disclosures are required in both the financial statements of the Company and the financial statements of the other entities;
- In any circumstances where a Company has joint control over a second entity, and joint control or significant influence over a third entity, then the second and third entities are regarded as being related to each other.

In addition, other amendments have been made to the definition of a related party which clarify that:

- References to an associate and a joint venture include their subsidiaries; and
- Two entities are not related parties by virtue of a member of key management personnel of one entity having significant influence over another entity.

The definition of a 'close member of the family' has also been amended to state that these 'include' a person's spouse or domestic partner and children, rather than 'may include'. The Group selects to adopt IAS 24 from the effective date of the standard.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

### **IFRS 9 Financial Instruments (effective from 1 January 2013)**

The IASB aims to rewrite IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by the end of 2010, with the replacement standards to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate IASB project team is dealing with derecognition.

### **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010)**

This interpretation clarifies the requirements of International Financial Reporting Standards (IFRSs) when the Group negotiates the terms of a financial liability with its creditor and the creditor agrees to accept the Group's shares or other equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies that:

- equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability.
- equity instruments issued are measured at their fair value. If the fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.
- the difference between carrying amount of the financial liability extinguished and the initial measurement amount of the equity measurements issued is included in the statement of income for the year.

The Group adopt IFRIC 19 from the effective date of the standard.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

### **Annual Improvements 2009**

The IASB has issued *Improvements for International Financial Reporting Standards 2009*. Most of these amendments become effective in annual periods beginning on or after 1 July 2009 or 1 January 2010. The Group expects the amendments to IAS 17 *Leases* to be relevant to the Group's accounting policies. This standard is effective for periods beginning on or after 1 January 2010 therefore will apply to the Group's subsequent consolidated financial statements. Prior to the amendment IAS 17 generally required a lease of land to be classified as an operating lease. The amendment now requires that leases of land are classified as finance lease or operating lease applying the general principles of IAS 17. The Group will need to reassess the classification of the land elements of its unexpired leases for the effective period on the basis of information existing at the inception of those leases. Any newly classified finance leases are recognised retrospectively. Preliminary assessments indicate that the effect on the Group's financial statements will not be significant.

### **Annual Improvement 2010**

The IASB has issued *Improvements for International Financial Reporting Standards 2010*. These amendments become effective for annual periods beginning on or after 1 July 2010 or 1 January 2011. The Group expects that the amendments to IFRS 3 *Business Combinations*, IFRS 7 *Financial instruments: Disclosure*, IAS 1 *Presentation of Financial Statements*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, and IAS 28 *Investments in Associates* will be relevant to the Group's accounting policies. However preliminary assessments indicate the effect on the Group's consolidated financial statements will not be significant.

IFRS 3 *Business Combinations* is effective for the periods beginning on or after 1 July 2010 therefore will apply to subsequent financial statements. In respect of transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, the improvements clarify that contingent consideration balances arising from business combinations that occurred before an entity's date of adoption of IFRS 3 (Revised 2008) shall not be adjusted on the adoption date. Guidance is also provided on the subsequent accounting for such contingent balances. In respect of measurement of non-controlling interest ("NCI"), the choice of measuring NCI either at fair value or at the proportionate share in the recognized amounts of an acquiree's identifiable assets, is now limited to NCI that are present ownership instruments and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. This clarifies that all other components of NCI shall be measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

IFRS 7 *Financial instruments: Disclosure* is effective for the periods beginning on or after 1 January 2011 therefore will be disclosed in the accounting policies of the Group's subsequent financial statements. This clarifies the disclosure requirement of the standards to remove inconsistencies, duplicative disclosure requirements and specific disclosures that may be misleading.

IAS 1 *Presentation of Financial Statements* is effective for the periods beginning on or after 1 January 2011 therefore will be disclosed in the accounting policies of the Group's subsequent financial statements. This clarifies that entities may present the required reconciliations for each component of other comprehensive income either in the Consolidated Statement of Changes in Equity or in the notes to financial statements.

IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 28 *Investments in Associates* are effective for the periods beginning on or after 1 July 2010 therefore will apply to the Group's subsequent amendments arising from the IAS 27 (Revised 2008) amendments prospectively, to be consistent with the related IAS 27 transition requirement.

### **3. Summary of significant accounting policies**

#### **3.1 Presentation of consolidated financial statements**

The consolidated financial statements are presented in United States Dollars (USD) and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements have been prepared using the historical cost convention, as modified by the revaluation of investment property, leasehold land and certain financial assets and financial liabilities, the measurement bases of which are described in the accounting policies below.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 to the consolidated financial statements.

#### **3.2 Basis of consolidation**

The consolidated financial statements of the Group for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

#### **3.3 Subsidiaries**

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable or convertible, along with contractual arrangements, are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that the control ceases. The majority of the Group's subsidiaries have a reporting date of 30 June. For those subsidiaries with a different reporting date the Group consolidate management information which is subject to audit for the period to 30 June.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated reporting at their revalued amounts, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Gain on bargain purchase is immediately allocated to the statement of income as at the acquisition date. All acquisition related costs are expensed in the period in which the costs are incurred and not included in the cost of investment. All payments to purchase a business are recorded at fair value at the acquisition date. Some changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that after that date, about facts and circumstances that existed at the acquisition date. Where the changes in fair value of the contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured. Contingent consideration classified as an asset or a liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognised either in the Statement of Income or in other Comprehensive Income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses (unless losses provide evidence of impairment) are eliminated on consolidation.

A non-controlling interest represents the portion of the profit or loss and net assets of a subsidiary attributable to an equity interest that is not owned by the Group. It is based upon the minority's share of post-acquisition fair values of the subsidiary's identifiable assets and liabilities. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interests in a subsidiary that do not result in gaining or losing control of the subsidiary are accounted for as equity transactions whereby the difference between the consideration paid and the proportionate change in the parent entity's interest in the carrying value of the subsidiary's net assets is recorded directly in the equity and attributable to the owners. No adjustment is made to the carrying value of the subsidiary's net assets as reported in the consolidated financial statements.

### **3.4 Associate entities**

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% to 50% of voting rights, but which are neither subsidiaries nor investments in joint ventures. In the consolidated financial statements, investments in associates are initially recorded at cost and subsequently accounted for using the equity method.

Under the equity method, the Group's interest in an associate is carried at cost and the carrying amount is then increased or decreased to recognise the Group's share of the profit or loss of the associate after the date of acquisition plus any changes in the associate's other comprehensive income less any identified impairment loss, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The consolidated Statement of Income includes the Group's share of the post-acquisition, post-tax results of the associate entity for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported within "Share of profit/(loss) of associates" in the consolidated Statement of Income. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Adjustments to the carrying value of the associate are necessary for changes in the associate's other comprehensive income that have not been recognised in their Statement of Income, primarily those arising on the revaluation of plant, property and equipment. The Group's share of such changes are recognised directly in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has legal or constructive obligations, or made payments, on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the investment.

Goodwill is included within the carrying amount of an investment and is assessed for impairment as part of the investment. After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates.

At each reporting date, the Group determines whether there is any objective evidence that an investment in an associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associate and its respective carrying amount.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in an associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **3.5 Functional and presentation currency**

The consolidated financial statements are presented in United States Dollars (USD) ("the presentation currency"). The financial statements of each consolidated entity are initially prepared in the currency of the primary economic environment in which the entity operates which may be Vietnamese Dong or USD ("the functional currency"). The financial statements prepared using Vietnamese Dong are then translated into the presentation currency of USD. USD is used as the presentation currency because it is the primary basis for the measurement of the performance of the Group (specifically changes in the Net Asset Value of the Group) and a large proportion of significant transactions of the Group are denominated in USD.

### **3.6 Foreign currency translation**

In the individual financial statements of entities, transactions arising in currencies other than the functional currency of the individual entity are translated at exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated in currencies other than the functional currency of the individual entity are translated at the exchange rates in effect at the reporting date. Translation gains and losses and expenses relating to foreign exchange transactions are recognised in the consolidated Statement of Income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated at the reporting date). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the consolidated financial statements all individual financial statements of subsidiaries, where the functional currency is different from the Group's presentation currency, are converted into USD. Assets and liabilities are translated into USD at the closing rate of the reporting date. Income and expenses are translated using the exchange rates at the dates of the transactions. Where the average rates approximate the exchange rates at the dates of the transactions, income and expenses are translated into the Group's presentation currency at the average rates. Any differences arising from this translation are recognised in other comprehensive income.

### **3.7 Revenue recognition**

#### ***Sale of goods and revenues from hotel operations and other related services***

Revenue from sale of goods is recognised in the consolidated Statement of Income when the significant risks and rewards of ownership of goods have passed to the buyer. Revenue from hotel operations and other related services is recognised as and when the services are provided.

#### ***Rental income***

Rental income from investment property is recognised in the consolidated Statement of Income on a straight-line basis over the term of the operating lease. Lease incentives granted are recognised as an integral part of the total rental income.

#### ***Interest income***

Interest income is recognised on an accrual and effective yield basis.

#### ***Dividend income***

Dividend income is recorded when the Group's right to receive the dividend is established.

### **3.8 Expense recognition**

#### ***Borrowing costs***

Borrowing costs, comprising interest and related costs, are recognised as an expense in the period in which they are incurred, except for borrowing costs relating to qualifying assets that need a

substantial period of time to get ready for their intended use or sale to the extent that they are directly attributable to the acquisition, production or construction of such assets.

### ***Operating lease payments***

Payments made under operating leases are recognised in the consolidated 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.

## **3.9 Goodwill**

Goodwill represents the excess of the cost of acquisition of subsidiary companies and associated companies over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill is recognised at cost less any accumulated impairment losses. The carrying value of goodwill is subject to an annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the Statement of Income when the results of such a review indicate that the carrying value of goodwill is impaired (see accounting policy 3.16).

Negative goodwill represents the excess of the Group's interest in the fair value of identifiable net assets and liabilities, and contingent liabilities over costs of acquisition. It is recognised directly in the Statement of Income at the date of acquisition.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity disposed of.

## **3.10 Investment property**

Investment properties are properties owned or held under finance lease to earn rentals or capital appreciation, or both, or held for a currently undetermined use. Property held under operating leases (including leasehold land) that would otherwise meet the definition of investment property is classified as investment property on a property by property basis. If a leased property does not meet this definition it is recorded as an operating lease.

The property under construction or development for future use as investment property is treated as investment property and is measured at fair value where the fair value of the investment property under construction or development for future use is reliably determined.

Investment properties are stated at fair value. Two independent valuation companies with appropriately recognised professional qualifications and recent experience in the location and category being valued undertake a valuation of every property each year. On the valuation date the fair value is estimated assuming there is an agreement between a willing buyer and a willing seller in an arm's length transaction after proper marketing; wherein the parties have each acted knowledgeably, prudently and without compulsion. The valuations are prepared based upon direct comparison with sales of other similar properties in the area and the expected future discounted cash flows of a property using a yield that reflects the risks inherent therein. Valuations are reviewed by the Valuation Committee and approved by the Board of Directors. Discount rates from 10% to 16% are considered appropriate for properties in different locations. Where the Valuation Committee consider the discount rate applied by the independent valuers to be too low or if there are factors that the external independent valuers have not considered in their determination of a property's fair value, they will adjust the discount rate upwards in the discounted cash flow projections, thereby decreasing the property's net present valuation.

Any gain or loss arising from a change in fair value is recognised in the Statement of Income. Rental income from investment property is accounted for as described in the accounting policy 3.7.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in other comprehensive



income if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised in the Statement of Income immediately.

Property where more than 10% of the property is occupied by the Group for the production or supply of goods and services, or for administration purposes, is accounted for as property, plant and equipment (see accounting policy 3.11).

All costs directly associated with the purchase and construction of an investment property, and all subsequent capital expenditures for the development qualifying as acquisition costs are capitalised.

Borrowing costs for property under construction or development are capitalised if they are directly attributable to the acquisition, construction or production of that qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, to the average rate.

### **3.11 Property developed for sales**

Property that is being constructed or developed for sales is classified as investment property developed for sales until construction or development is complete, at which time it is reclassified and subsequently accounted for as inventory.

### **3.12 Property, plant and equipment**

#### ***Owned assets***

All property, plant and equipment, except buildings and leasehold land improvements, are stated at cost less accumulated depreciation and impairment losses (see accounting policy 3.16). The cost of self-constructed assets includes the cost of materials, direct labour, overheads and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Buildings and leasehold land improvements including hotels and golf courses are revalued to fair value in accordance with the methods set out in accounting policy 3.10. Any surplus arising on the revaluation is recognised in a revaluation reserve within equity, except to the extent that the surplus reverses a previous revaluation deficit on the building charged to the consolidated Statement of Income, in which case a credit to that extent is recognised in the consolidated Statement of Income. Any deficit on revaluation is charged in the consolidated Statement of Income except to the extent that it reverses a previous revaluation surplus on a building, in which case it is taken directly to the revaluation reserve. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

If an investment property is reclassified as property, plant and equipment its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

#### ***Subsequent expenditure***

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying values of any parts replaced as a result of such replacements are expensed at the time of replacement. All other costs associated with the maintenance of property, plant and equipment are recognised in the Statement of Income as incurred.

#### ***Depreciation***

Depreciation is charged to the Statement of Income on a straight-line basis over the estimated useful lives of property, plant and equipment, and major components that are accounted for separately. The estimated useful lives are as follows:

|                                    |                |
|------------------------------------|----------------|
| Buildings, hotels and golf courses | 26 to 45 years |
| Machinery & equipment              | 4 to 20 years  |
| Furniture and fixtures             | 3 to 10 years  |
| Motor vehicles                     | 3 to 8 years   |

Material residual value estimates and estimates of useful lives are reviewed at least annually, irrespective of whether assets are revalued.

Assets held under finance leases which do not transfer title to the assets to the Group at the end of the lease are depreciated over the shorter of the estimated useful lives shown above and the term of the lease.

### **3.13 Intangible assets**

Intangible assets comprise software and hotel gaming licences. Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses, except for hotel gaming licences. The carrying value of the assets is reviewed annually for impairment.

Hotel gaming licences are revalued to fair value in accordance with the methods set out in accounting policy 3.10. Any surplus arising on the revaluation is recognised in a revaluation reserve within equity, except to the extent that the surplus reverses a previous revaluation deficit on the licence charged to the consolidated Statement of Income, in which case a credit to that extent is recognised in the consolidated Statement of Income. Any deficit on revaluation is charged in the consolidated Statement of Income except to the extent that it reverses a previous revaluation surplus on a licence, in which case it is taken directly to the revaluation reserve.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. The estimated useful lives are as follows:

|                 |                |
|-----------------|----------------|
| Gaming licences | 16 to 30 years |
| Software        | 3 to 5 years   |

### **3.14 Leases**

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases and stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of an asset held under an operating lease, payments made under the lease are charged to the Statement of Income on a straight line basis over the term of the lease. Prepayments for operating leases represent property held under operating leases where a portion, or all, of the lease payments have been paid in advance, and the properties cannot be classified as an investment property.

### **3.15 Financial assets**

Financial assets are divided into the following categories: loans and receivables, financial assets at fair value through the Statement of Income.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired. Where allowed and appropriate management re-evaluates this designation at each reporting date. The designation of financial assets is based on the investment strategy set out in the Group's Admission Document to the London Stock Exchange's Alternative Investment Market, dated 16 March 2006.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expires or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised based on the classification of the financial assets.

The Group's financial assets consist primarily of unlisted equities, loans and receivables.

#### ***Loans and receivables***

All loans and receivables, except trustee loans, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the Statement of Income. Discounting, however, is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment when they are overdue or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade and other receivables are presented within "other expenses".

#### ***Financial assets at fair value through Statement of Income***

Financial assets at fair value through Statement of Income include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through Statement of Income upon initial recognition. Financial assets at fair value through Statement of Income held by the Group include unlisted securities and trustee loans. Purchase or sale of financial assets is recognised using trade date accounting. The trade date is the date that an entity commits itself to purchase or sell an asset.

Trustee loans are loans provided to banks and other parties where the Group receives interest and other income on the loans calculated based on the proceeds from the sales of specific assets held by the counterparties. Fair value is determined based on the expected future discounted cash flows from each loan.

Net changes in fair value of financial assets at fair value through Statement of Income include net unrealised gains in fair value of financial assets and net gains from realisation of financial assets during the year.

### **3.16 Impairment of assets**

The Group's goodwill, operating lease prepayments, property, plant and equipment, intangible assets and interests in associates are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Goodwill and intangible assets with an indefinite life are tested for impairment annually, while other assets are tested when there is an indicator of impairment.

An impairment loss is recognised in profit or loss immediately for the amount by which the asset's carrying amount exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under the Group's accounting policy. An impairment loss on a revalued asset is treated as a revaluation decrease, but only to the extent of the revaluation surplus for that same asset. Further impairment losses are recognised in profit or loss. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

### **3.17 Prepayments for acquisitions of investments**

Prepayments for acquisition of investments are initially measured at cost until such times as approval is obtained or the conditions are met, at which point they are transferred to investment properties and accounted for accordingly. Such payments are made to vendors for land clearance and other related costs, professional fees directly attributed to the projects where the final transfer of the property is pending the approval of the relevant authorities and/or is subject to either the Group or the vendor completing certain performance conditions. The prepayments are presented within Prepayments for acquisitions of investments in the consolidated Statement of Financial Position.

### **3.18 Income taxes**

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. Current and deferred tax shall be recognised as income or expense and included in profit or loss for the year. Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, and if the tax relates to items recognised in other comprehensive income, it is recognised in other comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to other comprehensive income are charged or credited directly to other comprehensive income.

### **3.19 Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand as well as short-term highly liquid investments such as money market instruments and bank deposits with an original maturity term of not more than three months.

### **3.20 Non-current assets and liabilities classified as held for sale**

When the Group intends to sell a non-current asset or a group of assets (a disposal group), if the carrying amount will principally be recovered through the sale; they are available for immediate sale in their present condition subject only to terms that are usual and customary for sale of such assets and sale is highly probable at the reporting date, the asset or disposal group is classified as “held for sale” and presented separately in the consolidated financial statements in accordance to IFRS 5 “Non-current assets held for sale and discontinued operations”.

Liabilities are classified as “held for sale” and presented as such in the consolidated reporting if they are directly associated with a disposal group.

Assets classified as “held for sale” are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair values less costs to sell. However, some “held for sale” assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. No assets classified as “held for sale” are subject to depreciation or amortisation, subsequent to their classification as “held for sale”.

### **3.21 Equity**

Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuance of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserve represents the surplus arising on the revaluation of the Group's owned buildings which are classified under property, plant and equipment.

Currency translation differences on net investment in foreign operations are included in the translation reserve.

Retained earnings include all current and prior period results as disclosed in the consolidated statement of changes in equity.

Changes in ownership interests in a subsidiary that do not result in gaining or losing control of the subsidiary are accounted for as equity transactions and recorded in the Statement of Changes in Equity.

### **3.22 Financial liabilities**

The Group's financial liabilities include trade and other payables, borrowings and other liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in finance costs in the Statement of Income.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

Borrowings are raised for support of long term funding of the Group's investments and are recognised at fair value plus direct transaction costs on initial recognition and thereafter at amortised cost under the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### **3.23 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group that can be reliably estimated. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Provisions are not recognised for future operating losses.

### **3.24 Provisions, contingent liabilities and contingent assets (continued)**

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation and where there is uncertainty about the timing or amount of the future expenditure required in settlement. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long-term provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of Group's management.

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events that's existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses their existence when inflows of economic benefits are probable, but not virtually certain.

### **3.25 Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Parties are considered to be related to the Group if:

1. directly or indirectly, a party controls, is controlled by, or is under common control with the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
2. a party is a jointly-controlled entity;
3. a party is an associate;
4. a party is a member of the key management personnel of the Group; or
5. a party is a close family member of the above categories.

### **3.26 Earnings per share and net asset value 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 by the weighted average number of ordinary shares outstanding during the year.

Net asset value (NAV) per share is calculated by dividing the net asset value attributable to ordinary shareholders of the Company by the number of outstanding ordinary shares as at the reporting date. Net asset value is determined as total assets less total liabilities and non-controlling interests.

### **3.27 Segment reporting**

An operating segment is a component of the Group:

1. that engages in investment activities from which it may earn revenues and incur expenses;

2. whose operating results are based on internal management reporting information that is regularly reviewed by the Investment Manager to make decisions about resources to be allocated to the segment and assess its performance; and
3. for which discrete financial information is available.

#### **4. Critical accounting estimates and judgements**

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and may not equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

##### ***Fair value of investment properties, leasehold land, hotels and golf courses***

The investment properties, leasehold land, hotels and golf courses of the Group are stated at fair value in accordance with accounting policies 3.10 and 3.11. The fair values of investment properties, leasehold land and buildings have been determined by independent professional valuers including: CB Richard Ellis, Savills, Jones Lang LaSalle, Colliers, Sallmanns and HVS. These valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making its judgement, the Valuation Committee considers information from a variety of sources, including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- (iii) recent developments and changes in laws and regulations that might affect zoning and/or the Group's ability to exercise its rights in respect to properties and therefore fully realise the estimated values of such properties; and
- (iv) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of external evidence such as current market rents and sales prices for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

##### ***Impairment***

###### ***Investment properties, leasehold land, hotels and golf courses***

Whenever there is an indication of impairment of an investment property, leasehold land and buildings the Valuation Committee and management will assess the need for an impairment adjustment. The estimation of impairment adjustments is based on the same principles used to adjust the periodic independent valuations mentioned above.

###### ***Trade and other receivables***

The Group's management determines the provision for impairment of trade and other receivables on a regular basis. This estimate is based on the credit history of its customers and prevailing market conditions.

###### ***Other assets***

The Group's goodwill, intangible assets, operating lease prepayments, other assets and interests in associates in associates is subject to impairment testing in accordance with the accounting policy 3.16.

##### ***Business combinations***

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management uses estimates about future cash flows and discount rates or independent valuation for investment properties and buildings.

### **Useful lives of depreciable assets**

Management reviews useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in Notes 11 and Note 12.

## **5. Comparative figures**

The figures for the year ended 30 June 2009, which are included in this year's financial statements for comparative purpose, have been reclassified to conform to the current year presentation. The reclassifications did not have any effect on the Company's net worth as at 30 June 2009 or Statement of Income for the year. Details of the reclassifications and the effect on related items on the financial statements are as follows:

### **Statement of financial position as at 30 June 2009 (extracted):**

|  | <b>As previously<br/>reported<br/>USD'000</b> | <b>Reclassifications<br/>USD'000</b> | <b>Restated<br/>USD'000</b> |
|--|---|--------------------------------------|-----------------------------|
| <b>ASSETS</b>                          |   |                                      |                             |
| <b>Non-current assets</b>              |   |                                      |                             |
| Investment properties                  | 489,068                                       | (42,454)                             | 446,614                     |
| Property, plant and equipment          | 72,161  | 6,747                                | 78,908                      |
| Prepayments for operating lease assets | 17,334  | 35,707                               | 53,041                      |
| Deferred tax assets                    | 286   | 4,738                                | 5,024                       |
|  | <u>578,849</u>                                | <u>4,738</u>                         | <u>583,587</u>              |
| <b>RESOURCES</b>                       |   |                                      |                             |
| <b>Liabilities</b>                     |   |                                      |                             |
| <b>Non-current liabilities</b>         |   |                                      |                             |
| Deferred tax liabilities               | 14,629  | 4,738                                | 19,367                      |
|  | <u>14,629</u>                                 | <u>4,738</u>                         | <u>19,367</u>               |

## **6. Segment reporting**

In identifying its operating segments, management generally follows the Group's sectors of investment which are based on internal management reporting information for the Investment Manager's management, monitoring of investments and decision making. The operating segment by investment portfolio include Commercial, Undetermined use, Hospitality, Mixed-use and Cash and short-term investments.

The activities undertaken by the Commercial segment includes the development and operation of investment properties. Investment, construction and sales of residential properties such as apartments and villas are included in the Undetermined use segment. The Hospitality segment includes the development and operation of hotels and other related services. Remaining investments are included in the Mixed-use segment. Strategic decisions are made on the basis of segment operating results.

Each of the operating segments are managed and monitored separately by the Investment Manager as each requires different resources and approaches. The Investment Manager assesses segment profit or loss using a measure of operating profit or loss from the investment assets. Although IFRS 8 requires measurement of segmental Statement of Income, the majority of expenses are common to all segments and therefore cannot be individually allocated. There have been no changes from prior periods in the measurement methods used to determine reported segment Statement of Income.

Segment information can be analysed as follows for the reporting periods under review:

### **Consolidated Statement of Income**

Year ended 30 June 2010



|   | Commercial     | Undetermined use | Hospitality   | Mixed use     | Total          |
|---|----------------|------------------|---------------|---------------|----------------|
|   | USD'000        | USD'000          | USD'000       | USD'000       | USD'000        |
| Revenue   | -              | -                | 17,125        | 152           | 17,277         |
| Other income  | -              | 31,677           | 1,760         | 12,372        | 45,809         |
| Finance income  | 16             | 3,338            | 919           | 2,587         | 6,860          |
| Net gain/(loss) on fair value adjustments of investment properties                      | (1,051)        | 60,594           | (2,813)       | 38,757        | 95,487         |
| Net changes in fair value of financial assets at fair value through Statement of Income | -              | 7,695            | -             | -             | 7,695          |
| Share of profit/(losses) of associates  | (3,305)        | (5,913)          | (391)         | -             | (9,609)        |
| <b>Total</b>  | <b>(4,340)</b> | <b>97,391</b>    | <b>16,600</b> | <b>53,868</b> | <b>163,519</b> |
| Cost of sales   |                |                  |               |               | (10,235)       |
| Operating, selling and administration expenses  |                |                  |               |               | (46,171)       |
| Other expenses  |                |                  |               |               | (7,710)        |
| Finance expenses  |                |                  |               |               | (8,244)        |
| <b>Profit/(loss) before tax</b>   |                |                  |               |               | <b>91,159</b>  |
| Income tax (expenses)/income  |                |                  |               |               | (15,167)       |
| <b>Net profit/(loss) for the year</b>   |                |                  |               |               | <b>75,992</b>  |

For the comparative year:

|   | Year ended 30 June 2009 |                  |              |                 |                  |
|---|-------------------------|------------------|--------------|-----------------|------------------|
|   | Commercial              | Undetermined use | Hospitality  | Mixed used      | Total            |
|   | USD'000                 | USD'000          | USD'000      | USD'000         | USD'000          |
| Revenue   | -                       | 537              | 27,477       | -               | 28,014           |
| Other income  | -                       | 2,503            | 88           | -               | 2,591            |
| Finance income  | 16                      | 6,973            | 1,535        | 3,448           | 11,972           |
| Net gain/(loss) on fair value adjustments of investment properties                      | 1,781                   | (56,613)         | (21,486)     | (77,226)        | (153,544)        |
| Net changes in fair value of financial assets at fair value through Statement of Income | -                       | 1,084            | -            | (5,838)         | (4,754)          |
| Share of profits/( losses) of associates  | 6,803                   | (12,920)         | (2,366)      | 5,141           | (3,342)          |
| <b>Total</b>  | <b>8,600</b>            | <b>(58,436)</b>  | <b>5,248</b> | <b>(74,475)</b> | <b>(119,063)</b> |
| Cost of sales   |                         |                  |              |                 | (15,711)         |
| Operating, selling and administration expenses  |                         |                  |              |                 | (35,611)         |
| Other expenses  |                         |                  |              |                 | (38,067)         |
| Finance expenses  |                         |                  |              |                 | (6,735)          |
| <b>Profit/(loss) before tax</b>   |                         |                  |              |                 | <b>(215,187)</b> |
| Income tax (expenses)/income  |                         |                  |              |                 | 13,564           |
| <b>Net profit/(loss) for the year</b>   |                         |                  |              |                 | <b>(201,623)</b> |

## Consolidated Statement of Financial Position

|  | As at 30 June 2010 |                  |                |                |                                 | Total            |
|--|--------------------|------------------|----------------|----------------|---------------------------------|------------------|
|  | Commercial         | Undetermined use | Hospitality    | Mixed use      | Cash and short-term investments | Total            |
|  | USD'000            | USD'000          | USD'000        | USD'000        | USD'000                         | USD'000          |
| Investment properties                                      | 7,852              | 381,450          | 51,444         | 179,904        | -                               | 620,650          |
| Investment properties developed for sales                  | -                  | 29,185           | 44,336         | 6,536          | -                               | 80,057           |
| Property, plant and equipment                              | 23                 | 114              | 97,401         | 14,031         | -                               | 111,569          |
| Goodwill and intangible assets                             | 1                  | 3,925            | 13,301         | 96             | -                               | 17,323           |
| Cash and cash equivalents                                  | -                  | -                | -              | -              | 79,979                          | 79,979           |
| Trade and other receivables                                | 578                | 86,224           | 18,401         | 7,434          | -                               | 112,637          |
| Investment in associates                                   | 14,153             | 51,701           | 5,935          | -              | -                               | 71,789           |
| Prepayments for acquisitions of investments                | 20                 | 41,966           | 6,498          | 3,724          | -                               | 52,208           |
| Financial assets at fair value through Statement of Income | -                  | 13,859           | -              | 18,937         | -                               | 32,796           |
| Short-term investments                                     | -                  | -                | -              | -              | 15,215                          | 15,215           |
| Other assets   | 412                | 17,633           | 13,469         | 43,430         | -                               | 74,944           |
| <b>Total assets</b>  | <b>23,039</b>      | <b>626,057</b>   | <b>250,785</b> | <b>274,092</b> | <b>95,194</b>                   | <b>1,269,167</b> |

For the comparative year end (reclassified):

|  | As at 30 June 2009 |              |             |       |          | Total |
|--|--------------------|--------------|-------------|-------|----------|-------|
|  | Commercial         | Undetermined | Hospitality | Mixed | Cash and | Total |

|  | use           | use            | short-term investments |                |               |
|--|---------------|----------------|------------------------|----------------|---------------|
|  | USD'000       | USD'000        | USD'000                | USD'000        | USD'000       |
| Investment properties                                      | 12,136        | 288,278        | 70,182                 | 76,018         | 446,614       |
| Property, plant and equipment                              | 34            | 187            | 71,871                 | 6,816          | 78,908        |
| Goodwill and intangible assets                             | 1             | 4              | 12,079                 | 7              | 12,091        |
| Cash and cash equivalents                                  | -             | -              | -                      | -              | 50,274        |
| Trade and other receivables                                | 504           | 83,399         | 21,421                 | 4,577          | 109,901       |
| Investment in associates                                   | 17,458        | 53,846         | 6,327                  | 27,133         | 104,764       |
| Prepayments for acquisitions of investments                | 20            | 36,763         | 1,196                  | 28,118         | 66,097        |
| Financial assets at fair value through Statement of Income | -             | 7,588          | -                      | 38,710         | 46,298        |
| Short-term investments                                     | -             | -              | -                      | -              | 34,888        |
| Assets and disposal group classified as held for sale      | -             | -              | 85,321                 | -              | 85,321        |
| Other assets   | 34            | 6,722          | 15,987                 | 39,152         | 61,895        |
| <b>Total assets</b>  | <b>30,187</b> | <b>476,787</b> | <b>284,384</b>         | <b>220,531</b> | <b>85,162</b> |

The Group's revenues, investment income and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are attributable to the following geographic areas:

|                 | Year ended 30 June 2010 |                    | Year ended 30 June 2009 |                    |
|-----------------|-------------------------|--------------------|-------------------------|--------------------|
|                 | Revenue and income      | Non-current assets | Revenue and income      | Non-current assets |
|                 | USD'000                 | USD'000            | USD'000                 | USD'000            |
| Vietnam         | 126,622                 | 787,214            | (119,433)               | 590,654            |
| Other countries | 65                      | -                  | 24                      | -                  |
| <b>Total</b>    | <b>126,687</b>          | <b>787,214</b>     | <b>(119,409)</b>        | <b>590,654</b>     |

Revenues and investment income include operating revenue, finance income, net gains/(losses) on fair value adjustments of investment properties and financial assets at fair value through Statement of Income. These have been identified on the basis of the operation and investment location. Non-current assets are allocated based on their physical location.

## 7. Subsidiaries

### ***Additional acquisition of Vina Alliance Company Limited***

At 30 June 2009, the Group held 49% equity interest in Vina Alliance Company Limited, a subsidiary incorporated in Vietnam. The principal activity of this company is to build and sell an office building and retail centre. In October 2009, the Group acquired a further 13% equity interest for consideration of USD7.2 million which was settled in cash and brings the Group's total interest in the project to 62% at the reporting date. The Group's share of the fair value of the assets acquired was USD12.2 million resulting in negative goodwill of USD5.0 million which has been recognised in the Statement of Income (Note 35). The company has not yet started operation.

### ***Acquisition of Phu Hoi City Company Limited***

The Group previously made a deposit of USD9 million in respect of this project which was classified as a Prepayment for acquisition of investments at 30 June 2009. In addition to the 22.5% interest in the project held by the Group through the investment licence, in September 2009 the Group acquired a further 30% interest from a local partner. An amount of USD5.1 million was reclassified from Prepayment for acquisition of investments as part of the consideration of USD16.0 million. The Group's share of the fair value of the assets acquired was USD12.1 million resulting in goodwill of USD3.9 million which has been recognised in the Statement of Financial Position. The two key factors which support recognition of goodwill are the value added in granting of the investment licence and master plan approval by the local authorities. As a result, the Group's total interest in the project is 52.5% at the reporting date. The company has not yet started operation.

### ***Disposal of 85% in Golden Gain Vietnam Limited***

During the year, the Group disposed of an 85% equity interest in Golden Gain Vietnam Limited for USD36.4 million. The book value of the net assets as the disposal date was USD24.5 million resulting in a gain on disposal which has been recognised in the Statement of Financial Performance. The

remaining stake of 15% was valued in line with the Sale and Purchase Agreement at the date of losing control after the reporting date (Note 21).

**Additional acquisition of Vinh Thai Urban Development Corporation**

At 30 June 2009 the Group held 51% equity interest of Vinh Thai Urban Development Corporation, a subsidiary incorporated in Vietnam. The principal activity of this company is to build and operate a large scale township. In January 2010, the Group acquired a further 2.25% equity interest for USD2.8 million which was settled in cash and brings the Group's total interest in the project to 53.25%. The difference of USD0.2 million between the percentage change in non-controlling interests and the consideration paid has been recognised directly in equity and attributed to the owners of the Group.

**Additional acquisition of Viet Land Development Corporation**

At 30 June 2009, the Group held 60% equity interest of Viet Land Development Corporation, a subsidiary incorporated in Vietnam. The principal activity of this company is to build and operate a residential building. In January 2010, the Group acquired a further 30% equity interest for USD13.5 million. Of the consideration amount, USD11.0 million has been accrued at the reporting date and is included in Trade and other payables in the Statement of Financial Position (Note 30). The difference between the percentage change in non-controlling interest of USD16.6 million and the consideration paid of USD3.1 million has been recognised directly in equity and attributed to the owners of the Group.

**Particulars of principal subsidiaries of the Group at of 30 June 2010 are as follows:**

| Name   | Place of incorporation/ operations | Share capital (USD/ USD equivalents) | Percentage interest held by the Group | Principal activities |
|--|------------------------------------|--------------------------------------|---------------------------------------|----------------------|
| Onshine Investments Limited                                      | BVI                                | 1                                    | 100%                                  | Property investment  |
| Vietnam Property Holdings Limited                                | BVI                                | 100                                  | 75%                                   | Property investment  |
| Prosper Big Investment Limited                                   | BVI                                | 50,000                               | 75%                                   | Property investment  |
| VinaCapital Danang Resorts Limited                               | BVI                                | 4                                    | 75%                                   | Property investment  |
| VinaCapital Commercial Center Limited – Class A Shares           | BVI                                | 28,094,769                           | 38.25%                                | Property investment  |
| VinaCapital Commercial Center Limited – Class B Shares           | BVI                                | 1,623,702                            | 75%                                   | Property investment  |
| Bates Assets Limited   | BVI                                | 4                                    | 100%                                  | Property investment  |
| Proforma Asia Limited  | BVI                                | 4                                    | 100%                                  | Property investment  |
| Cypress Assets Limited   | BVI                                | 10,000                               | 77%                                   | Property investment  |
| Roxy Assets Limited  | BVI                                | 4                                    | 75%                                   | Property investment  |
| VinaCapital Hoi An Resort Limited                                | Vietnam                            | 5,900,000                            | 80%                                   | Hospitality          |
| VinaCapital Danang Golf Course Limited                           | Vietnam                            | 18,083,192                           | 75%                                   | Property investment  |
| Maplecity Investments Limited                                    | BVI                                | 4                                    | 75%                                   | Property investment  |
| Henry Enterprise Group Limited                                   | BVI                                | 11,460,100                           | 61.5%                                 | Property investment  |
| VinaCapital Danang Resort Limited                                | Vietnam                            | 13,502,000                           | 75%                                   | Property investment  |
| VinaCapital Commercial Center Limited (Vietnam) – Class A Shares | Vietnam                            | 27,428,535                           | 38.25%                                | Property investment  |
| VinaCapital Commercial Center Limited (Vietnam) – Class B Shares | Vietnam                            | -                                    | 75%                                   | Property investment  |
| Tungshing International Investment Limited                       | BVI                                | 1,915,345                            | 100%                                  | Property investment  |
| International Consultant Company Limited                         | Vietnam                            | 1,237,241                            | 100%                                  | Property investment  |
| Dien Phuoc Long Real Estate Company Limited                      | Vietnam                            | 2,474,482                            | 100%                                  | Property investment  |
| VinaCapital Phuoc Dien Co. Limited                               | Vietnam                            | 2,827,500                            | 100%                                  | Property investment  |
| VinaCapital Long Dien Co. Limited                                | Vietnam                            | 3,142,375                            | 100%                                  | Property investment  |
| East Ocean Real Estate and Tourism Joint Stock Company           | Vietnam                            | 22,439,160                           | 62.55%                                | Hospitality          |
| Vina Properties (Singapore) Pte. Limited                         | Singapore                          | 1                                    | 75%                                   | Property investment  |
| 21st Century International Development Company Inc.              | Vietnam                            | 35,369,206                           | 61.5%                                 | Property investment  |
| Roxy Vietnam Co. Limited   | Vietnam                            | 6,748,923                            | 55.6%                                 | Hospitality          |
| Top Star International Limited                                   | Hong Kong                          | 13                                   | 75%                                   | Hospitality          |

| Name  | Place of incorporation/ operations | Share capital (USD/ USD equivalents) | Percentage interest held by the Group | Principal activities |
|---|------------------------------------|--------------------------------------|---------------------------------------|----------------------|
| A-1 International (Vietnam) Corporation Limited | Vietnam                            | 16,700,000                           | 52.5%                                 | Hospitality          |
| Dong Binh Duong Urban Development               | Vietnam                            | 7,324,043                            | 70%                                   | Property investment  |

|  |           |            |        |                     |
|--|-----------|------------|--------|---------------------|
| Co. Limited  |           |            |        |                     |
| Nam Phat Villas and Hotel Company Limited (formerly known as Ha Trading Co. Limited) | Vietnam   | 2,337,516  | 100%   | Hospitality         |
| Orchid House Co. Limited   | Vietnam   | 565,206    | 55.56% | Hospitality         |
| Vina Dai Phuoc Corporation Limited   | Vietnam   | 73,046,074 | 54%    | Property investment |
| Prodigy Pacific Vietnam Co. Limited  | Vietnam   | 1,500,000  | 100%   | Property investment |
| Pavia Properties Limited   | BVI       | 1,896,462  | 100%   | Property investment |
| Nguyen Du Joint Venture Company  | Vietnam   | 2,324,834  | 65%    | Hospitality         |
| SIH Investment Limited   | Singapore | 8,379,168  | 63.75% | Property investment |
| SAS Hanoi Royal Hotel Limited (*)  | Vietnam   | 12,000,000 | 44.63% | Hospitality         |
| Viet Land Development Corporation Limited  | Vietnam   | 2,500,000  | 90%    | Property investment |
| VinaLand Espero Limited  | BVI       | 100        | 75%    | Property investment |
| Vinh Thai Urban Development Corporation Limited                                      | Vietnam   | 37,348,756 | 53.25% | Property investment |
| Thang Long Property Company Limited  | Vietnam   | 4,908,979  | 65%    | Property investment |
| Hoang Phat Investment Joint Stock Company  | Vietnam   | 2,985,075  | 60%    | Hospitality         |
| AA VinaCapital Co. Limited   | Vietnam   | 8,102,160  | 80%    | Property investment |
| Vina Alliance Company Limited  | Vietnam   | 38,006,734 | 62%    | Property investment |
| Phu Hoi City Company Limited   | Vietnam   | 43,651,074 | 52.5%  | Property investment |

(\*) At the reporting date, the Group has a 44.63% equity interest in SAS Hanoi Royal Hotel Ltd., but it has control through the majority voting rights in this company. Therefore, the Group's management considers this company as a subsidiary holding.

## 8. Net cash for acquisitions of subsidiaries

|  | 30 June 2010    | 30 June 2009 |
|--|-----------------|--------------|
|  | USD'000         | USD'000      |
| <i>Cash payments for acquisitions of subsidiaries:</i> |                 |              |
| Vina Alliance Company Limited                          | 7,181           | -            |
| Phu Hoi City Company Limited                           | 5,443           | -            |
| Vinh Thai Urban Development Corporation Limited        | 2,800           | -            |
| Vietland Development Corporation Limited               | 13,500          | -            |
| SIH Investment Limited                                 | 600             | -            |
| Vindemia Property Limited                              | -               | 24,767       |
| Hoang Phat Investment Joint Stock Company              | -               | 5,250        |
| Cam Ranh Tourism Development Corporation Limited       | -               | 1,817        |
|  | <b>29,524</b>   | 31,834       |
| <i>Less:</i>   |                 |              |
| Cash and cash equivalents at the date of acquisition   | -               | (43)         |
| Cost of acquisitions settled in prior years            |                 | (13,618)     |
| Acquisition costs not yet settled                      | <b>(11,000)</b> | (10,984)     |
|  | <b>18,524</b>   | 7,189        |

## 9. Investment properties

|   | 30 June 2010 | 30 June 2009   |
|---|--------------|----------------|
|   | USD'000      | USD'000        |
|   |              | (Reclassified) |
| Opening balance   | 446,614      | 579,356        |
| Acquisitions of subsidiaries  | 84,097       | 41,074         |
| Additions during the year   | 79,133       | 31,166         |
| Net gains/(losses) on fair value adjustments of investment properties (Note 33) | 95,487       | (153,544)      |
| Disposals of investment properties  | (23,052)     | (4,332)        |
| Transferred from prepayments for operating lease assets (Note 14)               | 5,391        | 2,589          |
| Transferred from prepayments for acquisition of investment (Note 13)            | 27,134       | -              |
| Transferred to investment properties developed for sales (Note 10)              | (80,057)     | -              |
| Transferred to prepayments for acquisition of investment (*) (Note 14)          | -            | (35,707)       |

|   |                 |         |
|---|-----------------|---------|
| Transferred to property, plant and equipment <sup>(*)</sup> | -               | (6,747) |
| Translation differences                                     | <b>(14,097)</b> | (7,241) |
| Closing balance <sup>(**)</sup>                             | <b>620,650</b>  | 446,614 |

<sup>(\*)</sup> The amounts represent the reclassifications of properties at subsidiary to conform to current year representation.

<sup>(\*\*)</sup> The Group and the local partner have agreed to swap their interests in the Binh Trung Tay and Nam Rach Chiec sites, which belong to 21<sup>st</sup> Century International Development Company Inc. (Century 21 Project). After the swap, the Group will control the Nam Rach Chiec site but have no interest in the Binh Trung Tay site.

Nam Rach Chiec is a 30.11 hectares residential and commercial development located near the future Long Thanh – Dau Giay highway in district 2, Ho Chi Minh City.

Binh Trung Tay is a 12.52 hectares residential development, located near the Diamond Island, Binh Khanh township and other residential areas.

As at 30 June 2010, the Group used the fair value of 100% of Nam Rach Chiec to value its interest in the Century 21 Project.

## 10. Properties developed for sales

|  | 30 June 2010  | 30 June 2009 |
|--|---------------|--------------|
|  | USD'000       | USD'000      |
| Opening balance  | -             | -            |
| Transferred from investment properties (Note 9) <sup>(*)</sup> | <b>80,057</b> | -            |
| Closing balance  | <b>80,057</b> | -            |

<sup>(\*)</sup> The amount represents the value of investments properties held by subsidiaries of the Group being developed for sales.

## 11. Property, plant and equipment

|                              | Buildings,<br>hotels and<br>golf<br>courses | Machinery<br>and<br>equipment | Furniture<br>and fixtures | Motor<br>vehicles | Construction<br>in progress        | Total           |
|------------------------------|---|-------------------------------|---------------------------|-------------------|------------------------------------|-----------------|
|                              | USD'000                                     | USD'000                       | USD'000                   | USD'000           | USD'000                            | USD'000         |
| <b>Gross carrying amount</b> |   |                               |                           |                   |                                    |                 |
| 1 July 2009                  | 70,743                                      | 14,866                        | 2,016                     | 892               | 51,323                             | <b>139,840</b>  |
| Additions                    | 72  | 1,869                         | 186                       | 814               | 34,602                             | <b>37,543</b>   |
| Reclassifications            | 32,563                                      | 9,613                         | 708                       | 2                 | (42,886)                           | -               |
| Disposals and written-off    | (3)   | (2,356)                       | (507)                     | (23)              | -                                  | <b>(2,889)</b>  |
| Revaluation gains            | 903   | -                             | -                         | -                 | 4,356                              | <b>5,259</b>    |
| Translation differences      | -   | (2)                           | (13)                      | (13)              | (2,569)                            | <b>(2,597)</b>  |
| 30 June 2010                 | 104,278                                     | 23,990                        | 2,390                     | 1,672             | 44,826                             | <b>177,156</b>  |
|                              |   |                               |                           |                   | <b>Depreciation and impairment</b> |                 |
| 1 July 2009                  | (26,129)                                    | (8,709)                       | (776)                     | (273)             | (25,045)                           | <b>(60,932)</b> |
| Charge for the year          | (2,361)                                     | (1,746)                       | (421)                     | (153)             | -                                  | <b>(4,681)</b>  |
| Disposals and written-off    | 29  | 2,027                         | 486                       | 2                 | -                                  | <b>2,544</b>    |
| Asset impairments            | (2,523)                                     | -                             | -                         | -                 | -                                  | <b>(2,523)</b>  |
| Translation differences      | -   | -                             | 5                         | -                 | -                                  | <b>5</b>        |
| 30 June 2010                 | (30,984)                                    | (8,428)                       | (706)                     | (424)             | (25,045)                           | <b>(65,587)</b> |
| Carrying amount 1 July 2009  | 44,614                                      | 6,157                         | 1,240                     | 619               | 26,278                             | <b>78,908</b>   |
| Carrying amount 30 June 2010 | 73,294                                      | 15,562                        | 1,684                     | 1,248             | 19,781                             | <b>111,569</b>  |

Buildings which belong to East Ocean Real Estate and Tourism Joint Stock Company with a carrying value of USD29.0 million as at 30 June 2010 (30 June 2009: USD14.8 million) are pledged as security for bank borrowings disclosed in Note 28.

Buildings, equipment and construction in progress, which belong to Roxy Vietnam Co. Ltd. with a carrying value of USD16.0 million as at 30 June 2010 (30 June 2009: USD19.9 million), are pledged as security for bank borrowings disclosed in Note 28.

Prior year comparatives:

|                                     | Buildings<br>, hotels<br>and golf<br>courses<br>USD'000 | Machinery<br>and<br>equipment<br>USD'000 | Furniture<br>and fixtures<br>USD'000 | Motor<br>vehicles<br>USD'000 | Construction<br>in progress<br>USD'000 | Total<br>USD'000<br>(Reclassified) |
|-------------------------------------|---|--|--------------------------------------|------------------------------|--|------------------------------------|
| <b>Gross carrying amount</b>        |   |  |                                      |                              |  |                                    |
| 1 July 2008                         | 137,808   | 17,858                                   | 1,875                                | 1,385                        | 17,550                                 | 176,476                            |
| Additions                           | 4,029   | 5,857                                    | 1,197                                | 115                          | 36,717                                 | 47,915                             |
| Classified as held for sale         | (70,668)  | (9,564)                                  | (8)                                  | -                            | (718)                                  | (80,958)                           |
| Property exchanged (Note 18)        | -   | -  | -                                    | -                            | (8,592)                                | (8,592)                            |
| Reclassifications <sup>(*)</sup>    | 209   | 551                                      | (10)                                 | (551)                        | 6,538                                  | 6,737                              |
| Disposals                           | (635)   | 165                                      | (1,026)                              | (52)                         | 593                                    | (955)                              |
| Translation differences             | -   | (1)                                      | (12)                                 | (5)                          | (765)                                  | (783)                              |
| <b>30 June 2009</b>                 | <b>70,743</b>   | <b>14,866</b>                            | <b>2,016</b>                         | <b>892</b>                   | <b>51,323</b>                          | <b>139,840</b>                     |
| <b>Depreciation and impairment</b>  |   |  |                                      |                              |  |                                    |
| 1 July 2008                         | (24,796)  | (14,726)                                 | (1,623)                              | (225)                        | -                                      | (41,370)                           |
| Charge for the year                 | (3,673)   | (2,167)                                  | (107)                                | (103)                        | -                                      | (6,050)                            |
| Asset impairments                   | (10,868)  | -  | -                                    | -                            | (25,045)                               | (35,913)                           |
| Classified as held for sale         | 12,996  | 7,631                                    | 4                                    | -                            | -                                      | 20,631                             |
| Reclassifications                   | -   | (50)                                     | 23                                   | 27                           | -                                      | -                                  |
| Disposals                           | 212   | 603                                      | 924                                  | 27                           | -                                      | 1,766                              |
| Translation differences             | -   | -  | 3                                    | 1                            | -                                      | 4                                  |
| <b>30 June 2009</b>                 | <b>(26,129)</b>   | <b>(8,709)</b>                           | <b>(776)</b>                         | <b>(273)</b>                 | <b>(25,045)</b>                        | <b>(60,932)</b>                    |
| <b>Carrying amount 1 July 2008</b>  | <b>113,012</b>  | <b>3,132</b>                             | <b>252</b>                           | <b>1,160</b>                 | <b>17,550</b>                          | <b>135,106</b>                     |
| <b>Carrying amount 30 June 2009</b> | <b>44,614</b>   | <b>6,157</b>                             | <b>1,240</b>                         | <b>619</b>                   | <b>26,278</b>                          | <b>78,908</b>                      |

<sup>(\*)</sup> The amount included USD6.7 million reclassified from investment property relating to construction in progress and buildings at subsidiary to conform to current year presentation.

If the cost model had been used, the carrying amount of buildings would be as follows:

|                            | USD'000<br>(Reclassified) |
|----------------------------|---------------------------|
| Buildings at 30 June 2010  |                           |
| At cost                    | 132,512                   |
| Accumulated depreciation   | (13,345)                  |
| <b>Net carrying amount</b> | <b>119,167</b>            |
| Buildings at 30 June 2009  |                           |
| At cost                    | 79,673                    |
| Accumulated depreciation   | (11,739)                  |
| <b>Net carrying amount</b> | <b>67,934</b>             |

## 12. Intangible assets

|                                     | Gaming licences<br>USD'000 | Software<br>USD'000 | Total<br>USD'000 |
|-------------------------------------|----------------------------|---------------------|------------------|
| <b>Gross carrying amount</b>        |                            |                     |                  |
| 1 July 2009                         | 12,700                     | 239                 | 12,939           |
| Additions                           | -                          | 182                 | 182              |
| Revaluation gains                   | 1,750                      | -                   | 1,750            |
| Reclassifications                   | -                          | 87                  | 87               |
| Translation differences             | -                          | (8)                 | (8)              |
| 30 June 2010                        | 14,450                     | 500                 | 14,950           |
| <b>Amortisation and impairment</b>  |                            |                     |                  |
| 1 July 2009                         | (796)                      | (52)                | (848)            |
| Charge for the year                 | (653)                      | (49)                | (702)            |
| 30 June 2010                        | (1,449)                    | (101)               | (1,550)          |
| <b>Carrying amount 1 July 2009</b>  | <b>11,904</b>              | <b>187</b>          | <b>12,091</b>    |
| <b>Carrying amount 30 June 2010</b> | <b>13,001</b>              | <b>399</b>          | <b>13,400</b>    |

Prior year comparatives:

|                                     | Gaming licences<br>USD'000 | Software<br>USD'000 | Total<br>USD'000 |
|-------------------------------------|----------------------------|---------------------|------------------|
| <b>Gross carrying amount</b>        |                            |                     |                  |
| 1 July 2008                         | 6,802                      | 8                   | 6,810            |
| Additions                           | -                          | 223                 | 223              |
| Revaluation gains                   | 5,898                      | -                   | 5,898            |
| Reclassifications                   | -                          | 10                  | 10               |
| Translation differences             | -                          | (2)                 | (2)              |
| 30 June 2009                        | 12,700                     | 239                 | 12,939           |
| <b>Amortisation and impairment</b>  |                            |                     |                  |
| 1 July 2008                         | (388)                      | (1)                 | (389)            |
| Charge for the year                 | (408)                      | (51)                | (459)            |
| 30 June 2009                        | (796)                      | (52)                | (848)            |
| <b>Carrying amount 1 July 2008</b>  | <b>6,414</b>               | <b>7</b>            | <b>6,421</b>     |
| <b>Carrying amount 30 June 2009</b> | <b>11,904</b>              | <b>187</b>          | <b>12,091</b>    |

## 13. Investments in associates

|  | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000 |
|--|-------------------------|-------------------------|
| Opening balance  | 104,764                 | 26,270                  |
| Additions during the year, net   | 3,768                   | 61,962                  |
| Transferred to subsidiary (Note 7) <sup>(*)</sup>                      | (27,134)                | -                       |
| Transferred from prepayments for acquisitions of investments (Note 15) | -                       | 19,874                  |
| Share of associates' losses  | (9,609)                 | (3,342)                 |
| Closing balance  | 71,789                  | 104,764                 |

<sup>(\*)</sup> The amount represents the carrying value of the investment in the equity interest of 49% in Vina Alliance Company Limited.

Particulars of operating associates and their summarised financial information, extracted from their financial statements as at 30 June 2010 are as follows:

|  | Incorporation | Equity interest held % | Principle activity | Assets<br>USD'000 | Liabilities<br>USD'000 | Revenue<br>USD'000 | Profit/<br>(loss)<br>USD'000 | Share of<br>(losses)/<br>profit to<br>the Group<br>USD'000 |
|--|---------------|------------------------|--------------------|-------------------|------------------------|--------------------|------------------------------|--|
| Long An S.E.A Industrial Park Development Co. Ltd. (*) | Vietnam       | 11.25                  | Property           | 7,469             | 3,318                  | -                  | (250)                        | (50)   |
| Aqua City Joint Stock Company (**)                     | Vietnam       | 50                     | Property           | 55,763            | 579                    | 102                | (11,732)                     | (5,866)  |
| Thang Loi Land Joint Stock Company                     | Vietnam       | 49                     | Property           | 12,157            | 705                    | 171                | 6                            | 3  |
| Romana Resort and Spa JSC (**)                         | Vietnam       | 50                     | Hospitality        | 4,909             | 2,193                  | 1,485              | (782)                        | (391)  |
| Savico-Vinaland Co. Ltd.                               | Vietnam       | 49.5                   | Property           | 17,569            | 476                    | 71                 | (6,675)                      | (3,305)  |
|  |               |                        |                    | <b>97,867</b>     | <b>7,271</b>           | <b>1,829</b>       | <b>(19,433)</b>              | <b>(9,609)</b>   |

(\*) At 30 June 2009, the Group held 18% equity interest in Long An S.E.A Industrial Park Development Co. Ltd. which was changed from a limited company to a joint stock company – Long An Industrial Park Joint Stock Company during the year. At the same time a local partner became a shareholder in this company. This resulted in the dilution of the Group's interest from 18% to 11.25%. However, the Group still has significant influence since it has power to participate in the financial and operating policies of this company, therefore it is considered appropriate to treat this interest as an associate holding.

(\*\*) The Group has a 50% equity interest in Aqua City Joint Stock Company and Romana Resort and Spa JSC but does not have control or joint control due to its limited representation on the Boards. Therefore it is considered appropriate to treat these interests as associate holdings.

#### 14. Prepayments for operating lease assets

|   | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000<br>(Reclassified) |
|---|-------------------------|---|
| Opening balance                                 | 53,041                  | 19,635                                    |
| Acquisitions of subsidiaries                    | -                       | 9,083                                     |
| Additions during the year                       | 210                     | 5,774                                     |
| Charge for the year                             | (2,417)                 | (2,270)                                   |
| Transferred to investment properties (Note 9)   | (5,391)                 | (2,589)                                   |
| Transferred from investment properties (Note 9) | -                       | 35,707                                    |
| Classified as held for sale                     | -                       | (4,474)                                   |
| Impairment of leasehold land                    | (1,688)                 | (5,431)                                   |
| Leasehold land exchanged (Note 18)              | (1,335)                 | (2,130)                                   |
| Translation differences                         | (825)                   | (264)                                     |
| Closing balance                                 | <b>41,595</b>           | 53,041                                    |

Prepayments for operating leases relates to leasehold land occupied by subsidiaries of the Group.

Leasehold land held by Roxy Vietnam Co. Ltd. with a carrying value of USD1.6 million as at 30 June 2010 (30 June 2009: USD1.9 million) is pledged as security for bank borrowing disclosed in Note 28.

Leasehold land held by East Ocean Real Estate and Tourism Joint Stock Company with a carrying value of USD2.5 million as at 30 June 2010 (30 June 2009: USD3.8 million) is pledged as security for bank borrowing disclosed in Note 28.

#### 15. Prepayments for acquisitions of investments

|   | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000 |
|---|-------------------------|-------------------------|
| Prepayments for acquisitions of investments | 61,648                  | 91,131                  |



|   |               |          |
|---|---------------|----------|
| Transferred to investments in subsidiary                          | (4,280)       | (19,874) |
|   | <b>57,368</b> | 71,257   |
| Allowance for loss on prepayments for acquisitions of investments | (5,160)       | (5,160)  |
|   | <b>52,208</b> | 66,097   |

These prepayments are payments made by the Group to property vendors where the final transfer of the property is pending the approval of the relevant authorities and/or is subject to either the Group or the vendor completing certain performance conditions set out in agreements.

During the year, the Group disposed of the right to invest in a project with a carrying value of USD10.5 million which resulted in a gain on disposal of investment rights of USD7.5 million which has been included in the Statement of Income for the year.

## 16. Other long-term financial assets

|  | 30 June 2010  | 30 June 2009 |
|--|---------------|--------------|
|  | USD'000       | USD'000      |
| Deposits in banks                                      | 4,042         | 25           |
| Loans to non-controlling interest shareholders         | 5,252         | 1,087        |
| Others   | 1,050         | -            |
|  | <b>10,344</b> | 1,112        |
| Allowance for impairment of long-term financial assets | (364)         | -            |
|  | <b>9,980</b>  | 1,112        |

## 17. Deferred tax assets

|  | 30 June 2010  | 30 June 2009   |
|--|---------------|----------------|
|  | USD'000       | USD'000        |
|  |               | (Reclassified) |
| Opening balance                          | 5,024         | 310            |
| Increase in the year, net <sup>(*)</sup> | 13,244        | 4,714          |
| Closing balance                          | <b>18,268</b> | 5,024          |

<sup>(\*)</sup> The increase in the year of USD13.6 million arose from provision for tax losses on fair value adjustments of investment properties during the year.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences and the carry forward of unused tax losses and credits.

## 18. Trade and other receivables

|   | 30 June 2010   | 30 June 2009 |
|---|----------------|--------------|
|   | USD'000        | USD'000      |
| Trade receivables   | 566            | 294          |
| Loans to third parties <sup>(*)</sup>                             | 31,467         | 42,922       |
| Advances to property vendors and contractors                      | 9,665          | 20,644       |
| Receivable as compensation for property exchanged <sup>(**)</sup> | 27,004         | 10,723       |
| Receivables from minority shareholders                            | 10,752         | 16,366       |
| Receivable from disposal of subsidiary <sup>(***)</sup>           | 18,227         | -            |
| Interest receivables  | 6,482          | 7,132        |
| Other receivables   | 9,978          | 13,318       |
| Other current assets  | 47             | 56           |
|   | <b>114,188</b> | 111,455      |
| Receivables allowance   | (1,551)        | (1,554)      |
|   | <b>112,637</b> | 109,901      |

(\*) This represents short-term loans to third parties, which are to be repaid in the next 12 months. The loans are unsecured, interest free or bear interest rates ranging from 7.5% to 15% per annum. Their carrying value is considered a reasonable approximation of their expected recovery.

(\*\*) Receivable as compensation for property exchanged represents:

- an amount of USD12.5 million comprising USD1.3 million relating to prepayments for leasehold land and USD11.2 million relating to construction costs incurred by SAS Hanoi Royal Hotel Ltd.. As at 30 June 2010, the Group owned 52.5% of SIH Investment Ltd. which has a 70% interest in SAS Hanoi Royal Hotel Ltd.. The planned project was to build and manage a four-star hotel on 10,331 square metres of land in Hanoi, Vietnam. However, as the site has been reserved as a public area, the Hanoi People's Committee requested the Group swap the land for another site. On 28 August 2009, the Group received a letter from the Hanoi People's Committee granting it an alternative site. The Investment Manager is considering this offer and has estimated that the value and future potential benefits of the new land and any other compensation granted is not less than costs incurred on the properties which will be exchanged.
- an amount of USD17.4 million relating to the Binh Khanh project. The Ho Chi Minh People's Committee required the land for development as a public residential area and request the Group to swap the land for another site and negotiations are at an advanced stage. The Investment Manager has estimated that the value and future potential benefits of the new land and any other compensation and benefits granted is not less than costs incurred on the property which will be exchanged. Refer to Note 9 for further information.

(\*\*\*) Receivable from disposal of investment in subsidiary represents the amounts due from the disposal of an 85% in Golden Gain Vietnam Limited (Note 7).

All other trade and other receivables are short-term in nature. Their carrying value is considered a reasonable approximation of their fair value at reporting date.

## 19. Receivables from related parties

|  |                         |                            | 30 June 2010 | 30 June 2009 |
|--|-------------------------|----------------------------|--------------|--------------|
|  | Relationship            | Transactions               | USD'000      | USD'000      |
| VinaCapital Vietnam Opportunity Fund Limited | Under common management | Expenses paid for projects | 3,644        | 1,863        |
| Romana Resort and Spa JSC                    | Associate               | Shareholder loan           | 710          | 709          |
| VinaCapital Real Estate Vietnam Co. Ltd.     | Under common management | Expenses paid for projects | 35           | -            |
|  |                         |                            | <b>4,389</b> | <b>2,572</b> |

All receivables from related parties are short-term in nature. Their carrying value is considered a reasonable approximation of their fair value at reporting date.

## 20. Short-term investments

|                              | 30 June 2010  | 30 June 2009  |
|------------------------------|---------------|---------------|
|                              | USD'000       | USD'000       |
| Short-term deposits at banks | 10,466        | 21,865        |
| Bank secured deposit (*)     | 4,749         | 13,023        |
|                              | <b>15,215</b> | <b>34,888</b> |

As short-term deposits have terms to maturity between than three months and one year, their carrying value is considered a reasonable approximation of their fair value as at reporting date.

(\*) On 8 December 2007, the Group deposited VND560.8 billion (equivalent to USD35 million) with East Asia Commercial Joint Stock Bank. Under the terms of the original agreement, the deposit would earn interest at 13% and was repayable within one year. Under the terms of the agreement, the deposit could be withdrawn by Thai Think Capital Joint Stock Company (TTC), provided that it was fully replenished before the due date. The bank guaranteed to ensure the full

repayment of the deposit and associated accrued interest thereon to the Group upon expiry of the deposit term.

On expiry of the deposit term, TTC was unable to replenish the deposit account and associated accrued interest. By 30 June 2010 VND470.4 billion (equivalent to USD27.2 million) had been repaid to the Group under this arrangement and the parties had held formal negotiations to enable the full recovery of the remaining outstanding balance. On 26 November 2010 the Group, TTC and the principal shareholder of TTC, signed a Repayment Agreement to facilitate the recovery of the remaining outstanding amount. Under the agreement and the subsequent guarantee waiver agreement signed with EAC on 3 December 2010 the remaining outstanding principal balance was paid to the Group on 7 December 2010 in return for the Group waiving EAC from any liability under its bank guarantee obligations. The Group expects to fully recover the outstanding accrued interest of VND115.6 billion (equivalent to USD6.1 million) included within Note 18 prior to 30 September 2011 in the form of cash and other assets with a fair value at least equal to the carrying value of the outstanding accrued interest. The Group has arranged for certain assets of TTC and TTC's principal shareholder to be held as security until the outstanding accrued interest has been fully settled. The outstanding amount will be subject to 12% interest during the repayment period.

## 21. Financial assets held at fair value through Statement of Income

|  | 30 June 2010  | 30 June 2009  |
|--|---------------|---------------|
|  | USD'000       | USD'000       |
| <b>Designated at fair value through Statement of Income:</b>                       |               |               |
| <b>Financial assets in Vietnam</b>   |               |               |
| Trustee loans  | 16,690        | 41,266        |
| Ordinary shares – unlisted (Note 7)  | 11,073        | -             |
| Ordinary shares – unlisted   | 5,033         | 5,032         |
| <b>Total financial assets designated at fair value through Statement of Income</b> | <b>32,796</b> | <b>46,298</b> |

These financial assets are denominated in the following currencies:

|                       | 30 June 2010  | 30 June 2009  |
|-----------------------|---------------|---------------|
|                       | USD'000       | USD'000       |
| United States Dollars | 16,690        | 41,266        |
| Vietnam Dong          | 16,106        | 5,032         |
|                       | <b>32,796</b> | <b>46,298</b> |

The carrying amounts disclosed above are the Group's maximum possible credit risk exposure in relation to these instruments. See Note 46 for further information on the Group's exposure to credit risk.

## 22. Cash and cash equivalents

|                  | 30 June 2010  | 30 June 2009  |
|------------------|---------------|---------------|
|                  | USD'000       | USD'000       |
| Cash on hand     | 337           | 139           |
| Cash at banks    | 57,219        | 33,972        |
| Cash equivalents | 22,423        | 16,163        |
|                  | <b>79,979</b> | <b>50,274</b> |

## 23. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

|   | Note | 30 June 2010 | 30 June 2009 |
|---|------|--------------|--------------|
|   |      | USD'000      | USD'000      |
| <b>Financial assets</b>   |      |              |              |
| Financial assets held for trading (carried at fair value through Statement of Income) |      |              |              |

|   |    |               |               |
|---|----|---------------|---------------|
| - Ordinary shares – unlisted  | 21 | 5,033         | 5,032         |
| - Ordinary shares – unlisted, selling price determined subsequent to reporting date | 21 | 11,073        | -             |
| - Trustee loans   | 21 | 16,690        | 41,266        |
|   |    | <b>32,796</b> | <b>46,298</b> |

#### Loans and receivables

Non-current:

|                                    |    |       |       |
|------------------------------------|----|-------|-------|
| - Other long-term financial assets | 16 | 9,980 | 1,112 |
|------------------------------------|----|-------|-------|

Current:

|                                   |    |         |         |
|-----------------------------------|----|---------|---------|
| - Trade and other receivables     | 18 | 112,637 | 109,901 |
| - Receivable from related parties | 19 | 4,389   | 2,572   |
| - Short-term investments          | 20 | 15,215  | 34,888  |
| - Cash and cash equivalents       | 22 | 79,979  | 50,274  |

**222,200** 198,747

**254,996** 245,045

|   | Note | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000 |
|---|------|-------------------------|-------------------------|
| <b>Financial liabilities</b>                              |      |                         |                         |
| Financial liabilities measured at amortised cost:         |      |                         |                         |
| Non-current:  |      |                         |                         |
| - Debts and borrowings                                    | 28   | 69,792                  | 20,360                  |
| - Debts payable to non-controlling interests shareholders | 28   | 1,203                   | 1,481                   |
| - Payable to related parties                              | 31   | 76,856                  | 65,018                  |
| - Other liabilities                                       |      | 879                     | 912                     |
|   |      | <b>148,730</b>          | <b>87,771</b>           |
| Current:  |      |                         |                         |
| - Debts and borrowings                                    | 28   | 21,090                  | 20,584                  |
| - Trade and other payables                                | 30   | 116,466                 | 74,354                  |
| - Payable to related parties                              | 31   | 26,145                  | 49,943                  |
|   |      | <b>163,701</b>          | <b>144,881</b>          |
|   |      | <b>312,431</b>          | <b>232,652</b>          |

The fair values are presented in the related notes. A description of the Group's risk management objectives and policies for financial instruments is given in Note 46.

#### 24. Assets and liabilities classified as held for sale

Summary of the assets/(liabilities) held for sale at the reporting date is as follows:

|   | 30 June 2009  |  |   |   |   |
|---|---|--|---|---|---|
|   | Assets<br>classified as<br>held for sale<br>USD'000 | Liabilities<br>classified as<br>held for sale<br>USD'000 | Net assets<br>classified as<br>held for sale<br>USD'000 | Non-controlling<br>interests<br>USD'000 | Attributable to<br>Equity<br>shareholders<br>of the parent<br>USD'000 |
| Opera Hotel Ltd.  | 85,321  | (33,892)   | 51,429  | 24,429                                  | 27,000  |
| Long-term loan in Opera<br>Hotel Ltd. transferred to the<br>Purchaser (*) | -   | 15,834   | 15,834  | -                                       | 15,834  |
|   | <b>85,321</b>                                       | <b>(18,058)</b>  | <b>67,263</b>   | <b>24,429</b>                           | <b>42,834</b>   |

There were no assets and liabilities classified as held for sale at 30 June 2010.

#### 25. Share capital

|  | 30 June 2010        |         | 30 June 2009        |         |
|--|---------------------|---------|---------------------|---------|
|  | Number of<br>shares | USD'000 | Number of<br>shares | USD'000 |

|                                 |                    |              |             |       |
|---------------------------------|--------------------|--------------|-------------|-------|
| Authorised:                     |                    |              |             |       |
| Ordinary shares of USD0.01 each | <b>500,000,000</b> | <b>5,000</b> | 500,000,000 | 5,000 |
| Issued and fully paid:          |                    |              |             |       |
| Opening balance                 | <b>499,967,622</b> | <b>4,999</b> | 499,967,622 | 4,999 |
| Closing balance                 | <b>499,967,622</b> | <b>4,999</b> | 499,967,622 | 4,999 |

## 26. Additional paid-in capital

Additional paid-in capital represents the excess of consideration received over the par value of shares issued.

|                 | 30 June 2010   | 30 June 2009 |
|-----------------|----------------|--------------|
|                 | USD'000        | USD'000      |
| Opening balance | <b>588,870</b> | 588,870      |
| Closing balance | <b>588,870</b> | 588,870      |

## 27. Revaluation reserve

|  | 30 June 2010   | 30 June 2009 |
|--|----------------|--------------|
|  | USD'000        | USD'000      |
| Opening balance  | <b>10,799</b>  | 13,844       |
| Revaluation gains/(reversal) on buildings                                      | <b>1,826</b>   | (5,589)      |
| Share of revaluation (gain)/reversal attributable to non-controlling interests | <b>(1,387)</b> | 2,544        |
| Disposal of subsidiary <sup>(*)</sup>  | <b>(7,755)</b> | -            |
| Closing balance  | <b>3,483</b>   | 10,799       |

The Group's share of valuation gains/(losses) resulting from the revaluation of subsidiaries' hospitality properties has been recorded directly in the Group's revaluation reserve under shareholders' equity.

<sup>(\*)</sup> The amount represents the transfer of the revaluation reverse surplus arising on Opera Hotel Ltd. to retained earnings when control of the subsidiary transferred to the buyer in the year.

## 28. Borrowings and debts

|  | 30 June 2010   | 30 June 2009 |
|--|----------------|--------------|
|  | USD'000        | USD'000      |
| <b>Non-current financial liabilities carrying at amortised cost at the reporting date:</b> |                |              |
| Bank borrowings <sup>(*)</sup>   | <b>79,204</b>  | 40,944       |
| Debts borrowed from non-controlling interest shareholders                                  | <b>1,203</b>   | 1,481        |
|  | <b>80,407</b>  | 42,425       |
| <i>Less:</i>   |                |              |
| Current portions of long-term borrowings and debts   | <b>(9,412)</b> | (20,584)     |
|  | <b>70,995</b>  | 21,841       |
| <b>Current</b>   |                |              |
| Bank borrowings <sup>(*)</sup>   | <b>11,678</b>  | -            |
| Current portions of long-term borrowings <sup>(*)</sup>                                    | <b>9,412</b>   | 20,584       |
|  | <b>21,090</b>  | 20,584       |
| Total borrowings and debts   | <b>92,085</b>  | 42,425       |

(\*) Details of the bank borrowings at the reporting date are as follows:

| Lenders  | USD'000       | Loan period       | Repayment term   | Interest   |
|--|---------------|-------------------|--|--|
| <b>Non-current</b>                             |               |                   |  |  |
| Eximbank – Ho Chi Minh City branch, Vietnam    | 37,128        | Fifteen years     | Quarterly Repayable in 7-12  | 12-month lender saving rate plus a 4% margin for VND and 2% margin for USD   |
| SeAbank – Ho Chi Minh City branch, Vietnam     | 29,813        | Five to six years | semi-annual amounts  | 12-month lender saving rate plus a 2.5% margin   |
| Dong A bank – Ho Chi Minh City branch, Vietnam | 7,354         | Three years       | Quarterly from March 2010  | at base rate of State Bank of Vietnam  |
|  |               |                   | repaid in 12 instalments from 27 <sup>th</sup> month from the first drawdown | USD reference interest rate and 3% for loan in US Dollar and VND reference interest rate and fee loan in Vietnamese Dong |
| BIDV – Ho Chi Minh branch, Vietnam             | 4,909         | Five years        |  |  |
|  | <b>79,204</b> |                   |  |  |
| <b>Current</b>                                 |               |                   |  |  |
| Bank borrowings                                |               |                   |  |  |
| SHB bank – Da Nang branch, Vietnam             | 11,607        | One year          | 20 October 2010  | 0.875%/month   |
| Eximbank – Nha Trang branch, Vietnam           | 71            | One year          | 22 January 2010  | 1%/month   |
|  | <b>11,678</b> |                   |  |  |
| Current portions of long-term borrowings:      |               |                   |  |  |
| Seabank – Ho Chi Minh City branch, Vietnam     | 3,700         | One year          | Monthly  | 12-month lender saving rate plus a 2.5% margin   |
| Dong A bank – Ho Chi Minh City branch, Vietnam | 5,712         | One year          | Quarterly from March 2010  | at base rate of State Bank of Vietnam  |
|  | <b>9,412</b>  |                   |  |  |
|  | <b>21,090</b> |                   |  |  |

For all borrowings, the lenders have security over the assets of the respective Group subsidiary.

During the year, the Group's subsidiaries borrowed USD70.3 million from banks and non-controlling interests shareholders to finance working capital and property development activities.

## 29. Deferred tax liabilities

|  | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000<br>(Reclassified) |
|--|-------------------------|---|
| Opening balance  | 19,367                  | 29,959                                    |
| Increase/(utilised) during the year from fair value adjustments of investment properties | 31,476                  | (15,354)                                  |
| Reclassified to deferred tax assets (Note 5)   | -                       | 4,738                                     |
| (Decrease)/addition  | (20)                    | 24  |
| Closing balance  | <b>50,823</b>           | 19,367                                    |

On recognition of investment properties, leasehold land and buildings at their fair value, the future recovery of the carrying amount of these assets may result in a taxable flow of economic benefits to the entity and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits. The difference between the carrying amount of the revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability.

## 30. Trade and other payables

|                | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000 |
|----------------|-------------------------|-------------------------|
| Trade payables | 12,987                  | 8,549                   |

|  |                |               |
|--|----------------|---------------|
| Payables for property acquisitions and land compensation | 41,873         | 37,739        |
| Advances from property buyers                            | -              | 8,967         |
| Payables to minority shareholders <sup>(*)</sup>         | 18,288         | 6,471         |
| Tax payable  | 12,346         | 1,015         |
| Payable to suppliers                                     | 238            | 728           |
| Deposits from customers on residential projects          | 17,812         | -             |
| Other accrued liabilities                                | 7,207          | 8,020         |
| Other payables   | 5,715          | 2,865         |
|  | <b>116,466</b> | <b>74,354</b> |

<sup>(\*)</sup> Included in this balance is an amount of USD11.0 million due to the vendors for the purchase of an additional 30% in Viet Land Development Corporation (Note 7).

All trade and other payables are short-term in nature. Their carrying values are considered a reasonable approximation of their fair values as at reporting date.

### 31. Payables to related parties

|  | Relationship                    | Transactions   | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000    |
|--|---------------------------------|--|-------------------------|----------------------------|
| <b>Non-current</b>                           |                                 |  |                         |                            |
| VinaCapital Investment Management Ltd.       | Investment Manager              | Management fees and performance fee                                      | 13,000                  | -                          |
| VinaCapital Vietnam Opportunity Fund Limited | Under common management         | Shareholder loans payable <sup>(*)</sup>                                 | 63,856                  | 65,018                     |
|  |                                 |  | <b>76,856</b>           | <b>65,018</b>              |
| <b>Current</b>                               |                                 |  |                         |                            |
| VinaCapital Vietnam Opportunity Fund Limited | Under common management         | Dividends from a subsidiary<br>Advances for real estate projects         | 613<br>-                | 613<br>2,971               |
| VinaSecurities Co. Ltd.                      | Affiliate of Investment Manager | Professional fee   | 55                      | -                          |
| VinaCapital Investment Management Ltd.       | Investment Manager              | Management fees<br>Performance fees<br>Advances for real estate projects | 981<br>20,218<br>4,278  | 2,158<br>4<br>3,218<br>983 |
|  |                                 |  | <b>26,145</b>           | <b>49,943</b>              |

<sup>(\*)</sup> This represents shareholder loans granted by VinaCapital Vietnam Opportunity Fund Limited (VOF) to subsidiaries of the Group. VOF is a minority shareholder in these subsidiaries. The loans are to finance real estate projects which are co-invested with VOF. The amount of each loan is based on the respective ownership of VOF and the Group in each subsidiary. The loans are carried at amortised cost in the Statement of Financial Position.

### 32. Cost of sales, operation, selling and administration expenses

|  | Year ended<br>30 June 2010<br>USD'000 | Year ended<br>30 June 2009<br>USD'000 |
|--|---------------------------------------|---------------------------------------|
| Management fees                                    | 13,472                                | 14,889                                |
| Professional fees                                  | 11,804                                | 4,578                                 |
| Depreciation and amortisation <sup>(*)</sup>       | 7,856                                 | 9,364                                 |
| General and administration expenses <sup>(*)</sup> | 10,657                                | 7,912                                 |
| Staff costs <sup>(*)</sup>                         | 6,075                                 | 7,331                                 |
| Outside service costs <sup>(*)</sup>               | 4,769                                 | 4,777                                 |
| Material costs <sup>(*)</sup>                      | 1,773                                 | 2,471                                 |
|  | <b>56,406</b>                         | <b>51,322</b>                         |

(\*) These costs primarily relate to the operating activities of the Group's subsidiaries.

### 33. Net gains/(losses) on fair value adjustments of investment properties

|  | Year ended<br>30 June 2010<br>USD'000 | Year ended<br>30 June 2009<br>USD'000 |
|--|---------------------------------------|---------------------------------------|
| <i>By real estate sector:</i>  |                                       |                                       |
| Commercial   | 6,704                                 | 13,136                                |
| Undetermined use   | 27,091                                | (81,594)                              |
| Hospitality  | 777                                   | (5,522)                               |
| Mixed use  | 60,915                                | (79,564)                              |
| <b>Net gains/(losses) on fair value adjustments of investment properties</b> | <b>95,487</b>                         | <b>(153,544)</b>                      |

### 34. Other net changes in fair value of financial assets at fair value through Statement of Income

|  | Year ended<br>30 June 2010<br>USD'000 | Year ended<br>30 June 2009<br>USD'000 |
|--|---------------------------------------|---------------------------------------|
| Gains on fair value adjustments of held for sale asset and valuations of corporate bonds | 7,673                                 | 1,084                                 |
| Unrealised gains/(losses) from trustee loans' revalued                                   | 22                                    | (5,838)                               |
|  | <b>7,695</b>                          | <b>(4,754)</b>                        |

### 35. Other income

|                                   | Year ended<br>30 June 2010<br>USD'000 | Year ended<br>30 June 2009<br>USD'000 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Gain on bargain purchase (Note 7) | 4,986                                 | 941                                   |
| Gain on disposals of investments  | 20,358                                | -                                     |
| Gain on disposals of fixed assets | 96                                    | 99                                    |
| Other income                      | 20,369                                | 1,551                                 |
|                                   | <b>45,809</b>                         | <b>2,591</b>                          |

### 36. Other expenses

|  | Year ended<br>30 June 2010<br>USD'000 | Year ended<br>30 June 2009<br>USD'000 |
|--|---------------------------------------|---------------------------------------|
| Allowances for impairments of assets                                 | 5,110                                 | 31,402                                |
| Goodwill impairments   | -                                     | 3,511                                 |
| Losses from liquidation of investment property, net                  | 662                                   | 1,618                                 |
| Losses on disposals of investments and property, plant and equipment | -                                     | 1,040                                 |
| Other expenses   | 1,938                                 | 496                                   |
|  | <b>7,710</b>                          | <b>38,067</b>                         |

### 37. Finance income

|  | Year ended<br>30 June 2010<br>USD'000 | Year ended<br>30 June 2009<br>USD'000 |
|--|---------------------------------------|---------------------------------------|
| Interest income                                | 6,227                                 | 10,874                                |
| Realised gains on foreign exchange differences | 633                                   | 850                                   |
| Others finance income                          | -                                     | 248                                   |
|  | <b>6,860</b>                          | <b>11,972</b>                         |

### 38. Finance expenses

| Year ended<br>30 June 2010<br>USD'000 | Year ended<br>30 June 2009<br>USD'000 |
|---------------------------------------|---------------------------------------|
|---------------------------------------|---------------------------------------|



|   |              |              |
|---|--------------|--------------|
| Realised losses on foreign exchange differences   | 1,490        | 3,069        |
| Unrealised losses on foreign exchange differences | 3,309        | 1,983        |
| Interest expense                                  | 3,407        | 1,683        |
| Others finance expenses                           | 38           | -            |
|   | <b>8,244</b> | <b>6,735</b> |

### 39. Corporate income tax

VinaLand Limited is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, state, corporation, capital gains or other taxes payable by the Company.

The majority of the Group's subsidiaries are domiciled in the British Virgin Islands (BVI) and under BVI rules are not subject to Corporate Income Tax. A number of subsidiaries are established in Vietnam and are subject to corporate income tax in Vietnam at the regular tax rate of 25% (30 June 2009: 25%). A current tax provision of USD1,372,000 has been made for these Vietnamese subsidiaries of the Group for the year ended 30 June 2010 (30 June 2009: USD1,790,000).

The relationship between the expected tax expense based on the applicable tax rate of 0% and the tax expense actually recognised in the consolidated Statement of Income can be reconciled as follows:

|  | Year ended<br>30 June 2010 | Year end<br>30 June 2009 |
|--|----------------------------|--------------------------|
|  | USD'000                    | USD'000                  |
| Group profit/(loss) before tax                             | 91,159                     | (215,187)                |
| Group profit/(loss) multiplied by applicable tax rate (0%) | -                          | -                        |
| Current income tax expenses on Vietnamese subsidiaries     | (1,372)                    | (1,790)                  |
| Deferred income tax income/(expense) <sup>(*)</sup>        | (13,795)                   | 15,354                   |
| Tax (expense)/income                                       | (15,167)                   | 13,564                   |

<sup>(\*)</sup> This amount represents the deferred income tax income/(expense) which arose from the (losses)/gains on fair value adjustments of investment properties in the year.

Under the law of Vietnam, tax losses can be carried forward to offset against future taxable income for five years from the year a loss is incurred. Unrecognised deferred tax assets for the current year tax losses of USD26,526,000 (30 June 2009: USD10,402,000) relating to losses carried forward have not been recognised due to uncertainties as to their recoverability.

### 40. Earnings per share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of ordinary shares on issue during the year.

|   | Year ended<br>30 June 2010 | Year end<br>30 June 2009 |
|---|----------------------------|--------------------------|
| Profit/(loss) attributable to equity shareholders of the Company from continuing and total operations (USD'000) | 48,451                     | (129,429)                |
| Weighted average number of ordinary shares on issue   | 499,967,622                | 499,967,622              |
| Basic earnings/(loss) per share from continuing and total operations (USD per share)                            | 0.10                       | (0.26)                   |

#### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has no category of potential dilutive ordinary shares. Therefore, diluted earnings per share are equal to basic earnings per share.

### **(c) Net asset value per share**

Net asset value (NAV) per share is calculated by dividing the net asset value attributable to ordinary shareholders of the Company to the number of outstanding ordinary shares as at the reporting date. Net asset value is determined as total assets less total liabilities and non-controlling interests.

|  | <b>30 June 2010</b> | 30 June 2009 |
|--|---------------------|--------------|
| Net asset value attributable to ordinary shareholders of the Company (USD'000) | <b>681,644</b>      | 660,529      |
| Number of outstanding ordinary shares  | <b>499,967,622</b>  | 499,967,622  |
| Net asset value per share (USD/share)  | <b>1.36</b>         | 1.32         |

### **41. Operating cash flows**

The following non-cash flow adjustments have been made to the pre-tax result for the year to arrive at operating cash flow:

|   | <b>30 June 2010</b> | 30 June 2009 |
|---|---------------------|--------------|
|   | <b>USD'000</b>      | USD'000      |
| Depreciation and amortisation   | <b>7,856</b>        | 8,779        |
| Other net changes in fair value of financial assets at fair value through Statement of Income | <b>(7,695)</b>      | 5,838        |
| (Gains)/losses on fair value adjustments of investment properties                             | <b>(95,487)</b>     | 153,544      |
| Gain on realisations of financial assets  | -                   | (1,084)      |
| Loss/(gains) from liquidations of investments and subsidiaries                                | <b>(8,445)</b>      | (128)        |
| Losses from written-off/disposed investment properties  | -                   | 1,618        |
| Allowances for impairments of assets  | <b>5,813</b>        | 31,402       |
| Negative goodwill   | <b>(4,986)</b>      | (941)        |
| Goodwill impairments  | -                   | 2,939        |
| Losses from written-off account balances  | <b>660</b>          | 267          |
| Share of associates losses/(gains)  | <b>9,609</b>        | 3,342        |
| Losses on disposals and written-off property, plant and equipment                             | -                   | 268          |
| Unrealised losses on foreign exchange differences   | <b>3,309</b>        | 1,983        |
| Interest expense  | <b>3,407</b>        | 1,683        |
| Interest income   | <b>(6,227)</b>      | (10,874)     |
|   | <b>(92,186)</b>     | 198,636      |

### **42. Directors and management remuneration**

The directors' fees payable to members of the Board of Directors during the year were as follows:

|                    | <b>30 June 2010</b> | 30 June 2009 |
|--------------------|---------------------|--------------|
|                    | <b>USD'000</b>      | USD'000      |
| Nicholas Brooke    | <b>40</b>           | 40           |
| Robert Gordon      | <b>40</b>           | 15           |
| Michael Arnold     | <b>40</b>           | 12           |
| Nguyen Khoong Tong | -                   | 28           |
| Bruno Schoepfer    | -                   | 8            |
| Nicholas Allen     | -                   | -            |
|                    | <b>120</b>          | 103          |

The Board of Management and certain other individuals who act on behalf of the Group are remunerated by the Investment Manager. However it is not possible to specifically allocate their cost to the Group. Part of the management fees disclosed in Note 43 can be allocated to remuneration of these individuals.

### **43. Related party transactions**

#### **Management fees**

The Group is managed by VinaCapital Investment Management Limited (the "Investment Manager"), an investment management company incorporated in the British Virgin Islands ("BVI"), under a management agreement dated 16 March 2006 (the "Management Agreement"). The Investment Manager receives a fee based on the net asset value of the Group, payable monthly in arrears, at an annual rate of 2% (30 June 2009 2%).

Total management fees for the year amounted to USD13,471,000 (30 June 2009: USD14,889,000), with USD981,000 (30 June 2009: USD2,158,000) in outstanding accrued fees due to the Investment Manager at the reporting date.

### **Performance fees**

In accordance with the Management Agreement, the Investment Manager is also entitled to a performance fee equal to 20% of the annual increase in net asset value over the higher of an realised returns over an annualised hurdle rate of 8% (30 June 2009: hurdle rate of 8%) and a high water-mark.

There was no performance fee charged for the year (30 June 2009: nil) with USD33,218,000 (30 June 2009: USD43,218,000) in outstanding accrued fees due to the Investment Manager at this date.

### **Other related party transactions and balances**

Mr Don Lam, a director and the CEO of the Investment Manager, purchased 50,000 shares in the year on the open market. As a result of this transaction, Mr Don Lam has a direct and indirect interest of 2,457,250 and 122,649 shares bringing his total share holding to 0.52% at the reporting date.

Subsequent to the reporting date, Mr Michael Arnold and Mr Nicholas Allen, directors of the Company, purchased 64,000 shares and 95,627 shares, respectively, bringing their total share holdings to 0.01% and 0.02% respectively at the reporting date.

Subsequent to the reporting date, the Investment Manager of the Group, VinaCapital Investment Management Limited, purchased 660,000 shares on the open market representing a 0.13% interest in the Group. As Mr Don Lam and Mr Horst Geicke are shareholders in this company, their shareholdings consequently increased to 0.56% and 0.65% respectively.

During the year, a local company owned by Mr Don Lam and Mr Horst Geicke, the Company's directors, paid a deposit to purchase a villa in the Ocean Villas Project in Danang, Vietnam at the market value in an arm's length transaction.

During the year, VinaSecurities Joint Stock Company, a related party of the Group, provided advisory services to the Group and charged USD0.09 million. All services were conducted at arm's length and charged accordingly.

## **44. Contingent liabilities**

### **East Ocean Real Estate and Tourist Joint Stock Company**

In 2007 East Ocean Real Estate and Tourist Joint Stock Company ("East Ocean JSC"), a subsidiary of the Group, engaged AIC Management Co. Ltd. ("AIC") to supply project management and associated services in respect of the Sheraton Nha Trang Resort and Spa Project. The scope of work was expanded in 2008 to include construction management and associated services. During 2010 various disputes arose between East Ocean JSC and AIC relating to AIC's performance, the scope of work and amounts payable to AIC. In March 2010 all contracts between the two parties were terminated. Negotiations between the parties to reach a settlement of the disputes have been unsuccessful and in June 2010 AIC filed a Statement of Claim with the Vietnam International Arbitration Centre ("VIAC") for alleged breach of contractual obligations and outstanding payments, with total claimed amount of USD5.6 million. In September 2010 East Ocean JSC filed a Statement of Defence denying all claims by AIC and also filed the Statement of Counter-Claim against AIC for breach of contract and law with the counter-claim amount of USD4.4 million. The outcome of the Statement of Claim, Statement of Defence and Statement of counter-claim is uncertain.

## **45. Commitments**

At the reporting date, the Group was committed under non-cancellable operating lease agreements to paying the following future amounts:

|                        | <b>30 June 2010</b> | 30 June 2009 |
|------------------------|---------------------|--------------|
|                        | <b>USD'000</b>      | USD'000      |
| Within one year        | <b>906</b>          | 919          |
| From two to five years | <b>3,440</b>        | 3,407        |
| Over five years        | <b>12,463</b>       | 12,776       |
|                        | <b>16,809</b>       | 17,102       |

As at 30 June 2010, the Group was also committed under construction agreements to paying USD14.1 million (30 June 2009: USD17.9 million) for future construction works of the Group's properties held by subsidiaries.

The Group has a broad range of commitments under investment licences it has received, and other agreements it has entered into, to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam. Further investment in any of these arrangements is at the Group's discretion.

#### 46. Risk management objectives and policies

The Group invests in a diversified property portfolio in Vietnam and neighbouring countries with the objective of providing investors with an attractive level of investment income, together with the potential for capital growth.

The Group is exposed to a variety of financial risks: market risk (including currency risk and interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's risk management is coordinated by its Investment Manager who manages the distribution of the assets to achieve the investment objectives. The most significant financial risks to which the Group is exposed are described below:

##### **Foreign currency sensitivity**

The Group's exposure to risk resulting from changes in foreign currency exchange rates is moderate as although transactions in Vietnam are settled in Vietnam Dong (VND), the value of the Vietnam Dong has historically been closely linked to that of USD, the presentation currency.

The Group's financial assets and liabilities exposure to risk of fluctuations in foreign currency exchange rates at the reporting date are as follows:

|                       | Short-term exposure |                   | Long-term exposure |                   |
|-----------------------|---------------------|-------------------|--------------------|-------------------|
|                       | VND<br>USD'000      | Others<br>USD'000 | VND<br>USD'000     | Others<br>USD'000 |
| 30 June 2010          |                     |                   |                    |                   |
| Financial assets      | 144,252             | 100,764           | 9,980              | -                 |
| Financial liabilities | (54,823)            | (108,878)         | (44,400)           | (103,451)         |
| Net exposure          | 89,429              | (8,114)           | (34,420)           | (103,451)         |
| 30 June 2009          |                     |                   |                    |                   |
| Financial assets      | 103,131             | 140,802           | 1,112              | -                 |
| Financial liabilities | (71,498)            | (73,383)          | (19,753)           | (68,018)          |
| Net exposure          | 31,633              | 67,419            | (18,641)           | (68,018)          |

##### **Sensitivity analysis to a reasonably possible change in exchange rates**

Assets valuations in Vietnam are based on a combination of factors linked to both the USD and VND. Assuming all properties are valued based on VND cash flow, a 5% weakening of the VND against USD at the end of the year ended 30 June 2010 and 30 June 2009 would have impacted net income of the Group's equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

|                                    | 30 June 2010<br>USD'000 | 30 June 2009<br>USD'000 |
|------------------------------------|-------------------------|-------------------------|
|                                    | <b>Net loss</b>         | Net loss                |
| 5% devaluation of the Vietnam Dong | <b>(2,750)</b>          | (650)                   |

A 5% strengthening of the VND against USD would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

##### **Price risk sensitivity**

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting

all instruments traded in the market. As the majority of the Group's financial instruments are carried at fair value with fair value changes recognised in the Statement of Income, all changes in market conditions will directly affect net investment income.

The Group invests in real estate projects and is exposed to market price risk. If the prices of the real estate were to fluctuate by 10%, the impact on Statement of Income and equity would amount to approximately USD46.5 million (2009: USD51.6 million).

#### **Cash flow and fair value interest rate sensitivity**

The Group's exposure to interest rate risk is related to interest bearing financial assets and financial liabilities. Cash and cash equivalents, bank deposits and bonds are subject to interest at fixed rates. They are exposed to fair value changes due to interest rate changes. The Group currently has some financial liabilities with floating interest rates which are disclosed in the Notes to the consolidated financial statements. This is the maximum exposure of the Group to cash flow interest rate risk.

#### **Credit risk analysis**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the Group at the reporting date.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

|  | <b>30 June 2010</b> | 30 June 2009 |
|--|---------------------|--------------|
|  | <b>USD'000</b>      | USD'000      |
| <i>Classes of financial assets – carrying amounts:</i> |                     |              |
| Ordinary shares – unlisted                             | <b>5,033</b>        | 5,032        |
| Trustee loans  | <b>16,690</b>       | 41,266       |
| Held for sale asset                                    | <b>11,073</b>       | -            |
| Other long-term financial assets                       | <b>9,980</b>        | 1,112        |
| Short-term investments                                 | <b>15,215</b>       | 34,888       |
| Cash and cash equivalents                              | <b>79,979</b>       | 50,274       |
| Trade and other receivables                            | <b>117,026</b>      | 112,473      |
|  | <b>254,996</b>      | 245,045      |

The carrying amount of trade and other receivables and loans represent the Group's maximum exposure to credit risk in relation to its financial assets.

At 30 June 2010, the amounts of trade receivables that are overdue but not impaired are insignificant. The Group has no other significant concentrations of credit risk.

In accordance with the Group's policy, the Investment Manager continuously monitors the Group's credit position on a monthly basis, identified either individually or by group, and incorporates this information into its credit controls.

The Group's Investment Manager reconsiders the valuations of financial assets that are impaired or overdue at each reporting date based on the payment status of the counterparties, recoverability of receivables, and prevailing market conditions.

#### **Liquidity risk analysis**

Liquidity risk is the risk that the Group will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with investments and financial instruments. There is an inherent liquidity risk associated with the Company's primary business, being property investment. As a consequence, the value of the majority of the Company's investments cannot be realised as quickly as other investments such as cash or listed equities. Furthermore, the development and realisation of the Company's property investments will normally require access to debt financing at a reasonable cost or shareholder loans from the Company's surplus funds and its co-investors.

The Company seeks to minimise liquidity risk through:

- Preparing and monitoring cash flow forecasts for each investment project and the Company on a consolidated basis;
- Arranging financing to fund real estate developments as required; and
- Providing ample lead times for the disposal of assets and realisation of cash.

At the reporting date, the Group's financial liabilities have contractual maturities which are summarised follows:

|  | Current                    |                           | Non-current                  |                         |
|--|----------------------------|---------------------------|------------------------------|-------------------------|
|  | Within 6 months<br>USD'000 | 6 to 12 months<br>USD'000 | From 1 to 5 years<br>USD'000 | Over 5 years<br>USD'000 |
| 30 June 2010                               |                            |                           |                              |                         |
| Trade and other payables                   | 116,466                    | -                         | -                            | -                       |
| Short-term borrowings                      | 21,090                     | -                         | -                            | -                       |
| Payables to related parties <sup>(*)</sup> | 26,145                     | -                         | 76,856                       | -                       |
| Long-term borrowings and debts             | -                          | -                         | 39,603                       | 31,392                  |
| Other liabilities                          | -                          | -                         | 879                          | -                       |
|  | <b>163,701</b>             | <b>-</b>                  | <b>117,338</b>               | <b>31,392</b>           |

This compares to the maturity of the Group's financial liabilities in the previous year as follows:

|   | Current                    |                           | Non-current                  |                         |
|---|----------------------------|---------------------------|------------------------------|-------------------------|
|   | Within 6 months<br>USD'000 | 6 to 12 months<br>USD'000 | From 1 to 5 years<br>USD'000 | Over 5 years<br>USD'000 |
| 30 June 2009                                |                            |                           |                              |                         |
| Trade and other payables                    | 74,354                     | -                         | -                            | -                       |
| Short-term borrowings                       | 20,584                     | -                         | -                            | -                       |
| Payables to related parties <sup>(*)</sup>  | 49,943                     | -                         | 65,018                       | -                       |
| Long-term borrowings and debts              | -                          | -                         | 5,765                        | 14,595                  |
| Long-term payables to minority shareholders | -                          | -                         | 1,481                        | -                       |
| Other liabilities                           | -                          | -                         | 912                          | -                       |
|   | <b>144,881</b>             | <b>-</b>                  | <b>73,176</b>                | <b>14,595</b>           |

<sup>(\*)</sup> Payables to related parties are primarily shareholder loans from related parties to jointly owned subsidiaries. These loans are not repayable until the respective subsidiaries have sufficient cash to repay these obligations.

The above contractual maturities reflect the gross cash flows, which may differ to the carrying value of the liabilities at the reporting date.

### **Capital management**

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To provide investors with an attractive level of investment income; and
- To preserve a potential capital growth level.

The Group considers the capital to be managed as equal to the net assets attributable to the holders of ordinary shares. The Group has engaged the Investment Manager to allocate the net assets in such a way so as to generate investment returns that are commensurate with the investment objectives outlined in the Group's offering documents.

### **47. Fair value hierarchy**

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the Consolidated Statement of Financial Position. In the first year of application, comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the 30 June 2010 year end.

The following table presents financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices in active market for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial assets or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

|   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|---|----------------|----------------|----------------|----------------|
|   | <b>USD'000</b> | <b>USD'000</b> | <b>USD'000</b> | <b>USD'000</b> |
| Financial assets at fair value through<br>Statement of Income |                |                |                |                |
| - Ordinary share – unlisted                                   | -              | 5,033          | -              | <b>5,033</b>   |
| - Held for sale asset   |                | 11,073         |                | <b>11,073</b>  |
| - Trustee loans   | -              | 16,690         | -              | <b>16,690</b>  |
| Other long-term financial assets                              | -              | 9,980          | -              | <b>9,980</b>   |
| Short-term investments  | -              | 15,215         | -              | <b>15,215</b>  |
| Trade and other receivables                                   | -              | 117,026        | -              | <b>117,026</b> |
|   | -              | 175,017        | -              | <b>175,015</b> |

There have been no transfers between Level 1 and 2 during the year.