

**31 March 2010**

## **VinaLand Limited**

### **Interim results for the 6 months ended 31 December 2009**

VinaLand Limited (the “Company” or “VNL”), an investment company established to target key growth segments within Vietnam's emerging real estate market, today announces its interim results for the six months ended 31 December 2009 (“the Period”).

#### **Financial highlights**

- Net profit of USD19.3 million (HY08: net loss of USD68.6 million)
- Net profit per share of USD0.01 (HY08: net loss of USD0.08 per share)
- Cash and cash equivalents as at 31 December 2009 of USD64.6 million
- Net asset value at 31 December 2009 of USD694 million representing USD1.39 per share

#### **Operational highlights**

- Sale of 52.5 percent equity stake in the Hilton Hanoi Opera Hotel, resulting in an IRR of 23 percent over the three years since the stake was acquired and an exit at 10 percent above the carrying value of the asset.
- VinaCapital Commercial Centre Ltd signed a USD23.9 million loan agreement with the Bank for Investment and Development of Vietnam (BIDV) for the development of a luxury apartment tower, the first phase in the WTC Danang project. VNL holds a 38.25 percent equity stake in Phase 1 of the project, and 75 percent in Phase 2.
- Continued progress with residential villa sales at The Ocean Villas, part of the Danang Beach Resort project. At the Period end, VNL had sold or booked reservations for 97 of the 115 villas.

#### **Commenting, Don Lam, Director of VinaLand Limited:**

“The demand for residential projects in Vietnam remains strong, as evidenced in the excellent results of our sales and reservations. We will continue to capitalise on this in the coming year by beginning construction on five new residential and retail projects, and through the launch of a retail sales brand, VinaLiving, which will be the first of its kind in Vietnam. We have only had limited exposure to the poorer performance of the hospitality and office sectors, but nonetheless we expect to see a gradual recovery in these areas in 2010 and the opening up of further opportunities.”

#### **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 USD1.7 billion in assets under management as of December 2009.

VinaCapital Investment Management Ltd manages three closed-end funds trading on the AIM Market of the London Stock Exchange. These are:

- Vietnam Opportunity Fund (VOF) is a USD785 million diversified investment fund that has consistently been among the top performing Vietnam funds.
- VinaLand Limited (VNL) is a USD694 million real estate fund that was the top performing Vietnam investment fund in 2008.
- Vietnam Infrastructure Limited (VNI) is a USD267 million fund established in July 2007 as the first overseas fund to invest solely in Vietnam's infrastructure sector.

VinaCapital also co-manages the USD32 million DFJ VinaCapital technology venture capital fund with Draper Fisher Jurvetson, and owns a dominant stake in VinaSecurities JSC, a brokerage. More information is available at [www.vinacapital.com](http://www.vinacapital.com).

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

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## Chairman's Statement

Dear shareholders,

We are pleased to present the interim financial statements of VinaLand Limited (AIM: VNL) for the six month period ended 31 December 2009.

During 2009, Vietnam's real estate market saw falling rental rates and lower occupancy in the office and hospitality markets, while residential and retail shopping saw a stable, healthy performance. There is a clear reason for the divergent performance trends – the office and hospitality markets are influenced to a greater degree by the global economy, while housing and shopping trends depend more on the domestic economy.

Vietnam's comparatively strong 2009 economic performance, with GDP growth of 5.3 percent, was based largely on the strength of its domestic economy. The government's stimulus package was successful in increasing liquidity in the banking sector, with the result of kick-starting a significant number of infrastructure and real estate projects that were slowed or halted in 2008.

VNL also benefited in this environment, receiving over USD100 million in project financing commitments from domestic banks.

VNL over the past six months saw its NAV increase slightly to USD1.33 per share at 31 December from USD1.32 per share at 30 June 2009. For the 2009 calendar year, however, VNL's NAV declined 11.3 percent, due primarily to unrealised write-downs reflecting the impact of the global economic crisis on Vietnam's real estate market.

Although we believe the write-downs were prudent, the recovery in the second half of the year of the domestic economy and the health of the real estate market indicate the cycle of downward revaluations may be at an end. Only the office sector will see a slow recovery going forward, and VNL has no active office projects to weigh down the fund's performance.

The past six months have seen great progress with residential sales and marketing at projects including The Ocean Villas, Cham Condominiums and The Azura apartment tower in Danang, and at the Golden Westlake apartments in Hanoi. Construction work began at the Dai Phuoc Lotus township and the resettlement portion of the Century 21 project.

In addition, VNL announced the sale of its stakes in the Hilton Hanoi Opera Hotel and the Oasis residential project in District 7, Ho Chi Minh City.

The focus for 2010 is on the execution of projects, both sales and marketing, and construction and development. The hospitality sector is recovering as travel numbers increase, and the demand for more residential and retail shopping facilities shows no signs of abating. Vietnam's residential market is in no immediate risk of a speculative property bubble, as residential buying is dominated by a rising number of middle class consumers looking for high-quality, affordable accommodation.

To address the residential market demand, VNL's investment manager will soon launch a retail sales brand, VinaLiving, as an integrated sales and marketing vehicle for all residential holdings. This unique brand will be the first of its kind in Vietnam. Furthermore, to better ensure project delivery, the investment manager has entered a joint venture with the region's leading project and construction management firm, inProjects. The new company, VinaProjects, will be the sole supplier of real estate services for majority-owned VNL development projects.

We believe the combined impact of VinaLiving and VinaProjects will ensure VNL remains at the forefront of the real estate investment market in Vietnam, with substantial long-term benefits for our shareholders. As always, we will keep you closely informed of our progress.

Thank you for your continued support.

Nicholas Brooke

Chairman  
VinaLand Limited  
31 March 2010

## Consolidated Financial Statements

### Condensed Consolidated Interim Statement of Financial Position

|  | Note | 31 December 2009<br>USD'000 | 30 June 2009<br>USD'000 |
|--|------|-----------------------------|-------------------------|
| <b>ASSETS</b>  |      |                             |                         |
| <b>Non-current</b>   |      |                             |                         |
| Investment properties                                      | 7    | 649,316                     | 489,068                 |
| Property, plant and equipment                              |      | 82,767                      | 72,161                  |
| Intangible assets  |      | 13,200                      | 12,091                  |
| Investments in associates                                  | 8    | 74,768                      | 104,764                 |
| Goodwill   | 6    | 3,923                       | -                       |
| Prepayments for operating lease assets                     |      | 11,572                      | 17,334                  |
| Prepayments for acquisitions of investments                | 9    | 57,035                      | 66,097                  |
| Deferred tax assets  |      | 186                         | 286                     |
| Other long-term financial assets                           |      | 2,134                       | 1,112                   |
| <b>Non-current assets</b>                                  |      | <b>894,901</b>              | <b>762,913</b>          |
| <b>Current</b>   |      |                             |                         |
| Inventories  |      | 456                         | 146                     |
| Trade and other receivables                                | 10   | 112,366                     | 109,901                 |
| Receivables from related parties                           |      | 5,691                       | 2,572                   |
| Short-term investments                                     | 11   | 29,139                      | 34,888                  |
| Financial assets at fair value through statement of income | 12   | 33,589                      | 46,298                  |
| Cash and cash equivalents                                  |      | 64,594                      | 50,274                  |
| <b>Current assets</b>                                      |      | <b>245,835</b>              | <b>244,079</b>          |
| Assets classified as held for sale                         |      | -                           | 85,321                  |
| <b>Total assets</b>  |      | <b>1,140,736</b>            | <b>1,092,313</b>        |

|   | Note | 31 December 2009<br>USD'000 | 30 June 2009<br>USD'000 |
|---|------|-----------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>   |      |                             |                         |
| <b>EQUITY</b>   |      |                             |                         |
| <b>Equity attributable to shareholders of the parent</b>                                      |      |                             |                         |
| Share capital   | 13   | 4,999                       | 4,999                   |
| Additional paid-in capital  | 14   | 588,870                     | 588,870                 |
| Revaluation reserve   | 15   | 3,919                       | 10,799                  |
| Translation reserve   |      | (21,115)                    | (16,147)                |
| Retained earnings   |      | 89,978                      | 72,008                  |
|   |      | <b>666,651</b>              | 660,529                 |
| Non-controlling interests   |      | <b>218,947</b>              | 166,445                 |
| <b>Total equity</b>   |      | <b>885,598</b>              | 826,974                 |
| <b>LIABILITIES</b>  |      |                             |                         |
| <b>Non-current</b>  |      |                             |                         |
| Borrowings and debts  | 16   | 60,307                      | 21,841                  |
| Long-term payables to related parties   |      | 77,476                      | 65,018                  |
| Deferred tax liabilities  | 17   | 18,264                      | 14,629                  |
| Other liabilities   |      | 1,275                       | 912                     |
| Non-current liabilities   |      | <b>157,322</b>              | 102,400                 |
| <b>Current</b>  |      |                             |                         |
| Borrowings and debts  | 16   | 12,382                      | 20,584                  |
| Trade and other payables  |      | 59,755                      | 74,354                  |
| Payables to related parties   |      | 25,679                      | 49,943                  |
| Current liabilities   |      | <b>97,816</b>               | 144,881                 |
| Liabilities included in disposal group held for sale  |      | -                           | 18,058                  |
| <b>Total liabilities</b>  |      | <b>255,138</b>              | 265,339                 |
| <b>Total equity and liabilities</b>   |      | <b>1,140,736</b>            | 1,092,313               |
| <b>Net assets per share attributable to equity shareholders of the parent (USD per share)</b> |      |                             |                         |
|   | 23   | 1.33                        | 1.32                    |

## Condensed Consolidated Interim Statement of Changes in Equity

|   | Equity attributable to shareholders of the parent |                |                |                 |                 | Non-controlling | Total            |
|---|---|----------------|----------------|-----------------|-----------------|-----------------|------------------|
|   | Share   | Additional     | Revaluation    | Translation     | Retained        | interests       | equity           |
|   | capital   | paid-in        | reserve        | reserve         | earnings        |                 |                  |
|   | capital   | capital        |                |                 |                 |                 |                  |
|   | USD'000   | USD'000        | USD'000        | USD'000         | USD'000         | USD'000         | USD'000          |
| <b>Balance at 1 July 2008</b>   | <b>4,999</b>                                      | <b>588,870</b> | <b>13,844</b>  | <b>(4,623)</b>  | <b>201,437</b>  | <b>219,868</b>  | <b>1,024,395</b> |
| Capital contributions in subsidiaries                                     | -   | -              | -              | -               | -               | 22,736          | 22,736           |
| Acquisition of subsidiaries   | -   | -              | -              | -               | -               | 12,552          | 12,552           |
| <b>Comprehensive income</b>   |   |                |                |                 |                 |                 |                  |
| Losses for the period from 1 July 2008 to 31 December 2008                | -   | -              | -              | -               | (41,377)        | (27,242)        | (68,619)         |
| Exchange differences on translation of foreign operations                 | -   | -              | -              | (7,608)         | -               | (4,021)         | (11,629)         |
| Reversal of gains on the revaluation of lands and buildings               | -   | -              | (5,124)        | -               | -               | (4,092)         | (9,216)          |
| <b>Total comprehensive income</b>   | <b>-</b>  | <b>-</b>       | <b>(5,124)</b> | <b>(7,608)</b>  | <b>(41,377)</b> | <b>(35,355)</b> | <b>(89,464)</b>  |
| <b>Balance at 31 December 2008</b>  | <b>4,999</b>                                      | <b>588,870</b> | <b>8,720</b>   | <b>(12,231)</b> | <b>160,060</b>  | <b>219,801</b>  | <b>970,219</b>   |
| <b>Balance at 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>   |
| Dividend distributions  | -   | -              | -              | -               | -               | (587)           | (587)            |
| Capital contribution in subsidiaries                                      | -   | -              | -              | -               | -               | 19,290          | 19,290           |
| Acquisition of subsidiaries   | -   | -              | -              | -               | -               | 44,119          | 44,119           |
| Gain on part disposal of non-controlling interest in subsidiary (Note 28) | -   | -              | -              | -               | 4,917           | -               | 4,917            |
| Equity interest acquired by non-controlling interests                     | -   | -              | -              | -               | (1,638)         | 1,638           | -                |
| Disposal of assets and liabilities held for sale                          | -   | -              | -              | -               | -               | (20,104)        | (20,104)         |
| Disposal of subsidiary (Note 15)  | -   | -              | (7,756)        | -               | 7,756           | -               | -                |
| <b>Comprehensive income</b>   |   |                |                |                 |                 |                 |                  |
| Profit for the period from 1 July 2009 to 31 December 2009                | -   | -              | -              | -               | 6,935           | 12,317          | 19,252           |
| Exchange differences on translation of foreign operations                 | -   | -              | -              | (4,968)         | -               | (4,453)         | (9,421)          |
| Gains on revaluation of land and buildings (Note 15)                      | -   | -              | 876            | -               | -               | 282             | 1,158            |
| <b>Total comprehensive income</b>   | <b>-</b>  | <b>-</b>       | <b>876</b>     | <b>(4,968)</b>  | <b>6,935</b>    | <b>8,146</b>    | <b>10,989</b>    |
| <b>Balance at 31 December 2009</b>  | <b>4,999</b>                                      | <b>588,870</b> | <b>3,919</b>   | <b>(21,115)</b> | <b>89,978</b>   | <b>218,947</b>  | <b>885,598</b>   |

## Condensed Consolidated Interim Statement of Income

|  | Note | Six month period ended |                  |
|--|------|------------------------|------------------|
|  |      | 31 December 2009       | 31 December 2008 |
|  |      | USD'000                | USD'000          |
|  |      |                        | (Reclassified)   |
| Revenue  |      | 9,507                  | 18,080           |
| Cost of sales  | 18   | (4,928)                | (9,320)          |
| <b>Gross profit</b>  |      | <b>4,579</b>           | <b>8,760</b>     |
| Operating, selling and administration expenses   | 18   | (21,466)               | (17,405)         |
| Net gain/(loss) on fair value adjustments of investment properties                                     | 19   | 40,686                 | (44,637)         |
| Net changes in fair value of financial assets at fair value through statement of income                |      | 1,031                  | 2,838            |
| Other income   | 20   | 14,102                 | 748              |
| Other expenses   | 21   | (8,534)                | (17,623)         |
| <b>Profit/(loss) from continuing operations</b>  |      | <b>30,398</b>          | <b>(67,319)</b>  |
| Finance income   |      | 2,945                  | 5,168            |
| Finance costs  |      | (1,849)                | (873)            |
| Finance income – net   |      | 1,096                  | 4,295            |
| Share of losses of associates  |      | (7,729)                | (9,449)          |
|  |      | (6,633)                | (5,154)          |
| <b>Profit/(loss) before income tax from continuing and total operations</b>                            |      | <b>23,765</b>          | <b>(72,473)</b>  |
| Deferred income tax (expense)/income   | 22   | (3,655)                | 4,465            |
| Income tax expense   | 22   | (858)                  | (611)            |
| <b>Net profit/(loss) for the period from continuing and total operations</b>                           |      | <b>19,252</b>          | <b>(68,619)</b>  |
| Attributable to equity shareholders of the parent  |      | 6,935                  | (41,377)         |
| Attributable to non-controlling interests  |      | 12,317                 | (27,242)         |
|  |      | 19,252                 | (68,619)         |
| <b>Earnings/(loss) per share (continuing and total operations) – basic and diluted (USD per share)</b> | 23   | <b>0.01</b>            | <b>(0.08)</b>    |



## Condensed Consolidated Interim Statement of Comprehensive Income

|  | Note | Six month period ended |                  |
|--|------|------------------------|------------------|
|  |      | 31 December 2009       | 31 December 2008 |
|  |      | USD'000                | USD'000          |
| <b>Profit/(loss) for the period</b>                            |      | <b>19,252</b>          | <b>(68,619)</b>  |
| <b>Comprehensive income</b>                                    |      |                        |                  |
| Gain/(loss) on revaluation of land and buildings in the period | 15   | 1,158                  | (9,216)          |
| Exchange differences on translating foreign operations         |      | (9,421)                | (11,629)         |
| <b>Comprehensive income for the period</b>                     |      | <b>(8,263)</b>         | <b>(20,845)</b>  |
| <b>Total comprehensive income for the period</b>               |      | <b>10,989</b>          | <b>(89,464)</b>  |
| <hr/>  |      |                        |                  |
| Attributable to equity shareholders of the parent              |      | 2,843                  | (54,109)         |
| Attributable to non-controlling interests                      |      | 8,146                  | (35,355)         |
|  |      | <b>10,989</b>          | <b>(89,464)</b>  |

## Condensed Consolidated Interim Statement of Cash Flows

|   | Six month period ended      |   |
|---|-----------------------------|---|
|   | 31 December 2009<br>USD'000 | 31 December 2008<br>USD'000<br>(Reclassified) |
| Operating activities  |                             |   |
| Net profit/(loss) before tax  | 23,765                      | (72,473)                                      |
| Adjustment for:   |                             |   |
| Depreciation and amortisation   | 2,589                       | 4,074   |
| (Gain)/loss on revaluation of investment properties                                     | (40,686)                    | 44,637  |
| Net changes in fair value of financial assets at fair value through statement of income | (1,031)                     | (2,838)                                       |
| Gains on acquisition of subsidiaries  | (4,986)                     | (369)   |
| Impairment of assets  | 6,933                       | 17,217  |
| Write-off of assets   | 1,386                       | 399   |
| Gain on disposal of investment rights   | (7,592)                     | -   |
| Share of associate's losses   | 7,729                       | 9,449   |
| Unrealised loss/(gain) on foreign exchange differences                                  | 544                         | (84)  |
| Interest expense  | 1,225                       | 655   |
| Interest income   | (2,800)                     | (4,965)                                       |
| <b>Net losses before changes in working capital</b>                                     | <b>(12,924)</b>             | <b>(4,298)</b>                                |
| Change in trade and other receivables   | 4,146                       | 22,272  |
| Change in inventory   | (310)                       | (3)   |
| Change in trade and other payables  | (16,525)                    | 27,486  |
| Corporate income tax paid   | (1,174)                     | (624)   |
|   | <b>(26,787)</b>             | <b>44,833</b>                                 |
| Investing activities  |                             |   |
| Interest and dividends received   | 3,324                       | 3,353   |
| Purchases of investment properties, tangible and intangible fixed assets                | (32,413)                    | (45,684)                                      |
| Acquisitions of subsidiaries, net of cash   | (12,624)                    | (7,121)                                       |
| Prepayments for acquisitions of investments   | (7,017)                     | (5,900)                                       |
| Proceeds from disposal of held for sale assets/liabilities and financial assets         | 36,349                      | 3,287   |
| Investments in associates   | (4,850)                     | (44,478)                                      |
| Acquisitions of long-term assets  | (3,052)                     | (2,804)                                       |
| Net proceeds from related party shareholder loans                                       | 22,650                      | 15,450  |
|   | <b>2,367</b>                | <b>(83,897)</b>                               |

|  | <b>Six month period ended</b> |                  |
|--|-------------------------------|------------------|
|  | <b>31 December 2009</b>       | 31 December 2008 |
|  | <b>USD'000</b>                | USD'000          |
| Financing activities   |                               |                  |
| Additional capital contributions from non-controlling interests shareholders | <b>8,290</b>                  | -                |
| Loan proceeds from banks   | <b>46,866</b>                 | 6,050            |
| Loan repayments to banks   | <b>(15,841)</b>               | (4,617)          |
| Dividends paid to non-controlling interest shareholders                      | <b>(587)</b>                  | -                |
| Loan proceeds from non-controlling interest shareholders                     | <b>12</b>                     | -                |
| Interest paid  | <b>-</b>                      | (1,650)          |
|  | <b>38,740</b>                 | (217)            |
| <b>Net changes in cash and cash equivalents for the period</b>               | <b>14,320</b>                 | (39,281)         |
| Cash and cash equivalents at the beginning of the period                     | <b>50,274</b>                 | 80,806           |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>64,594</b>                 | 41,525           |

# Notes to the Condensed Consolidated Interim Financial Statements

## 1. General information

VinaLand Limited (“the Company”) 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 condensed interim consolidated financial statements for the period from 1 July 2009 to 31 December 2009 were approved for issue by the Board of Directors on 31 March 2010.

## 2. Basis of preparation

These condensed interim consolidated financial statements for the period from 1 July 2009 to 31 December 2009 (the “period”) have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (IASB). They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (IFRS). Accordingly, these reports are to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2009.

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

## 3. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 30 June 2009, except for the adoption of:

- 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)
- Amendment to IFRS 7 Financial Instruments: Disclosures: Improving disclosures about financial instruments

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group’s assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in the Statement of other comprehensive income, for example revaluations of property, plant and equipment and exchange differences on translation of foreign operations. IAS 1 affects the presentation of changes in owners’ equity and introduces a “Statement of Comprehensive Income”. As the changes in the requirements of IAS 1 only impact presentation aspects, there is no impact on the historic, current or future earnings per share ratio.

IAS 1 (Revised 2007) requires an entity to present the statement of financial position for two comparative periods in the following situations: where the Group (i) applies an accounting policy retrospectively, (ii) makes a retrospective restatement of items in its financial statements, or (iii) reclassifies items in the financial statements. There have been no such circumstances during the period therefore the Group presents only one comparative period (30 June 2009) in the condensed interim consolidated statement of financial position.

The adoption of IFRS 8 has not affected the identified operating segments for the Group. However, reported segment results are now based on internal management reporting information that is regularly reviewed by the Investment Manager. In the previous annual and interim 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.

The adoption of IFRS 3 Business Combinations (Revised 2008) continues to apply the acquisition method to business combinations, with some significant changes. For example, all acquisition related costs are expensed in the period in which the costs are incurred rather than included in the costs 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. The Group have applied IFRS 3 (Revised 2008) prospectively to all business combinations from 1 July 2009.

The adoption of IAS27 (Revised 2008) introduces the changes in accounting for additional acquisitions of interests in subsidiaries and for the loss of control of a subsidiary. Where the Group increases or 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 in the statement of income, 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 recognised in the statement of income. The revaluation surpluses of disposed subsidiaries previously recognised 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.

The adoption of IFRS 7 (Revised 2007) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy to be disclosed in the annual consolidated financial statements. As the amendment to the accounting policy only results in additional disclosures, there is no impact on the historic, current or future earnings per share ratio.

The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these condensed interim consolidated financial statements.

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

The condensed interim consolidated financial statements undertake a number of judgements, estimates and assumptions about the 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, land and buildings***

The investment properties, leasehold land and buildings held by subsidiaries and associates of the Group are stated at fair value in accordance with accounting policy 3.10 of the annual consolidated financial statements. 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. Valuations are reviewed by the Valuation Committee and approved by the Board of Directors. Discount rates from 13% to 16% are considered appropriate for revalued properties during the review period in different locations. Where the Valuation Committee considers 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 and other assumptions in the discounted cash flow projections, whereby changing the property's valuation. 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 and buildings*

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.

In the process of reviewing for impairment, the Group's management makes assumptions about future cash flows and discount rates associated with market risk and asset specific risk factors. The impairment assessment is an estimate and consequently the actual results achieved if the assets were disposed at the reporting date may differ to the current carrying value recorded by the Group.

#### *Other assets*

The Group's trade and other receivables, goodwill, intangible assets, prepayments for operating lease assets, prepayments for acquisitions of investments, short-term investments and investments in associates are subject to impairment testing in accordance with the accounting policy 3.15 of the annual consolidated financial statements.

### ***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, land and buildings.

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

Management reviews useful lives of depreciable assets at each reporting date. At 31 December 2009, management assesses that the useful lives represent the expected utility of the assets to the Group.

## **5. Segment analysis**

In identifying its operating segments, management generally follows the Group's investment and geographical segments. The investment segments are based on the Investment Manager's management and monitoring of investments, and include real estate sectors of commercial, residential, hospitality, and mixed use. The Group's geographical segments include North, Central, and South Vietnam, and the regions outside Vietnam.

These operating segments are managed and monitored individually by the Investment Manager. The adoption of IFRS 8 has not affected the identified operating segments for the Group compared to the recent annual consolidated financial statements but affects the presentation of the operating segments presented in the following tables. Under IFRS 8, reported segments are based on internal management reporting information that is regularly reviewed by the Investment Manager, and is reconciled to Group profit or loss on the following pages. 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 profit or loss, however

the majority of expenses are common to all segments therefore cannot be individually allocated. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its condensed interim consolidated financial statements.

|   | Six month period ended 31 December 2009 |                        |                        |                       | Total<br>USD'000 |
|---|---|------------------------|------------------------|-----------------------|------------------|
|   | Commercial<br>USD'000                   | Residential<br>USD'000 | Hospitality<br>USD'000 | Mixed used<br>USD'000 |                  |
| <b>Geographical segment financial information</b>                                       |   |                        |                        |                       |                  |
| <b>North</b>  |   |                        |                        |                       |                  |
| Revenue   | -                                       | -                      | 3,559                  | -                     | <b>3,559</b>     |
| Other income  | -                                       | -                      | 423                    | -                     | <b>423</b>       |
| Finance income  | -                                       | -                      | 455                    | -                     | <b>455</b>       |
| Net gain/(loss) on fair value adjustments of investment properties                      | -                                       | -                      | 82                     | 15,845                | <b>15,927</b>    |
| Net changes in fair value of financial assets at fair value through statement of income | -                                       | 1,031                  | -                      | -                     | <b>1,031</b>     |
|   | -                                       | 1,031                  | 4,519                  | 15,845                | <b>21,395</b>    |
| <b>South</b>  |   |                        |                        |                       |                  |
| Revenue   | -                                       | 937                    | 5,011                  | -                     | <b>5,948</b>     |
| Other income  | -                                       | 7,592                  | 1,012                  | 5,070                 | <b>13,674</b>    |
| Finance income  | 195                                     | 672                    | 394                    | 799                   | <b>2,060</b>     |
| Net gain/(loss) on fair value adjustments of investment properties                      | (1,268)                                 | 6,495                  | 147                    | 21,812                | <b>27,186</b>    |
| Share of losses of associates   | (127)                                   | (7,573)                | -                      | (25)                  | <b>(7,725)</b>   |
|   | (1,200)                                 | 8,123                  | 6,564                  | 27,656                | <b>41,143</b>    |
| <b>Central</b>  |   |                        |                        |                       |                  |
| Other income  | -                                       | -                      | 5                      | -                     | <b>5</b>         |
| Finance income  | -                                       | 12                     | 105                    | 313                   | <b>430</b>       |
| Net gain/(loss) on fair value adjustments of investment properties                      | -                                       | (3,124)                | (497)                  | 1,194                 | <b>(2,427)</b>   |
| Share of losses of associates   | -                                       | -                      | (4)                    | -                     | <b>(4)</b>       |
|   | -                                       | (3,112)                | (391)                  | 1,507                 | <b>(1,996)</b>   |
| <b>Total</b>  | <b>(1,200)</b>                          | <b>6,042</b>           | <b>10,692</b>          | <b>45,008</b>         | <b>60,542</b>    |
| Cost of sales   |   |                        |                        |                       | <b>(4,928)</b>   |
| Operating, selling and administration expenses  |   |                        |                        |                       | <b>(21,466)</b>  |
| Other expenses  |   |                        |                        |                       | <b>(8,534)</b>   |
| Finance costs   |   |                        |                        |                       | <b>(1,849)</b>   |
| <b>Profit/(loss) before tax</b>   |   |                        |                        |                       | <b>23,765</b>    |
| Deferred income tax (expense)/income  |   |                        |                        |                       | <b>(3,655)</b>   |
| Income tax expenses   |   |                        |                        |                       | <b>(858)</b>     |
| <b>Net profit/(loss) for the period</b>   |   |                        |                        |                       | <b>19,252</b>    |

For the comparative period:

|   | Six month period ended 31 December 2008 |                        |                        |                       | Total<br>USD'000 |
|---|---|------------------------|------------------------|-----------------------|------------------|
|   | Commercial<br>USD'000                   | Residential<br>USD'000 | Hospitality<br>USD'000 | Mixed used<br>USD'000 |                  |
| <b>Geographical segment financial information</b>                                       |   |                        |                        |                       |                  |
| <b>North</b>  |   |                        |                        |                       |                  |
| Revenue   | -                                       | -                      | 8,439                  | -                     | 8,439            |
| Other income  | -                                       | 28                     | 228                    | -                     | 256              |
| Finance income  | -                                       | -                      | 153                    | 100                   | 253              |
|   | -                                       | 28                     | 8,820                  | 100                   | 8,948            |
| <b>South</b>  |   |                        |                        |                       |                  |
| Revenue   | -                                       | 3,631                  | 6,010                  | -                     | 9,641            |
| Other income  | -                                       | -                      | -                      | 84                    | 84               |
| Finance income  | 177                                     | 1,746                  | 195                    | 2,181                 | 4,299            |
| Net gain/(loss) on fair value adjustments of investment properties                      | -                                       | (16,790)               | (654)                  | -                     | (17,444)         |
| Net changes in fair value of financial assets at fair value through statement of income | -                                       | (185)                  | -                      | 3,023                 | 2,838            |
| Share of losses of associates   | (1)                                     | (12,782)               | -                      | 5,132                 | (7,651)          |
|   | 176                                     | (24,380)               | 5,551                  | 10,420                | (8,233)          |
| <b>Central</b>  |   |                        |                        |                       |                  |
| Other income  | -                                       | -                      | 372                    | 36                    | 408              |
| Finance income  | -                                       | 21                     | 107                    | 488                   | 616              |
| Net gain/(loss) on fair value adjustments of investment properties                      | -                                       | -                      | -                      | (27,193)              | (27,193)         |
| Share of losses of associates   | -                                       | -                      | (1,798)                | -                     | (1,798)          |
|   | -                                       | 21                     | (1,319)                | (26,669)              | (27,967)         |
| <b>Total</b>  | <b>176</b>                              | <b>(24,331)</b>        | <b>13,052</b>          | <b>(16,149)</b>       | <b>(27,252)</b>  |
| Cost of sales   |   |                        |                        |                       | (9,320)          |
| Operating, selling and administration expenses  |   |                        |                        |                       | (17,405)         |
| Other expenses  |   |                        |                        |                       | (17,623)         |
| Finance costs   |   |                        |                        |                       | (873)            |
| <b>Profit/(loss) before tax</b>   |   |                        |                        |                       | <b>(72,473)</b>  |
| Deferred income tax (expense)/income  |   |                        |                        |                       | 4,465            |
| Income tax expenses   |   |                        |                        |                       | (611)            |
| <b>Net profit/(loss) for the period</b>   |   |                        |                        |                       | <b>(68,619)</b>  |



|  | As at 31 December 2009 |                |                |                |                                       | Total<br>USD'000 |
|--|------------------------|----------------|----------------|----------------|---------------------------------------|------------------|
|  | Commercial             | Residential    | Hospitality    | Mixed use      | Cash and<br>short-term<br>investments |                  |
|  | USD'000                | USD'000        | USD'000        | USD'000        | USD'000                               |                  |
| <b>Geographical segment assets information</b>             |                        |                |                |                |                                       |                  |
| <b>North</b>   |                        |                |                |                |                                       |                  |
| Investment properties                                      | -                      | 23,406         | 6,072          | 47,807         | -                                     | 77,285           |
| Property, plant and equipment                              | -                      | 19             | 20,368         | -              | -                                     | 20,387           |
| Goodwill and intangible assets                             | -                      | -              | 4,757          | -              | -                                     | 4,757            |
| Cash and cash equivalents                                  | -                      | -              | -              | -              | 4,038                                 | 4,038            |
| Trade and other receivables                                | -                      | 1,667          | 13,406         | 236            | -                                     | 15,309           |
| Prepayments for acquisitions of investments                | -                      | -              | 1,315          | -              | -                                     | 1,315            |
| Financial assets at fair value through statement of income | -                      | 26,001         | -              | -              | -                                     | 26,001           |
| Other assets   | -                      | 15             | 3,302          | 2,089          | -                                     | 5,406            |
|  | -                      | <b>51,108</b>  | <b>49,220</b>  | <b>50,132</b>  | <b>4,038</b>                          | <b>154,498</b>   |
| <b>South</b>   |                        |                |                |                |                                       |                  |
| Investment properties                                      | 7,599                  | 134,227        | 7,470          | 215,005        | -                                     | 364,301          |
| Property, plant and equipment                              | 30                     | 1              | 32,002         | 101            | -                                     | 32,134           |
| Goodwill and intangible assets                             | 1                      | 3,926          | 8,350          | -              | -                                     | 12,277           |
| Cash and cash equivalents                                  | -                      | -              | -              | -              | 40,163                                | 40,163           |
| Trade and other receivables                                | 593                    | 19,335         | 8,181          | 35,801         | -                                     | 63,910           |
| Investment in associates                                   | 17,331                 | 1,293          | -              | 49,873         | -                                     | 68,497           |
| Prepayments for acquisitions of investments                | 2,148                  | 43,860         | 1,087          | 1,098          | -                                     | 48,193           |
| Financial assets at fair value through statement of income | -                      | 2,557          | 5,031          | -              | -                                     | 7,588            |
| Short-term investments                                     | -                      | -              | -              | -              | 21,590                                | 21,590           |
| Other assets   | 33                     | 94             | 332            | 5,703          | -                                     | 6,162            |
|  | <b>27,735</b>          | <b>205,293</b> | <b>62,453</b>  | <b>307,581</b> | <b>61,753</b>                         | <b>664,815</b>   |
| <b>Central</b>   |                        |                |                |                |                                       |                  |
| Investment properties                                      | -                      | 57,086         | 63,406         | 87,238         | -                                     | 207,730          |
| Property, plant and equipment                              | -                      | 47             | 30,125         | 74             | -                                     | 30,246           |
| Goodwill and intangible assets                             | -                      | -              | 83             | 6              | -                                     | 89               |
| Cash and cash equivalents                                  | -                      | -              | -              | -              | 18,860                                | 18,860           |
| Trade and other receivables                                | -                      | 29,437         | 2,587          | 1,123          | -                                     | 33,147           |
| Investment in associates                                   | -                      | -              | 6,271          | -              | -                                     | 6,271            |
| Prepayments for acquisitions of investments                | -                      | 2,800          | 3,809          | 918            | -                                     | 7,527            |
| Short-term investments                                     | -                      | -              | -              | -              | 7,549                                 | 7,549            |
| Other assets   | -                      | 35             | 7,752          | 684            | -                                     | 8,471            |
|  | -                      | <b>89,405</b>  | <b>114,033</b> | <b>90,043</b>  | <b>26,409</b>                         | <b>319,890</b>   |
| <b>Outside Vietnam</b>                                     |                        |                |                |                |                                       |                  |
|  | -                      | -              | -              | -              | 1,533                                 | 1,533            |
| <b>Total assets</b>  | <b>27,735</b>          | <b>345,806</b> | <b>225,706</b> | <b>447,756</b> | <b>93,733</b>                         | <b>1,140,736</b> |

For the comparative year end:

|  | As at 30 June 2009    |                        |                        |                      |  | Total<br>USD'000 |
|--|-----------------------|------------------------|------------------------|----------------------|--|------------------|
|  | Commercial<br>USD'000 | Residential<br>USD'000 | Hospitality<br>USD'000 | Mixed use<br>USD'000 | Cash and<br>short-term<br>investments<br>USD'000 |                  |
| <b>Geographical segment assets information</b>             |                       |                        |                        |                      |  |                  |
| <b>North</b>   |                       |                        |                        |                      |  |                  |
| Investment properties                                      | -                     | 23,052                 | 5,970                  | 32,080               | -  | 61,102           |
| Property, plant and equipment                              | -                     | 23                     | 24,521                 | 1                    | -  | 24,545           |
| Goodwill and intangible assets                             | -                     | -                      | 4,512                  | -                    | -  | 4,512            |
| Cash and cash equivalents                                  | -                     | -                      | -                      | -                    | 2,825  | 2,825            |
| Trade and other receivables                                | -                     | 32                     | 13,102                 | 253                  | -  | 13,387           |
| Prepayments for acquisitions of investments                | -                     | -                      | 1,143                  | -                    | -  | 1,143            |
| Financial assets at fair value through statement of income | -                     | 27,965                 | -                      | -                    | -  | 27,965           |
| Other assets   | -                     | 23                     | 89,899                 | 2,687                | -  | 92,609           |
|  | -                     | <b>51,095</b>          | <b>139,147</b>         | <b>35,021</b>        | <b>2,825</b>                                     | <b>228,088</b>   |
| <b>South</b>   |                       |                        |                        |                      |  |                  |
| Investment properties                                      | 12,136                | 85,681                 | 1,975                  | 119,988              | -  | 219,780          |
| Property, plant and equipment                              | 35                    | 2                      | 32,424                 | 107                  | -  | 32,568           |
| Goodwill and intangible assets                             | -                     | 4                      | 7,564                  | -                    | -  | 7,568            |
| Cash and cash equivalents                                  | -                     | -                      | -                      | -                    | 22,456   | 22,456           |
| Trade and other receivables                                | 504                   | 32,223                 | 5,549                  | 20,006               | -  | 58,282           |
| Investment in associates                                   | 17,458                | 1,050                  | -                      | 79,930               | -  | 98,438           |
| Prepayments for acquisitions of investments                | 20                    | 54,355                 | 1,303                  | 6,280                | -  | 61,958           |
| Financial assets at fair value through statement of income | -                     | 13,301                 | 5,032                  | -                    | -  | 18,333           |
| Short-term investments                                     | -                     | -                      | -                      | -                    | 19,723   | 19,723           |
| Other assets   | 35                    | 132                    | 6,531                  | 1,882                | -  | 8,580            |
|  | <b>30,188</b>         | <b>186,748</b>         | <b>60,378</b>          | <b>228,193</b>       | <b>42,179</b>                                    | <b>547,686</b>   |
| <b>Central</b>   |                       |                        |                        |                      |  |                  |
| Investment properties                                      | -                     | 61,333                 | 62,222                 | 84,631               | -  | 208,186          |
| Property, plant and equipment                              | -                     | 53                     | 14,927                 | 68                   | -  | 15,048           |
| Goodwill and intangible assets                             | -                     | -                      | 5                      | 6                    | -  | 11               |
| Cash and cash equivalents                                  | -                     | -                      | -                      | -                    | 7,596  | 7,596            |
| Trade and other receivables                                | -                     | 31,311                 | 5,760                  | 1,161                | -  | 38,232           |
| Investment in associates                                   | -                     | -                      | 6,326                  | -                    | -  | 6,326            |
| Prepayments for acquisitions of investments                | -                     | -                      | 2,240                  | 756                  | -  | 2,996            |
| Short-term investments                                     | -                     | -                      | -                      | -                    | 15,165   | 15,165           |
| Other assets   | -                     | 37                     | 5,545                  | -                    | -  | 5,582            |
|  | -                     | <b>92,734</b>          | <b>97,025</b>          | <b>86,622</b>        | <b>22,761</b>                                    | <b>299,142</b>   |
| <b>Outside Vietnam</b>                                     | -                     | -                      | -                      | -                    | <b>17,397</b>                                    | <b>17,397</b>    |
| <b>Total assets</b>  | <b>30,188</b>         | <b>330,577</b>         | <b>296,550</b>         | <b>349,836</b>       | <b>85,162</b>                                    | <b>1,092,313</b> |

To determine the geographical segments for investments and cash the following rules have been applied:

- Real estate – location of property; and
- Cash and short-term investments – place of deposit.

## 6. Acquisition of subsidiaries

### ***Additional acquisition of Vina Alliance Company Limited (Vinataba Project)***

At 30 June 2009, the Group held 49% equity interest of Vina Alliance Company Limited. 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 20).

### ***Acquisition of Phu Hoi City Company Limited (Licogi 16 Project)***

The Group previously made a deposit of USD 9 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. The amount of USD5.1 million was reclassified from Prepayment for acquisition of investments to represent part of the

consideration of USD16 million. Of the remaining consideration of USD10.9 million, USD 5.45 million was settled in cash during the period and USD5.45 will be settled in February and March 2010 which has been accrued at the reporting date and is included in Trade and other payables in the Statement of Financial Position. 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 Statement of Financial Position. The investment licence and the approval of 1/500 by the local authorities are the two key factors which results in the goodwill recognition and cannot be measured separately from the land. As a result, the Group's total interest in the project is 52.5% at the reporting date.

## 7. Investment properties

|  | <b>31 December 2009</b> | 30 June 2009 |
|--|-------------------------|--------------|
|  | <b>USD'000</b>          | USD'000      |
| Opening balance (1 July 2009/1 July 2008)                                      | <b>489,068</b>          | 579,356      |
| Acquisitions of subsidiaries   | <b>108,207</b>          | 41,074       |
| Additions during the period/year   | <b>15,589</b>           | 31,166       |
| Net gain/(loss) from fair value adjustments of investment properties (Note 19) | <b>40,686</b>           | (153,544)    |
| Net loss from liquidation of investment property                               | -                       | (1,618)      |
| Transferred from prepayments for operating lease assets                        | <b>5,475</b>            | 2,589        |
| Investment property disposed in the year                                       | -                       | (2,714)      |
| Translation differences  | <b>(9,709)</b>          | (7,241)      |
| <b>Closing balance</b>   | <b>649,316</b>          | 489,068      |

The leasehold land held by Vinh Thai Urban Development Corporation, a subsidiary of the Group, with a carrying value of USD57.1 million as at 31 December 2009 is pledged as security for bank borrowing at the reporting date. Under the contractual arrangements agreed between the parties and a decision issued by the People's Committee of Khanh Hoa Province, the land held by Vinh Thai Urban Development Corporation in Nha Trang City, referred to as Vinh Thai Urban Residential project, will receive the land use right from a local partner once the issuance of the land use right is approved by the Prime Minister of Vietnam.

## 8. Investments in associates

|  | <b>31 December 2009</b> | 30 June 2009 |
|--|-------------------------|--------------|
|  | <b>USD'000</b>          | USD'000      |
| Opening balance (1 July 2009/1 July 2008)  | <b>104,764</b>          | 26,270       |
| Additions during the year <sup>(*)</sup>   | <b>4,919</b>            | 61,962       |
| Reduction due to change from investment in associate to subsidiary <sup>(**)</sup> | <b>(27,134)</b>         | -            |
| Transferred from prepayments for acquisition of investments                        | -                       | 19,874       |
| Dividend received  | <b>(52)</b>             | -            |
| Share of losses of associates  | <b>(7,729)</b>          | (3,342)      |
| <b>Closing balance</b>   | <b>74,768</b>           | 104,764      |

<sup>(\*)</sup> The Group invested USD4.65 million in AquaCity Joint Stock Company and USD0.27 million in Long An SEA Industrial Park Development Co. Ltd. during the period.

<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 31 December 2009 are as follows:

|  | Incorporation | Equity interest held | Principle activity % | Assets        | Liabilities USD'000 | Revenue USD'000 | Profit/(loss) USD'000 | Share of (loss)/profit to the Group USD'000 |
|--|---------------|----------------------|----------------------|---------------|---------------------|-----------------|-----------------------|---|
| Long An S.E.A Industrial Park Development Co. Ltd. | Vietnam       | 20.0                 | Property development | 5,602         | 1,191               | -               | (124)                 | (25)  |
| Aqua City Joint Stock Company                      | Vietnam       | 50.0                 | Property development | 16,201        | 21                  | 80              | (15,170)              | (*) (7,585)                                 |
| Thang Loi Land Joint Stock Company                 | Vietnam       | 49.0                 | Property development | 11,862        | 36                  | 78              | 25                    | 12  |
| Romana Resort and Spa                              | Vietnam       | 50.0                 | Hospitality          | 5,139         | 2,476               | 706             | (8)                   | (4)   |
| Savico-Vinaland Co. Ltd.                           | Vietnam       | 49.5                 | Property development | 18,433        | 281                 | 58              | (257)                 | (127)                                       |
|  |               |                      |                      | <b>57,237</b> | <b>4,005</b>        | <b>922</b>      | <b>(15,534)</b>       | <b>(7,729)</b>                              |

(\*) The amount includes an impairment of the leasehold land of USD7.57 million.

## 9. Prepayments for acquisitions of investments

|   | 31 December 2009<br>USD'000 | 30 June 2009<br>USD'000 |
|---|-----------------------------|-------------------------|
| Prepayments for acquisitions of investments                       | 62,195                      | 71,257                  |
| Allowance for loss on prepayments for acquisitions of investments | (5,160)                     | (5,160)                 |
|   | <b>57,035</b>               | <b>66,097</b>           |

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.

## 10. Trade and other receivables

|   | 31 December 2009<br>USD'000 | 30 June 2008<br>USD'000 |
|---|-----------------------------|-------------------------|
| Trade receivables                                       | 2,148                       | 294                     |
| Loans to third parties                                  | 31,973                      | 42,922                  |
| Advances to property vendors and contractors            | 15,261                      | 20,644                  |
| Receivable as compensation for property exchanged       | 11,692                      | 10,723                  |
| Receivables from minority shareholders                  | 16,164                      | 16,366                  |
| Receivable from disposal of investment rights (Note 20) | 18,083                      | -                       |
| Interest receivables (*)                                | 6,663                       | 7,132                   |
| Other receivables                                       | 11,844                      | 13,318                  |
| Other current assets                                    | 95                          | 56                      |
|   | <b>113,923</b>              | <b>111,455</b>          |
| Receivables allowance                                   | (1,557)                     | (1,544)                 |
|   | <b>112,366</b>              | <b>109,901</b>          |

(\*) The amount includes the interest receivables from bank secured deposit as mentioned in Note 11 of USD6.1 million at the reporting date.

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

## 11. Short-term investments

|                                     | 31 December 2009 | 30 June 2009  |
|-------------------------------------|------------------|---------------|
|                                     | USD'000          | USD'000       |
| Short-term deposits                 | 16,584           | 21,865        |
| Bank secured deposit <sup>(*)</sup> | 12,555           | 13,023        |
|                                     | <b>29,139</b>    | <b>34,888</b> |

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

<sup>(\*)</sup> On 8 December 2007, the Group deposited VND560.8 billion (equivalent to USD35 million) with a local 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 Thinh 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. Since that date VND328.9 billion (equivalent to USD19 million) has been repaid to the Group under this arrangement and the parties have held formal negotiations to enable the full recovery of the remaining outstanding balance. Any such arrangement may result in the Group accepting alternative assets with a fair value at least equal to the carrying value of the outstanding deposit and associated accrued interest. A repayment plan to facilitate the recovery of the outstanding amounts has been signed, which provides for certain assets of TTC to be held for the benefit of the Group. When these assets of TTC are realised in the future, the proceeds will be remitted to the deposit account for withdrawal by the Group. However the terms and obligations of each party under the original agreement will continue to prevail, including the bank guarantee.

## 12. Financial assets at fair value through statement of income

|  | 31 December 2009 | 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  | 28,557           | 41,266        |
| Ordinary shares – unlisted   | 5,032            | 5,032         |
| <b>Total financial assets designated at fair value through statement of income</b> | <b>33,589</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 44 of the annual consolidated financial statements for further information on the Group's exposure to credit risk.

## 13. Share capital

|                                 | 31 December 2009 |           | 30 June 2009     |           |
|---------------------------------|------------------|-----------|------------------|-----------|
|                                 | Number of shares | USD'000   | Number of shares | USD'000   |
| <b>Authorised:</b>              |                  |           |                  |           |
| Ordinary shares of USD0.01 each | 500,000,000      | 5,000,000 | 500,000,000      | 5,000,000 |
| <b>Issued and fully paid:</b>   |                  |           |                  |           |
| Opening balance                 | 499,967,622      | 4,999     | 499,967,622      | 4,999     |
| Closing balance                 | 499,967,622      | 4,999     | 499,967,622      | 4,999     |

## 14. Additional paid-in capital

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

|   | 31 December 2009 | 30 June 2009 |
|---|------------------|--------------|
|   | USD'000          | USD'000      |
| Opening balance (1 July 2009/1 July 2008) | 588,870          | 588,870      |
| Closing balance                           | 588,870          | 588,870      |

## 15. Revaluation reserve

|   | 31 December 2009 | 30 June 2009 |
|---|------------------|--------------|
|   | USD'000          | USD'000      |
| Opening balance (1 July 2009/1 July 2008)                                 | 10,799           | 13,844       |
| Unrealised gain/(loss) of revaluations of leasehold land and buildings    | 1,158            | (5,589)      |
| Less:   |                  |              |
| Share of unrealised gain/(loss) attributable to non-controlling interests | (282)            | 2,544        |
| Disposal of subsidiary <sup>(*)</sup>                                     | (7,756)          | -            |
| Closing balance   | 3,919            | 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. (Hilton project) to retained earnings when control of the subsidiary transferred to the buyer in the period.

## 16. Borrowings and debts

|  | 31 December 2009 | 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>   | 67,125           | 40,944       |
| Debts borrowed from non-controlling interest shareholders                                  | 1,493            | 1,481        |
|  | 68,618           | 42,425       |
| Less:  |                  |              |
| Current portion of long-term borrowings and debts  | (8,311)          | (20,584)     |
|  | 60,307           | 21,841       |
| <b>Current</b>   |                  |              |
| Bank borrowings <sup>(*)</sup>   | 4,071            | -            |
| Current portion of long-term borrowings  | 8,311            | 20,584       |
|  | 12,382           | 20,584       |
| Total borrowings and debts   | 72,689           | 42,425       |

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

| Lenders  | USD'000       | Loan period   | Repayment term            | Interest   |
|--|---------------|---------------|---------------------------|--|
| <b>Non-current</b>   |               |               |                           |  |
| Seabank – Ho Chi Minh City branch, Vietnam (Movepick Hotel Hanoi project and Mecure La Gare project) | 27,593        | Six years     | Monthly                   | 12-month lender saving rate plus a 2.5% margin                             |
| Eximbank – Ho Chi Minh City branch, Vietnam (Sheraton Nha Trang Hotel project)                       | 30,257        | Fifteen years | Quarterly                 | 12-month lender saving rate plus a 4% margin for VND and 2% margin for USD |
| Dong A bank – Ho Chi Minh City branch, Vietnam (Vinh Thai Urban project)                             | 9,275         | Three years   | Quarterly from March 2010 | 15% for 2009 and base rate of State Bank of Vietnam for subsequent years   |
|  | <b>67,125</b> |               |                           |  |
| <b>Current</b>   |               |               |                           |  |
| SHB bank – Da Nang branch, Vietnam (Danang Golf Course project)                                      | 4,016         | One year      | 20 October 2010           | 0.875%/month   |
| Eximbank – Nha Trang branch, Vietnam (Vinh Thai Urban Residential project)                           | 55            | One year      | 22 January 2010           | 1%/month   |
|  | <b>4,071</b>  |               |                           |  |
| <b>Total bank borrowings</b>   | <b>71,196</b> |               |                           |  |

For all borrowings, the lenders have security over the assets of the subsidiaries.

### 17. Deferred tax liabilities

|   | 31 December 2009<br>USD'000 | 30 June 2009<br>USD'000 |
|---|-----------------------------|-------------------------|
| Opening balance (1 July 2009/1 July 2008)       | 14,629                      | 29,959                  |
| Increase/(utilised) during the period/year, net | 3,635                       | (15,330)                |
| <b>Closing balance</b>                          | <b>18,264</b>               | <b>14,629</b>           |

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

### 18. Cost of sales, operating, selling and administration expenses

|   | Six month period ended      |                             |
|---|-----------------------------|-----------------------------|
|   | 31 December 2009<br>USD'000 | 31 December 2008<br>USD'000 |
| Management fees                               | 6,624                       | 7,681                       |
| Professional and consultancy fees             | 7,203                       | 1,829                       |
| Staff costs (*)                               | 2,698                       | 3,691                       |
| Depreciation and amortisation (*)             | 2,589                       | 4,074                       |
| Outside service costs (*)                     | 1,967                       | 1,929                       |
| Material costs (*)                            | 1,058                       | 3,796                       |
| Other general and administration expenses (*) | 4,255                       | 3,725                       |
|   | <b>26,394</b>               | <b>26,725</b>               |

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

## 19. Net gain/(loss) on fair value adjustments of investment properties

|   | Six month period ended |                  |
|---|------------------------|------------------|
|   | 31 December 2009       | 31 December 2008 |
|   | USD'000                | USD'000          |
|   |                        | (Reclassified)   |
| <i>By real estate sector:</i>   |                        |                  |
| - Mixed used  | 39,007                 | (27,193)         |
| - Hospitality   | 3,215                  | (16,789)         |
| - Commercial  | (1,268)                | -                |
| - Residential   | (268)                  | (655)            |
| <b>Net gain/(loss) on fair value adjustments of investment properties</b> | <b>40,686</b>          | <b>(44,637)</b>  |

The net loss on fair value adjustments of investment properties for the six month period ended 31 December 2008 is adjusted for deferred tax liabilities of USD4.5 million for comparison with the current period presentation (Note 22).

## 20. Other income

|  | Six month period ended |                  |
|--|------------------------|------------------|
|  | 31 December 2009       | 31 December 2008 |
|  | USD'000                | USD'000          |
| Gain on disposal of investment rights <sup>(*)</sup> | 7,592                  | -                |
| Negative goodwill (Note 6)                           | 4,986                  | -                |
| Other income   | 1,524                  | 748              |
|  | <b>14,102</b>          | <b>748</b>       |

<sup>(\*)</sup> The amount relates to the gain from disposal of the right to invest in a project for USD18 million in the period. The original investment and subsequent costs incurred were previously included in Prepayments for acquisitions of investments.

## 21. Other expenses

|   | Six month period ended |                  |
|---|------------------------|------------------|
|   | 31 December 2009       | 31 December 2008 |
|   | USD'000                | USD'000          |
| Allowances for impairments of assets <sup>(*)</sup> | 6,933                  | 15,914           |
| Losses from written-off assets                      | 1,386                  | 1,303            |
| Other expenses                                      | 215                    | 406              |
|   | <b>8,534</b>           | <b>17,623</b>    |

<sup>(\*)</sup> The impairments primarily relate to the Prodigy Pacific Vietnam Ltd. (Mecure La Gare project) of USD0.6 million and Roxy Vietnam Ltd. (Movenpick Hanoi project) of USD4.9 million.

## 22. Corporate income tax

VinaLand Limited is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, 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 so have a tax exempt status. A number of subsidiaries are established in Vietnam and are subject to corporate income tax in Vietnam. A provision of USD858,000 has been made for corporate income tax payable by these Vietnamese subsidiaries for the period (period from 1 July 2008 to 31 December 2008: USD611,000).

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



|  | Six month period ended |                  |
|--|------------------------|------------------|
|  | 31 December 2009       | 31 December 2008 |
|  | USD'000                | USD'000          |
| Group profit/(loss) before tax                             | 23,765                 | (72,473)         |
| Group profit/(loss) multiplied by applicable tax rate (0%) | -                      | -                |
| <i>Effect of:</i>  |                        |                  |
| Deferred income tax (expense)/income                       | (3,655)                | 4,465            |
| Income tax expense of Vietnamese subsidiaries              | (858)                  | (611)            |
| Tax income/(expense)                                       | (4,513)                | 3,854            |

### 23. Earnings per share

#### (a) Basic

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company by the weighted average number of ordinary shares on issue during the period.

|  | Six month period ended |                  |
|--|------------------------|------------------|
|  | 31 December 2009       | 31 December 2008 |
| Profit/(loss)/ attributable to equity shareholders of the parent (USD'000) | 6,935                  | (41,377)         |
| Weighted average number of ordinary shares on issue                        | 499,967,622            | 499,967,622      |
| Basic earnings/(loss) per share (USD per share)                            | 0.01                   | (0.08)           |

#### (b) Diluted

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 equity shareholders of the Company by the weighted average 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.

|  | 31 December 2009 | 30 June 2009 |
|--|------------------|--------------|
| Net asset value attributable to equity shareholders of the Company (USD'000) | 666,652          | 660,529      |
| Weighted average number of ordinary shares on issue                          | 499,967,622      | 499,967,622  |
| Net asset value per share (USD/share)  | 1.33             | 1.32         |

### 24. Seasonality

The Group's management believes that the impact of seasonality on the condensed interim consolidated financial information is not material.

### 25. Contingent liabilities

#### Taxation

Although the Company and its direct subsidiaries are incorporated in the Cayman Islands and the British Virgin Islands where they are exempt from tax, the Group's activities are primarily focused on Vietnam. In accordance with the prevailing tax regulations in Vietnam, if an entity was treated as having a permanent establishment, or as otherwise being engaged in a trade or business in Vietnam, income attributable to or effectively connected with such permanent establishment or trade or business may be subject to tax in Vietnam. As at the date of this report the following information cannot be determined:

- Whether the Company and/or its subsidiaries are considered as having permanent establishments in Vietnam; and
- The amount of tax that may be payable, if the income is subject to tax.

The implementation and enforcement of tax regulations in Vietnam can vary depending on numerous factors, including the identity of the tax authority involved. The administration of laws and regulations by government agencies may be subject to considerable discretion. The Directors believe that it is unlikely that the Group will be exposed to tax liabilities in Vietnam. If tax is imposed on income arising in Vietnam, it will not be applied retrospectively.

As at 31 December 2009, due to the uncertainties mentioned above, except for the tax provision mentioned in Note 22, no other corporate tax liabilities have been recognised in the interim financial information.

## 26. Commitments

As at 31 December 2009, the Group was committed under lease agreements to paying the following future amounts:

|                        | 31 December 2008<br>USD'000 | 30 June 2009<br>USD'000 |
|------------------------|-----------------------------|-------------------------|
| Within one year        | 955                         | 919                     |
| From two to five years | 3,397                       | 3,407                   |
| Over five years        | 12,776                      | 12,776                  |
|                        | <b>17,128</b>               | <b>17,102</b>           |

As at 31 December 2009, the Group was also committed under construction agreements to paying USD19.7 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 arrangements 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.

## 27. Related party transactions

During the period, VinaCapital Vietnam Opportunity Fund Limited, a related party under common management, acquired 8,492,839 ordinary shares in the Company for USD6.7 million, bringing the total number of shares held by this related party to 23,241,883 ordinary shares, representing a 4.65% holding in the Company.

## 28. Subsequent events after the reporting date

### ***Disposal of Golden Gain Vietnam***

Following the disposal of 10% of the share capital of Golden Gain Vietnam to a local buyer, the Group have entered into an Option Agreement and subject to the completion of specific conditions, a further stake of 75% of Golden Gain Vietnam will be transferred to the buyer. In March 2010, the Group received additional payments of USD17 million from the buyer, bringing total receipt of USD21.9 million at the reporting date and control of the 75% interest will pass to the buyer when the remaining sale conditions are met.