

**VINALAND LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

# VINALAND LIMITED AND ITS SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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## VINALAND LIMITED AND ITS SUBSIDIARIES

### REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“the Board”) submits its report together with the consolidated financial statements of VinaLand Limited (“the Company”) and its subsidiaries (together, “the Group”) for the year ended 30 June 2012.

#### The Group

VinaLand Limited is incorporated in the Cayman Islands as a company with limited liability. The registered office of the Company is PO Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.

VinaLand Limited and its subsidiaries herein are referred to as the Group.

#### Principal activities

The Group’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 to provide shareholders a potential capital growth, from investing in a diversified portfolio of mainly property investments.

The principal activities of the subsidiaries are property investment and hospitality management.

#### Results and dividend

The results of the Group for the year ended 30 June 2012 and the state of its affairs as at that date are set out in the consolidated financial statements on pages 6 to 68.

The Board of Directors does not recommend payment of a dividend for the year (the year ended 30 June 2011: Nil).

#### Share buy-back programme

During the year, the Company executed a share buy-back programme as detailed in Note 17 (the year ended 30 June 2011: Nil).

#### Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

<b>Name</b>	<b>Position</b>	<b>Date of appointment</b>	<b>Date of resignation</b>
Nicholas Brooke	Chairman	13 January 2006	-
Horst Geicke	Director	31 August 2005	-
Don Lam	Director	13 January 2006	11 November 2011
Robert Gordon	Director	16 February 2009	11 November 2011
Michael Arnold	Director	17 March 2009	-
Nicholas Allen	Director	29 June 2010	-
Charles Isaac	Director	11 November 2011	-
Michel Casselman	Director	11 November 2011	-
Stanley Chou	Director	11 November 2011	-

#### Auditor

The Group’s auditor is PricewaterhouseCoopers.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

#### Directors' interests in the Company

As at 30 June 2012, the interests of the Directors in the shares, underlying shares and debentures of the Company were as follows:

	No. of shares		Percentage of issued capital (direct and indirect holding)
	Direct	Indirect	
Horst Geicke	2,750,000	-	0.55%
Nicholas Brooke	150,000	-	0.03%
Nicholas Allen	95,627	-	0.02%
Michael Arnold	-	124,500	0.02%
Charles Isaac	119,000	-	0.02%
Michel Casselman	141,500	500,000	0.13%

#### Subsequent events after the reporting period

The details of significant subsequent events which impact on the financial position of the Group are set out in Note 40 to the accompanying consolidated financial statements.

#### Board of Directors' responsibility in respect of the consolidated financial statements

In preparing the consolidated financial statements, the Board of Directors is required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii. comply with the disclosure requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") or, if there have been any departures in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the consolidated financial statements;
- iii. maintain adequate accounting records and an effective system of internal control;
- iv. prepare the consolidated financial statements on a going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
- v. control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Group has complied with the above requirements in preparing the consolidated financial statements.

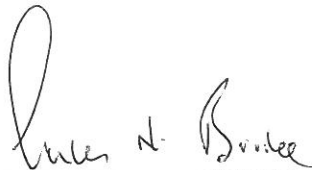
**VINALAND LIMITED AND ITS SUBSIDIARIES**

**REPORT OF THE BOARD OF DIRECTORS (CONTINUED)**

**Statement by the Board of Directors**

In the opinion of the Board of Directors, the accompanying consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereto, have been properly prepared and give fair presentation of the financial position of the Group as at 30 June 2012 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "Nicholas N. Brooke". The signature is written in a cursive style with a large initial 'N'.

Nicholas Brooke  
Chairman

Hong Kong  
5 November 2012

**Independent Auditor's Report**  
**To the Board of Directors of VinaLand Limited**  
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of VinaLand Limited ("the Company") and its subsidiaries (together, "the Group") set out on pages 6 to 68 which comprise the consolidated balance sheet as at 30 June 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Directors' Responsibility for the Consolidated Financial Statements*

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

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

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

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2012, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Other Matters*

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 5 November 2012

## VINALAND LIMITED AND ITS SUBSIDIARIES

### CONSOLIDATED BALANCE SHEET

	Note	30 June 2012 USD'000	30 June 2011 USD'000 Restated
<b>ASSETS</b>			
<b>Non-current</b>			
Investment properties	5	606,971	693,185
Property, plant and equipment	6	103,887	130,697
Goodwill		3,923	3,923
Intangible assets	7	11,843	12,653
Investments in associates	8	55,332	83,994
Prepayments for operating lease assets	9	2,944	4,687
Prepayments for acquisitions of investments	10	53,808	41,869
Other non-current financial assets		601	2,556
Deferred tax assets	11	13,021	16,301
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>852,330</b>	<b>989,865</b>
		<hr/>	<hr/>
<b>Current</b>			
Inventory	12	141,243	117,476
Trade and other receivables	13	67,697	104,553
Tax receivables		4,472	3,594
Receivables from related parties	38	1,450	2,800
Short-term investments		949	3,605
Financial assets at fair value through profit or loss		3,036	17,831
Cash and cash equivalents (excluding bank overdrafts)	14	40,076	49,017
		<hr/>	<hr/>
<b>Total current assets</b>		<b>258,923</b>	<b>298,876</b>
		<hr/>	<hr/>
Assets classified as held for sale	16	23,009	30,106
		<hr/>	<hr/>
<b>Total assets</b>		<b>1,134,262</b>	<b>1,318,847</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 68 are an integral part of these consolidated financial statements.



VINALAND LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	30 June 2012 USD'000	30 June 2011 USD'000 Restated
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to equity shareholders of the parent</b>			
Share capital	17	4,935	4,999
Additional paid-in capital	18	580,835	588,870
Equity reserve		3,991	-
Revaluation reserve	19	4,186	7,054
Translation reserve		(87,509)	(81,259)
Retained earnings		39,910	143,675
		<hr/>	<hr/>
		546,348	663,339
Non-controlling interests		180,088	220,565
		<hr/>	<hr/>
<b>Total equity</b>		<b>726,436</b>	<b>883,904</b>
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Borrowings and debts	20	95,153	105,541
Non-current trade and other payables	21	30,015	32,094
Long-term payable to related parties	38	44,882	71,545
Deferred tax liabilities	22	50,360	47,079
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>220,410</b>	<b>256,259</b>
<b>Current</b>			
Trade and other payables	23	119,784	121,058
Tax payables		2,662	4,245
Payables to related parties	38	36,744	41,021
Borrowings and debts	20	28,226	12,030
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>187,416</b>	<b>178,354</b>
Liabilities classified as held for sale	16	-	330
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>407,826</b>	<b>434,943</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>1,134,262</b>	<b>1,318,847</b>
		<hr/>	<hr/>
<b>Net assets per share attributable to equity shareholders of the parent (USD per share)</b>	34	<b>1.11</b>	<b>1.33</b>
		<hr/>	<hr/>

The notes on pages 13 to 68 are an integral part of these consolidated financial statements.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the parent							
	Share capital USD'000	Additional paid-in capital USD'000	Equity reserve USD'000	Revaluation reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Non- controlling interests USD'000	Total equity USD'000
<b>Balance at 1 July 2010 (Restated)</b>	4,999	588,870	-	3,483	(52,749)	128,092	211,536	<b>884,231</b>
Profit for the year (Restated)	-	-	-	-	-	14,743	25,747	<b>40,490</b>
Currency translation (Restated)	-	-	-	-	(28,510)	-	(17,434)	<b>(45,944)</b>
Revaluation gains on buildings (Note 19)	-	-	-	3,571	-	-	1,357	<b>4,928</b>
<b>Total comprehensive income/(loss)</b>	-	-	-	3,571	(28,510)	14,743	9,670	<b>(526)</b>
Capital contributions in subsidiaries	-	-	-	-	-	-	15,280	<b>15,280</b>
Acquisition of non-controlling interest	-	-	-	-	-	840	(2,048)	<b>(1,208)</b>
Decrease in non-controlling interest due to change in corporate structure	-	-	-	-	-	-	(2,775)	<b>(2,775)</b>
Dividend distributions to non-controlling interests	-	-	-	-	-	-	(128)	<b>(128)</b>
Reversal of non-controlling share premium capital in a subsidiary	-	-	-	-	-	-	(10,970)	<b>(10,970)</b>
<b>Balance at 30 June 2011 (Restated)</b>	<b>4,999</b>	<b>588,870</b>	<b>-</b>	<b>7,054</b>	<b>(81,259)</b>	<b>143,675</b>	<b>220,565</b>	<b>883,904</b>
<b>Balance at 1 July 2011 (Restated)</b>	<b>4,999</b>	<b>588,870</b>	<b>-</b>	<b>7,054</b>	<b>(81,259)</b>	<b>143,675</b>	<b>220,565</b>	<b>883,904</b>
Loss for the year	-	-	-	-	-	(98,889)	(50,585)	<b>(149,474)</b>
Currency translation	-	-	-	-	(6,250)	-	(3,858)	<b>(10,108)</b>
Revaluation losses on buildings (Note 19)	-	-	-	(2,868)	-	-	(1,135)	<b>(4,003)</b>
<b>Total comprehensive loss</b>	-	-	-	(2,868)	(6,250)	(98,889)	(55,578)	<b>(163,585)</b>
Repurchase and cancellation of shares (Note 17)	(64)	(8,035)	3,991	-	-	-	-	<b>(4,108)</b>
Capital contributions in subsidiaries	-	-	-	-	-	-	1,053	<b>1,053</b>
Decrease due to capital reduction	-	-	-	-	-	-	(2,509)	<b>(2,509)</b>
Transferred from shareholder loans	-	-	-	-	-	-	19,972	<b>19,972</b>
Dividend distributions to non-controlling interests	-	-	-	-	-	-	(150)	<b>(150)</b>
Reversal of non-controlling interests in subsidiaries	-	-	-	-	-	(4,876)	(3,265)	<b>(8,141)</b>
<b>Balance at 30 June 2012</b>	<b>4,935</b>	<b>580,835</b>	<b>3,991</b>	<b>4,186</b>	<b>(87,509)</b>	<b>39,910</b>	<b>180,088</b>	<b>726,436</b>

The notes on pages 13 to 68 are an integral part of these consolidated financial statements.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### CONSOLIDATED INCOME STATEMENT

	Note	Year ended	
		30 June 2012 USD'000	30 June 2011 USD'000 Restated
Revenue	24	69,770	56,551
Cost of sales	25	(52,243)	(46,822)
<b>Gross profit</b>		<b>17,527</b>	<b>9,729</b>
Net (loss)/gain on fair value adjustments of investment properties and revaluations of property, plant and equipment	26	(105,278)	92,482
Selling and administration expenses	27	(34,415)	(49,305)
Net changes in fair value of financial assets at fair value through profit or loss	28	(1,808)	(2,701)
Gain/(loss) on disposals of investments, net		4,877	(1,063)
Finance income	29	6,943	8,639
Finance expenses	30	(10,356)	(13,260)
Share of (loss)/profit of associates	8	(653)	1,841
Other income	31	2,193	16,597
Other expenses	32	(20,030)	(19,115)
<b>Net (loss)/profit before income tax from operations</b>		<b>(141,000)</b>	<b>43,844</b>
Income tax	33	(8,474)	(3,354)
<b>Net (loss)/profit from operations</b>		<b>(149,474)</b>	<b>40,490</b>
Attributable to equity shareholders of the parent		(98,889)	14,743
Attributable to non-controlling interests		(50,585)	25,747
<b>Net (loss)/profit for the year</b>		<b>(149,474)</b>	<b>40,490</b>
(Loss)/earnings per share			
- basic and diluted (USD per share)	34	(0.20)	0.03

The notes on pages 13 to 68 are an integral part of these consolidated financial statements.

**VINALAND LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Year ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>USD'000</b>	<b>USD'000</b>
		<b>Restated</b>
<b>Net (loss)/profit for the year</b>	<b>(149,474)</b>	<b>40,490</b>
<b>Other comprehensive income</b>		
Revaluation (reversal)/gain on buildings	19 (4,003)	4,928
Exchange differences on translating foreign operations	(10,108)	(45,944)
<b>Other comprehensive loss for the year</b>	<b>(14,111)</b>	<b>(41,016)</b>
<b>Total comprehensive loss for the year</b>	<b>(163,585)</b>	<b>(526)</b>
Attributable to equity shareholders of the parent	(108,007)	(10,196)
Attributable to non-controlling interests	(55,578)	9,670
	<b>(163,585)</b>	<b>(526)</b>

The notes on pages 13 to 68 are an integral part of these consolidated financial statements.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended	
		30 June 2012 USD'000	30 June 2011 USD'000 Restated
<b>Operating activities</b>			
(Loss)/profit before tax		(141,000)	43,844
Adjustments for:			
Depreciation and amortisation		4,747	4,499
Net changes in fair value of financial assets at fair value through profit or loss		1,808	2,701
Losses/(gains) on fair value adjustments of investment properties and revaluations of property, plant and equipment	26	105,278	(92,482)
Net losses on disposals of fixed assets and written-off account balances		847	4,665
(Gain)/loss on disposals of investments, net		(4,877)	1,012
Impairment of assets	32	18,740	14,852
Gain on bargain purchase	31	-	(6,255)
Share of associates' losses/(gains)	8	653	(1,841)
Unrealised foreign exchange gains	30	1,495	2,452
Interest expense	30	8,377	8,223
Interest income	29	(6,701)	(7,880)
<b>Net loss before changes in working capital</b>		<b>(10,633)</b>	<b>(26,210)</b>
Change in trade receivables and other current assets		13,680	(9,941)
Change in inventories		(14,213)	(3,317)
Change in trade payables and other current liabilities		2,311	(39,111)
Income tax paid		(1,996)	(874)
<b>Net cash outflow to operating activities</b>		<b>(10,851)</b>	<b>(79,453)</b>
<b>Investing activities</b>			
Interest received		7,324	8,098
Purchases of investment properties, property, plant and equipment, and other non-current assets		(44,041)	(92,846)
Proceeds from disposals of investments		28,490	74,739
Proceeds from disposals of held-for-sale assets/liabilities and financial assets held at fair value through profit or loss		16,693	25,828
Investments in associates		-	(22,835)
Net proceeds from short-term investments		2,656	11,611
<b>Net cash inflow from investing activities</b>		<b>11,122</b>	<b>4,595</b>

The notes on pages 13 to 68 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended	
		30 June 2012 USD'000	30 June 2011 USD'000 Restated
<b>Financing activities</b>			
Additional capital contributions from non-controlling interests		1,053	15,280
Ordinary shares acquired by the Company	17	(4,126)	-
Acquisitions of non-controlling interests in subsidiary, net of cash		-	(1,200)
Loan proceeds from banks		18,699	49,939
Loan repayments to banks		(11,516)	(22,864)
Loan proceeds from shareholders		1,360	7,689
Loan repayments to shareholders		(1,616)	-
Dividends paid to non-controlling interests		(150)	(128)
Interest paid		(8,835)	(7,822)
Capital refunded to minority shareholders		(2,509)	-
Loan proceeds from non-controlling interests		27	1,403
Loan repayments to non-controlling interests		(1,403)	-
<b>Net cash (outflow)/inflow to/from financing activities</b>		<b>(9,016)</b>	<b>42,297</b>
<b>Net changes in cash and cash equivalents for the year</b>		<b>(8,745)</b>	<b>(32,561)</b>
Cash and cash equivalents at the beginning of the year		49,017	79,979
Exchange differences on cash and cash equivalents		(196)	1,599
<b>Cash and cash equivalents at the end of the year</b>	14	<b>40,076</b>	<b>49,017</b>

The notes on pages 13 to 68 are an integral part of these consolidated financial statements.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED 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 Company does not have a fixed life but the Board considers it desirable that shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, on 9 October 2012 the Board resolved that it will convene an Extraordinary General Meeting (“EGM”) of the Company on 21 November 2012 to determine whether the Company should be continued and/or reorganised. The Board recognises that a change to the Company’s current organisation is desirable and therefore the Board is putting forward proposals at the EGM to restructure the Company including changes to the Company’s investment strategy, distribution policy, investment manager remuneration structure and corporate governance. Further details of these proposals are contained in Note 40.

The consolidated financial statements for the year ended 30 June 2012 were approved for issue by the Company’s Board of Directors on 5 November 2012.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1 Basis of preparation

The consolidated financial statements of the Group for the year ended 30 June 2012 comprise the Company and its subsidiaries (together the “Group”) and the Group’s interests in associates.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared using the historical cost convention, as modified by the revaluation of investment properties, property, plant and equipment, financial assets and financial liabilities at fair value through profit or loss, the measurement bases of which are described in the accounting policies below. The consolidated financial statements have been prepared on a going concern basis subject to further shareholders’ decision on business development as set out in Note 40.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

##### 2.2 Changes in accounting policy and disclosures

###### (a) *New and amended standards adopted by the Group*

There are no new IFRSs or International Financial Reporting Interpretations Committee (“IFRIC”) interpretations that are effective for the first time for the financial year ended 30 June 2012 that would be expected to have a material impact on the Group.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.2 Changes in accounting policy and disclosures (continued)

(b) *New standards, amendments and interpretations issued but not yet effective and not early adopted*

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

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

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period ending 30 June 2016. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 10, "Consolidated financial statements", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period ending 30 June 2014.

IFRS 12, "Disclosures of interests in other entities", includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period ending 30 June 2014.

IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period ending 30 June 2013.



## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.2 Changes in accounting policy and disclosures (continued)

- (b) *New standards, amendments and interpretations issued but not yet effective and not early adopted (continued)*

Amendments to IAS 1, "Presentation of Financial Statements", require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The amendments are effective for annual periods beginning on or after 1 July 2012. The Board expects adoption will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

##### 2.3 Consolidation

- (a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders gives the Group the power to govern the financial and operating policies of the subsidiaries.

The majority of the Group's subsidiaries have a reporting date of 30 June. For those subsidiaries with a different reporting date, the Group consolidates management information prepared for the year to 30 June. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.3 Consolidation (continued)

###### (a) *Subsidiaries (continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Gain on bargain purchase is immediately allocated to the consolidated income statement as at the acquisition date.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

###### (b) *Changes in ownership interests in subsidiaries without change of control*

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

###### (c) *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

###### (d) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.3 Consolidation (continued)

(d) *Associates (continued)*

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss of an associate is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as 'share of profit/(loss) of associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

##### 2.4 Foreign currency translation

(a) *Functional and presentation currency*

The Group's consolidated financial statements are presented in United States Dollars ("USD") ("the presentation currency"). The financial statements of each consolidated entity are initially prepared in the currency of the primary economic environment in which the entity operates ("the functional currency"), which for most of the Group's investments is Vietnam Dong ("VND"). The financial statements prepared using VND are then translated into the presentation currency of USD. USD is used as the presentation currency because it is the primary basis for the measurement of the performance of the Group (specifically changes in the net asset value of the Group) and a large proportion of significant transactions of the Group are denominated in USD.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.4 Foreign currency translation (continued)

(b) *Transactions and balances (continued)*

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

##### 2.5 Investment property

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

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

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.5 Investment property (continued)

Investment properties are stated at fair value. At the end of each quarter of the financial year, the fair values of a selection of investment properties are assessed by the Board such that the fair values of all investment properties are assessed at least once each financial year. At the date of assessment, two independent valuation companies with appropriately recognised professional qualifications and relevant experience in the location and category being valued undertake a valuation of each property selected. The fair value is estimated by the independent valuation companies assuming there is an agreement between a willing buyer and a willing seller in an arm's length transaction after proper marketing; wherein the parties have each acted knowledgeably, prudently and without compulsion. The valuations by the independent valuation companies are prepared based upon direct comparison with sales of other similar properties in the area and the expected future discounted cash flows of a property using a yield that reflects the risks inherent therein. The estimated fair values provided by the independent valuation companies are used by the Valuation Committee as the primary basis for estimating each property's fair value. In addition to the reports of the independent valuation companies the valuation committee considers information from other sources, including those sources referred to in Note 3, before recommending each property's estimated fair value to the Board for approval. Discount rates from 13% to 22% are considered appropriate for properties in different locations.

In addition to the annual revaluation cycle, at the end of each quarter the Investment Manager reviews the entire portfolio to determine if there are any material changes to investment properties or other indicators that might mean that the value of an investment property has materially changed. Subject to the results of this review a more detailed assessment of those properties may be performed. If there is an indication that an investment property's value has increased then the investment property will be included in the independent valuation program. If there is an indication that an investment property's value has declined then an assessment will be made in respect to quantifying the fall in value. This involves either obtaining an independent valuation of the investment property or determining the change in value of each property based on internal assessment. Based upon the analysis performed by the Investment Manager or the independent valuation report, the Valuation Committee determines whether any valuation adjustments should be recommended to the Board for approval.

Any gain or loss arising from a change in fair value of investment properties is recognised in the consolidated income statement. Rental income from investment property is accounted for as described in the Note 2.26.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previous recognised revaluation surplus, with any remaining decrease charged to profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.5 Investment property (continued)

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

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

##### 2.6 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates, and joint ventures and represents the excess of the cost of acquisition of subsidiary companies and associates over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

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

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

##### 2.7 Leases

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the leases' commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, unless they are treated as investment properties as described in Note 2.5. Where the Group has the use of an asset held under an operating lease, payments made under the lease are charged to the consolidated income statement on a straight line basis over the term of the lease. Prepayments for operating leases represent properties held under operating leases where a portion, or all, of the lease payments have been paid in advance, and the properties cannot be classified as investment properties.

##### 2.8 Property, plant and equipment

All property, plant and equipment, except buildings and leasehold land improvements, are stated at cost less accumulated depreciation and impairment losses as set out in Note 2.14. The cost of self-constructed assets includes the cost of materials, direct labour, overheads and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.8 Property, plant and equipment (continued)

Buildings and leasehold land improvements including hotels and golf courses are revalued to fair value in accordance with the methods as set out in Note 2.5. Any surplus arising on the revaluation is recognised in a revaluation reserve within equity, except to the extent that the surplus reverses a previous revaluation deficit on the building charged to the consolidated income statement, in which case a credit to that extent is recognised in the consolidated income statement. Any deficit on revaluation is charged in the consolidated income statement except to the extent that it reverses a previous revaluation surplus on a building, in which case it is taken directly to the revaluation reserve. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

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

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying values of any parts replaced as a result of such replacements are expensed at the time of replacement. All other costs associated with the maintenance of property, plant and equipment are recognised in the consolidated income statement as incurred. Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of property, plant and equipment, and major components that are accounted for separately. The estimated useful lives are as follows:

Buildings, hotels and golf courses	33 to 50 years
Machinery, plant and equipment	4 to 20 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	5 to 10 years

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

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

##### 2.9 Intangible assets

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

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

Gaming licences	13 to 22 years
Software	5 years

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.10 Non-current assets (or disposal groups) and liabilities held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable at the reporting date. They are presented separately in the consolidated balance sheet. They are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair values less costs to sell. Assets held for sale are not subject to depreciation or amortisation subsequent to their classification as held for sale.

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

##### 2.11 Financial assets

###### (a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

###### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or designated by management to be carried at fair value through profit or loss at inception. Financial assets at fair value through profit or loss held by the Group include unlisted equity securities. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

###### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated balance sheet.

###### (b) *Recognition and measurement*

Purchases or sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.



## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.11 Financial assets (continued)

###### (b) *Recognition and measurement (continued)*

Net changes in fair value of financial assets at fair value through profit or loss includes net unrealised gains in fair value of financial assets and net gains from realisation of financial assets during the year.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'net changes in fair value of financial assets at fair value through profit or loss' in the period in which they arise.

##### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### 2.13 Prepayments for acquisitions of investments

These represent prepayments made by the Group to vendors for land compensation and other related costs including professional fees directly attributed to an investment property, 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 vendors completing certain performance conditions. Such prepayments are measured initially at cost until such time as the approval is obtained or conditions are met at which point they are transferred to the appropriate investment accounts.

##### 2.14 Impairment of assets

The Group's goodwill, operating lease prepayments, property, plant and equipment (except for buildings and leasehold land improvements), intangible assets, trade and other receivables, prepayments for acquisitions of investments, and interests in associates are subject to impairment testing.

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

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

An impairment loss is recognised as an expense immediately for the amount by which an asset's carrying amount exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease, but only to the extent of the revaluation surplus for that same asset according to that policy. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.15 Inventories

The Group's inventories arise where there is a change in use of investment properties evidenced by the commencement of development with a view to sale, and the properties are reclassified as inventories at their deemed cost, which is the fair value at the date of reclassification. They are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

##### 2.16 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### 2.17 Cash and cash equivalents

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

##### 2.18 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuance of the share capital. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### 2.19 Ordinary shares acquired by the Company

Shares which are repurchased by the Company are cancelled and whilst the amount of the authorised share capital is not affected, the issued share capital is reduced accordingly.

If the cost of purchasing ordinary shares is less than the net asset value attributable to the shares acquired, the difference is transferred to the Company's equity reserve. If the cost of purchasing ordinary shares is greater than the net asset value of the shares, i) the amount of any equity reserve, additional paid-in capital account or fully paid share capital of the Company, and ii) any amount representing unrealised profits of the Company for the time being standing to the credit of any revaluation reserve maintained by the Company may be reduced by a sum not exceeding the amount by which the repurchase payment exceeds the net asset value of the shares.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.20 Revaluation reserve

The revaluation reserve arises from the revaluation of buildings and leasehold land improvements including hotels and golf courses. The revaluation policy is consistent with the fair value policy as described in Note 3. Any increase in the carrying amount arising on revaluation is recognised in profit or loss to the extent that it reverses a provision impairment loss, with any remaining increase recognised in other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against revaluation reserve directly in equity; all remaining decreases are charged to the profit or loss.

##### 2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

##### 2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

##### 2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### 2.24 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax assets and/or liabilities comprise claims from or obligations to fiscal authorities relating to the current or prior reporting periods that are not yet settled at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.24 Current and deferred income tax (continued)

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income.

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

##### 2.25 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

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

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) *Sale of goods and revenues from hotel operations and other related services*

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

(b) *Sales of real estate*

Deposits received from buyers to reserve rights to buy houses are recognised as a liability on the consolidated balance sheet. These amounts are recorded as unearned revenue when the house's foundation is completed and a sales and purchase agreement is signed with the buyer. Unearned revenue is recorded as revenue when the construction is completed and the house is handed over to the buyer.

Revenue on sales of apartments is recognised when the Company has transferred to the buyer the usual risks and rewards of the ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property.

(c) *Rental income*

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

(d) *Interest income*

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(e) *Dividend income*

Dividend income, other than those from investments in associates, is recognised when the right to receive payment is established.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.27 Related parties

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

Enterprises and individuals that directly, or indirectly through one or more immediately, control, or are controlled by, or under common control with, the Company, including holding Company, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owing directly, or indirectly, an interest in the voting power of the Company that give them significant influence over the Company, key management personnel, including directors and officers of the Company and the close members of the family. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

##### 2.28 Earnings per share and net asset value per share

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding during the year to assume conversion of all dilutive potential ordinary shares.

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

##### 2.29 Segment reporting

An operating segment is a component of the Group:

- that engages in investment activities from which it may earn revenues and incur expenses;
- whose operating results are based on internal management reporting information that is regularly reviewed by the Investment Manager to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

##### 2.30 Restatements

###### 2.30.1 Foreign exchange differences on fair value adjustments of investment properties and revaluations of property, plant and equipment (Refer to Adjustment 1)

Prior to 30 June 2011, revaluation adjustments of investment properties and property, plant and equipment held by Vietnamese subsidiaries were recorded by adjusting their USD values translated from VND. These adjustments should have been recorded by adjusting the VND values of such assets before they were translated into USD. The impact of this treatment combined with the devaluation of the VND against USD has been to understate the Group's profit or loss and overstate its other comprehensive income. As a result, the Group's retained earnings and translation reserve as at 30 June 2011 were understated and overstated, respectively, although this has no impact on the Group's total net assets (including the allocations to non-controlling interests) and total comprehensive income as previously reported.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 2.30 Restatements (continued)

##### 2.30.2 Adjustment of land costs (Refer to Adjustment 2)

In 2007, the Group established a joint venture with a Vietnamese state-owned enterprise. Under the terms of the joint venture agreement, the subsidiary which was set up as the legal entity of the joint venture was required to pay to the Vietnamese joint venture partner any additional costs associated with procuring the land. The finalisation of the land costs was not completed until August 2011 when an annex to the joint venture agreement was signed which required the subsidiary to pay USD25.7 million of additional land costs. Having reviewed the original agreement and subsequent documentation and approvals, management has determined that the future land costs could be estimated and therefore recorded prior to 30 June 2010. As a consequence, as at 30 June 2010 and 30 June 2011, the Group's retained earnings, non-controlling interests and deferred tax liabilities were overstated and non-current trade and other payables were understated. The overstatement of this item on net assets attributable to equity shareholders of the Company was USD8.95 million for both years.

The impact of the restatements on the selected line items of the consolidated financial statements is presented below:

Selected data extracted from the consolidated balance sheet and/or consolidated statement of changes in equity:

	As previously reported	Adjustment (1)	Adjustment (2)	Restated
	USD'000	USD'000	US\$'000	USD'000
<b>As at 1 July 2010</b>				
Translation reserve	(29,733)	(23,016)	-	(52,749)
Retained earnings	114,025	23,016	(8,949)	128,092
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets attributable to equity shareholders of the parent</b>	<b>681,644</b>	<b>-</b>	<b>(8,949)</b>	<b>672,695</b>
Non-controlling interests	224,269	-	(12,733)	211,536
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total equity</b>	<b>905,913</b>	<b>-</b>	<b>(21,682)</b>	<b>884,231</b>
<b>LIABILITIES</b>				
<b>Non-current</b>				
Non-current trade and other payables	879	-	25,659	26,538
Deferred tax liabilities	50,823	-	(3,977)	46,846
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets per share attributable to equity shareholders of the parent (USD per share)	1.36	-	(0.01)	1.35
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VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Restatement (continued)

	As previously reported	Adjustment (1)	Adjustment (2)	Restated
	USD'000	USD'000	USD'000	USD'000
<b>As at 30 June 2011</b>				
Translation reserve	(40,897)	(40,362)	-	(81,259)
Retained earnings	112,262	40,362	(8,949)	143,675
<b>Net assets attributable to equity shareholders of the parent</b>	<b>672,288</b>	<b>-</b>	<b>(8,949)</b>	<b>663,339</b>
Non-controlling interests	233,298	-	(12,733)	220,565
<b>Total equity</b>	<b>905,586</b>	<b>-</b>	<b>(21,682)</b>	<b>883,904</b>
<b>LIABILITIES</b>				
<b>Non-current</b>				
Non-current trade and other payables	6,435	-	25,659	32,094
Deferred tax liabilities	51,056	-	(3,977)	47,079
Net assets per share attributable to equity shareholders of the parent (USD per share)	1.34	-	(0.01)	1.33

Selected data extracted from the consolidated income statement:

	Year ended 30 June 2011			
	As previously reported	Adjustment (1)	Adjustment (2)	Restated
	USD'000	USD'000	USD'000	USD'000
Net gain on fair value adjustments of investment properties and revaluations of property, plant and equipment	67,499	24,983	-	92,482
<b>Net profit before income tax from operations</b>	<b>18,861</b>	<b>24,983</b>	<b>-</b>	<b>43,844</b>
<b>Net profit from operations</b>	<b>15,507</b>	<b>24,983</b>	<b>-</b>	<b>40,490</b>
Attributable to equity shareholders of the parent	(2,603)	17,346	-	14,743
Attributable to non-controlling interests	18,110	7,637	-	25,747
<b>Net profit for the year</b>	<b>15,507</b>	<b>24,983</b>	<b>-</b>	<b>40,490</b>
(Loss)/earnings per share				
- basic and diluted (USD per share)	(0.005)	0.035	-	0.030



VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Restatement (continued)

Year ended 30 June 2011

	As previously reported USD'000	Adjustment (1) USD'000	Adjustment (2) USD'000	Restated USD'000
<b>Net profit for the year</b>	15,507	24,983	-	40,490
<b>Other comprehensive income</b>			-	
Revaluation gain on buildings	4,928	-	-	4,928
Exchange differences on translating foreign operations	(20,961)	(24,983)	-	(45,944)
<b>Other comprehensive loss for the year</b>	<b>(16,033)</b>	<b>(24,983)</b>	-	<b>(41,016)</b>
<b>Total comprehensive loss for the year</b>	<b>(526)</b>	-	-	<b>(526)</b>
Attributable to equity shareholders of the parent	(10,196)	-	-	(10,196)
Attributable to non-controlling interests	<b>9,670</b>	-	-	<b>9,670</b>
	<b>(526)</b>	-	-	<b>(526)</b>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

##### 3.1 Fair value of investment properties, buildings and leasehold land improvements

The investment properties, buildings and leasehold land improvements of the Group are stated at fair value in accordance with accounting policies 2.5 and 2.8. The fair values of investment properties, buildings and leasehold land improvements are based on valuations by independent professional valuers including CB Richard Ellis, Savills, Jones Lang LaSalle, Colliers and HVS. These valuations are based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. The estimated fair values provided by the independent professional valuers are used by the Valuation Committee as the primary basis for estimating each property's fair value for recommendation to the Board.

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 dates of those transactions;
- (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.

##### 3.2 Impairment

###### (a) Trade and other receivables

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

###### (b) Other assets

The Group's prepayments for acquisitions of investments, other assets and interests in associates are subject to impairment testing in accordance with Note 2.14.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### 3.3 Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated balance sheet at their fair values. In measuring fair values management uses estimates about future cash flows and discount rates or independent valuation for investment properties and property, plant and equipment.

##### 3.4 Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analysed in Notes 6 and 7.

#### 4 SEGMENT ANALYSIS

In identifying its operating segments, management generally follows the Group's sectors of investment which are based on internal management reporting information for the Investment Manager's management, monitoring of investments and decision making. The operating segments by investment portfolio include commercial, residential, office buildings and undetermined use, hospitality, mixed-use segments and cash and short-term investments.

The activities undertaken by the commercial segment include the development and operation of investment properties. Apartments and villas properties which are developed for sale, land, office buildings and properties held for undetermined future use are included in the residential, office building and undetermined use properties segment. The hospitality segment includes the development and operation of hotels and related services. Strategic decisions are made on the basis of segment operating results.

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

There is no measure of segment liabilities regularly reported to the Investment Manager; therefore, liabilities are not disclosed in the sector analyses.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4 SEGMENT ANALYSIS (CONTINUED)

Segment information can be analysed as follows for the reporting years:

##### (a) Consolidated income statement

	Year ended 30 June 2012				
	Commercial USD'000	Residential, office building and undetermined use USD'000	Hospitality USD'000	Mixed use USD'000	Total USD'000
Revenue	-	40,261	29,509	-	<b>69,770</b>
Net gain from disposals of investments	-	2,455	537	1,885	<b>4,877</b>
Other income	-	760	437	996	<b>2,193</b>
Finance income	40	4,424	1,029	1,450	<b>6,943</b>
Net loss on fair value adjustments of investment properties and revaluations of property, plant and equipment	(3,087)	(84,796)	(23,483)	6,088	<b>(105,278)</b>
Net changes in fair value of financial assets at fair value through profit or loss	-	(1,581)	(227)	-	<b>(1,808)</b>
Share of profits/(losses) of associates	49	(1,124)	422	-	<b>(653)</b>
<b>Total</b>	(2,998)	(39,601)	8,224	10,419	<b>(23,956)</b>
Cost of sales	-	(36,899)	(15,344)	-	<b>(52,243)</b>
Loss before unallocated expenses	(2,998)	(76,500)	(7,120)	10,419	<b>(76,199)</b>
Selling and administration expenses					<b>(34,415)</b>
Other expenses					<b>(20,030)</b>
Finance expenses					<b>(10,356)</b>
<b>Loss before tax</b>					<b>(141,000)</b>
Income tax					<b>(8,474)</b>
<b>Net loss for the year</b>					<b>(149,474)</b>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 SEGMENT ANALYSIS (CONTINUED)

(a) Consolidated income statement (continued)

	Year ended 30 June 2011 (Restated)				
	Commercial	Residential, office building and undetermined use	Hospitality	Mixed use	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
	Restated	Restated	Restated	Restated	Restated
Revenue	-	32,278	24,273	-	56,551
Net gain/(loss) from disposal of investments	7	(1,559)	278	211	(1,063)
Other income	-	8,730	7,866	1	16,597
Finance income	51	6,023	2,033	532	8,639
Net gain/(loss) on fair value adjustments of investment properties and revaluations of property, plant and equipment	466	88,525	(12,073)	15,564	92,482
Net changes in fair value of financial assets at fair value through profit or loss	-	(2,024)	(677)	-	(2,701)
Share of profits/(losses) of associates	(12)	3,338	(1,454)	(31)	1,841
<b>Total</b>	512	135,311	20,246	16,277	172,346
Cost of sales	-	(34,048)	(12,774)	-	(46,822)
Profit before unallocated expenses	512	101,263	7,472	16,277	125,524
Selling and administration expenses					(49,305)
Other expenses					(19,115)
Finance expenses					(13,260)
<b>Profit before tax</b>					43,844
Income tax					(3,354)
<b>Net profit for the year</b>					40,490

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 SEGMENT ANALYSIS (CONTINUED)

(b) Consolidated balance sheet

	As at 30 June 2012					
	Commercial	Residential, office buildings and undetermined use	Hospitality	Mixed use	Cash and short-term investments	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Investment properties	5,100	413,624	-	188,247	-	606,971
Property, plant and equipment	-	13,068	90,737	82	-	103,887
Goodwill and intangible assets	-	7,955	7,808	3	-	15,766
Investments in associates	18,577	30,747	6,008	-	-	55,332
Prepayments for acquisitions of investments	-	30,683	15,125	8,000	-	53,808
Inventories	-	105,706	608	34,929	-	141,243
Cash and cash equivalents	-	-	-	-	40,076	40,076
Trade, tax and other receivables	42	54,719	3,534	13,874	-	72,169
Financial assets at fair value through profit or loss	-	2,287	-	749	-	3,036
Short-term investments	-	-	-	-	949	949
Assets classified as held for sale	-	10,827	-	12,182	-	23,009
Other assets	131	13,613	4,013	259	-	18,016
<b>Total assets</b>	<b>23,850</b>	<b>683,229</b>	<b>127,833</b>	<b>258,325</b>	<b>41,025</b>	<b>1,134,262</b>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 SEGMENT ANALYSIS (CONTINUED)

(b) Consolidated balance sheet (continued)

	As at 30 June 2011					
	Commercial	Residential, office buildings and undetermined use	Hospitality	Mixed use	Cash and short-term investments	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Investment properties	7,758	494,637	-	190,790	-	693,185
Property, plant and equipment	-	27,838	102,769	90	-	130,697
Goodwill and intangible assets	-	4,002	12,571	3	-	16,576
Cash and cash equivalents	-	-	-	-	49,017	49,017
Inventories	-	100,095	978	16,403	-	117,476
Trade, tax and other receivables	45	89,317	15,695	3,090	-	108,147
Investments in associates	18,529	32,901	32,564	-	-	83,994
Prepayments for acquisitions of investments	-	29,821	1,860	10,188	-	41,869
Financial assets at fair value through profit or loss	-	16,855	976	-	-	17,831
Short-term investments	-	-	-	-	3,605	3,605
Assets classified as held for sale	-	12,790	-	17,316	-	30,106
Other assets	352	12,282	5,083	8,627	-	26,344
<b>Total assets</b>	<b>26,684</b>	<b>820,538</b>	<b>172,496</b>	<b>246,507</b>	<b>52,622</b>	<b>1,318,847</b>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5 INVESTMENT PROPERTIES

	30 June 2012 USD'000	30 June 2011 USD'000 Restated
Opening balance	693,185	620,650
Additions during the year	13,144	46,527
Transfers from property, plant and equipment (Note 6)	689	30,694
Net (loss)/gain from fair value adjustments (Note 26)	(81,795)	104,555
Disposals of investment properties	-	(13,041)
Transfers from prepayments for operating lease assets (Note 9)	1,568	-
Transfers to inventory (Note 12)	(10,687)	(25,211)
Transfers to property, plant and equipment (Note 6)	-	(9,879)
Transfers to non-current assets classified as held for sale	-	(12,755)
Translation differences	(9,133)	(48,355)
	<hr/>	<hr/>
Closing balance	<b>606,971</b>	<b>693,185</b>
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The Group's investment properties were revalued during the year by independent professional qualified valuers who hold a recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties valued.

Bank borrowings are secured by investment properties with a fair value of USD133.4 million (30 June 2011: USD131.2 million).

At 30 June 2012, land use rights certificates have not been fully issued for certain portions of the Group's investment properties as final issuance is subject to the completion of a number of administration steps required by local authorities and/or the settlement of any outstanding land taxes. In management's view, the lack of land use rights certificates does not have any material impact on the existence and valuation of the investment properties as land use rights over the land area for each project have been specifically granted under each investment licence.



VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings, hotels and golf courses USD'000	Machinery, plant and equipment USD'000	Furniture, fixtures and office equipment USD'000	Motor vehicles USD'000	Construction in progress USD'000	Total USD'000
<b>Gross carrying amount</b>						
At 1 July 2011	147,195	25,541	2,634	2,101	39,676	217,147
Additions	7,965	214	78	154	-	8,411
Transfers from construction in progress	1,424	(19)	787	-	(2,192)	-
Transfers to inventories (Note 12)	(853)	-	-	-	-	(853)
Transfers to investment properties (Note 5)	(689)	-	-	-	-	(689)
Disposals and write-offs	(13)	(127)	(22)	(213)	-	(375)
Translation differences	(2,054)	(56)	(11)	(21)	(132)	(2,274)
At 30 June 2012	152,975	25,553	3,466	2,021	37,352	221,367
<b>Depreciation and revaluations</b>						
At 1 July 2011	(48,744)	(10,835)	(1,182)	(644)	(25,045)	(86,450)
Charge for the year	(449)	(2,488)	(663)	(245)	-	(3,845)
Reclassifications	-	14	(14)	-	-	-
Disposals and write-offs	13	110	15	91	-	229
Revaluation losses	(27,486)	-	-	-	-	(27,486)
Translation differences	53	8	6	5	-	72
At 30 June 2012	(76,613)	(13,191)	(1,838)	(793)	(25,045)	(117,480)
<b>Carrying value</b>						
At 1 July 2011	98,451	14,706	1,452	1,457	14,631	130,697
At 30 June 2012	76,362	12,362	1,628	1,228	12,307	103,887

Buildings which belong to East Ocean Real Estate and Tourism Joint Stock Company with a total carrying value of USD34.0 million as at 30 June 2012 (30 June 2011: USD36.2 million) are pledged as security for bank borrowings as disclosed in Note 20.

Buildings, equipment and construction in progress which belong to Roxy Vietnam Co. Ltd. with a total carrying value of USD16.7 million as at 30 June 2012 (30 June 2011: USD18.5 million) are pledged as security for bank borrowings disclosed in Note 20.

There were no impairment charges during the financial years ended 30 June 2012 and 30 June 2011; however, total revaluation losses that impacted profit or loss amounted to USD23.5 million (30 June 2011: USD12.1 million).

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the comparative year:

	Buildings, hotels and golf courses USD'000	Machinery, plant and equipment USD'000	Furniture, fixtures and office equipment USD'000	Motor vehicles USD'000	Construction in progress USD'000	Total USD'000
<b>Gross carrying amount</b>						
At 1 July 2010	104,278	23,990	2,390	1,672	44,826	177,156
Additions	7,258	1,488	678	913	8,407	18,744
Transfers from construction in progress	12,952	984	(379)	-	(13,557)	-
Transferred from investment properties (Note 5)	9,879	-	-	-	-	9,879
Transfers from prepayments for operating lease assets (Note 9)	34,532	-	-	-	-	34,532
Transfers to investment properties (Note 5)	(30,694)	-	-	-	-	(30,694)
Disposals and written-off	-	(850)	(27)	(411)	-	(1,288)
Revaluation gains	9,030	-	-	-	-	9,030
Translation differences	(3,131)	(71)	(28)	(73)	-	(3,303)
	<u>144,104</u>	<u>25,541</u>	<u>2,634</u>	<u>2,101</u>	<u>39,676</u>	<u>214,056</u>
	<u>144,104</u>	<u>25,541</u>	<u>2,634</u>	<u>2,101</u>	<u>39,676</u>	<u>214,056</u>
<b>Depreciation and revaluations</b>						
At 1 July 2010	(30,984)	(8,428)	(706)	(424)	(25,045)	(65,587)
Charge for the year	(38)	(2,407)	(478)	(240)	-	(3,163)
Disposals and written-off	-	-	2	12	-	14
Revaluation losses	(16,175)	-	-	-	-	(16,175)
Translation differences	1,544	-	-	8	-	1,552
	<u>(45,653)</u>	<u>(10,835)</u>	<u>(1,182)</u>	<u>(644)</u>	<u>(25,045)</u>	<u>(83,359)</u>
	<u>(45,653)</u>	<u>(10,835)</u>	<u>(1,182)</u>	<u>(644)</u>	<u>(25,045)</u>	<u>(83,359)</u>
<b>Carrying value</b>						
At 1 July 2010	73,294	15,562	1,684	1,248	19,781	111,569
	<u>73,294</u>	<u>15,562</u>	<u>1,684</u>	<u>1,248</u>	<u>19,781</u>	<u>111,569</u>
At 30 June 2011	98,451	14,706	1,452	1,457	14,631	130,697
	<u>98,451</u>	<u>14,706</u>	<u>1,452</u>	<u>1,457</u>	<u>14,631</u>	<u>130,697</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 INTANGIBLE ASSETS

	Gaming licences USD'000	Software USD'000	Total USD'000
<b>Gross carrying amount</b>			
At 1 July 2011	14,450	651	15,101
Additions	-	97	97
Translation differences	-	(6)	(6)
	<u>14,450</u>	<u>742</u>	<u>15,192</u>
At 30 June 2012	14,450	742	15,192
	<u>14,450</u>	<u>742</u>	<u>15,192</u>
<b>Amortisation</b>			
At 1 July 2011	(2,190)	(258)	(2,448)
Charge for the year	(741)	(161)	(902)
Translation differences	-	1	1
	<u>(2,190)</u>	<u>(258)</u>	<u>(2,448)</u>
At 30 June 2012	(2,931)	(418)	(3,349)
	<u>(2,931)</u>	<u>(418)</u>	<u>(3,349)</u>
<b>Carrying value</b>			
At 1 July 2011	12,260	393	12,653
	<u>12,260</u>	<u>393</u>	<u>12,653</u>
At 30 June 2012	11,519	324	11,843
	<u>11,519</u>	<u>324</u>	<u>11,843</u>

For the comparative year:

	Gaming licences USD'000	Software USD'000	Total USD'000
<b>Gross carrying amount</b>			
At 1 July 2010	14,450	500	14,950
Additions	-	255	255
Translation differences	-	(104)	(104)
	<u>14,450</u>	<u>651</u>	<u>15,101</u>
At 30 June 2011	14,450	651	15,101
	<u>14,450</u>	<u>651</u>	<u>15,101</u>
<b>Amortisation</b>			
At 1 July 2010	(1,449)	(101)	(1,550)
Charge for the year	(741)	(171)	(912)
Translation differences	-	14	14
	<u>(1,449)</u>	<u>(101)</u>	<u>(1,550)</u>
At 30 June 2011	(2,190)	(258)	(2,448)
	<u>(2,190)</u>	<u>(258)</u>	<u>(2,448)</u>
<b>Carrying value</b>			
At 1 July 2010	13,001	399	13,400
	<u>13,001</u>	<u>399</u>	<u>13,400</u>
At 30 June 2011	12,260	393	12,653
	<u>12,260</u>	<u>393</u>	<u>12,653</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8 INVESTMENTS IN ASSOCIATES

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	83,994	71,789
Additions during the year	-	29,090
Transfers from prepayments for acquisitions of investments (Note 10)	-	1,345
Disposals	(26,862)	(1,200)
Investment costs written off	-	(3,216)
Reclassification to assets held for sale	(1,147)	(15,655)
Share of (losses)/profits of associates	(653)	1,841
	<u>55,332</u>	<u>83,994</u>
Closing balance	<u>55,332</u>	<u>83,994</u>

Particulars of operating associates and their summarised financial information, extracted from their financial statements as at 30 June 2012 and 30 June 2011, are as follows:

#### As at 30 June 2012

	Incorporation	Principal activity	Assets USD'000	Liabilities USD'000	Revenue USD'000	Profit/ (loss) USD'000	Share of (losses)/ profit to the Group USD'000	Equity interest held %
Aqua City Joint Stock Company (*)	Vietnam	Property	73,900	575	-	720	360	50
Thang Loi Land Joint Stock Company	Vietnam	Property	12,400	1,840	-	102	50	49
Romana Resort and Spa JSC (*)	Vietnam	Hospitality	4,439	1,686	1,568	(3,510)	(1,755)	50
			<b>90,739</b>	<b>4,101</b>	<b>1,568</b>	<b>(2,688)</b>	<b>(1,345)</b>	

#### As at 30 June 2011

	Incorporation	Principal activity	Assets USD'000	Liabilities USD'000	Revenue USD'000	Profit/ (loss) USD'000	Share of (losses)/ profit to the Group USD'000	Equity interest held %
Long An S.E.A Industrial Park Development Co. Ltd. (**)	Vietnam	Property	7,320	3,371	-	(330)	(31)	9.4
Aqua City Joint Stock Company (*)	Vietnam	Property	79,087	1,725	-	5,976	2,988	50
Thang Loi Land Joint Stock Company	Vietnam	Property	12,499	1,880	-	(22)	(11)	49
Kotobuki Holding (Hong Kong) Ltd.	Hong Kong	Hospitality	51,671	3,722	10,729	(2,616)	(994)	38
Romana Resort and Spa JSC (*)	Vietnam	Hospitality	4,591	1,906	1,567	(920)	(460)	50
			<b>155,168</b>	<b>12,604</b>	<b>12,296</b>	<b>2,088</b>	<b>1,492</b>	

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8 INVESTMENTS IN ASSOCIATES (CONTINUED)

During the year ended 30 June 2012, the Group also had a share of profit of USD692,000 from Kotobuki Holding (Hong Kong) Ltd., an associate of the Group which was disposed of.

During the year ended 30 June 2011, the Group also had a share of profit of US\$1,447,000 and loss of US\$1,098,000 from Danang Marina Co. Ltd. and Savico-VinaLand Co. Ltd., respectively. They are associates of the Group which were classified to assets held for sale at year end.

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

(\*\*) At 30 June 2011 the Group held an 18% equity interest in Long An S.E.A Industrial Park Development Co. Ltd. which was changed from a limited company to a joint stock company – Long An Industrial Park Joint Stock Company during the year. At the same time, a local partner became a shareholder in this company. This resulted in the dilution of the Group's interest from 18% to 9.4%. However, the Group still had significant influence since it had power to participate in the financial and operating policies of this company; therefore, it was considered appropriate to treat this interest as an associate at that time. At 30 June 2012, the Group's interest in the Company was classified as an asset held for sale as a memorandum of understanding on the sale of the interest has been signed with a third party buyer.

#### ***Disposal of Kotobuki Holding (Hong Kong) Ltd. (Legend Hotel)***

During the year, the Group disposed of its 75% interest in Clear Interest Group Limited which owns 38% equity interest of Kotobuki Holding (Hong Kong) Limited, a Hong Kong company which owns a majority stake in Hai Thanh Kotobuki Co., Ltd., the owner and operator of the Legend Hotel, a five-star hotel located in central Ho Chi Minh City, and an adjoining office building for USD22 million. The book value of the net assets at the disposal date was USD20.1 million resulting in a gain on disposal which has been recognised in the consolidated income statement.

#### ***Disposal of VinaLand Investment Limited (Savico Project)***

During the year, the Group disposed of its 49% equity interest in the Savico Project which was held by VinaLand Investment Limited for a total of USD18.7 million. The book value of the net assets at the disposal date was USD14.7 million resulting in a gain on disposal which has been recognised in the consolidated income statement.

#### 9 PREPAYMENTS FOR OPERATING LEASE ASSETS

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	4,687	41,595
Additions during the year	24	8
Charge for the year	(152)	(1,592)
Transfers to investment properties (Note 5)	(1,568)	-
Transfers to property, plant and equipment (Note 6)	-	(34,532)
Translation differences	(47)	(792)
	<u>2,944</u>	<u>4,687</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 9 PREPAYMENTS FOR OPERATING LEASE ASSETS (CONTINUED)

Prepayments for operating leases relate to leasehold land occupied by subsidiaries of the Group in the hospitality segment.

Leasehold land held by Roxy Vietnam Co. Ltd. with a carrying value of USD0.4 million as at 30 June 2012 (30 June 2011: USD0.4 million) is pledged as security for bank loan disclosed in Note 20.

Leasehold land held by East Ocean Real Estate and Tourism Joint Stock Company with a carrying value of USD1.8 million as at 30 June 2012 (30 June 2011: USD1.8 million) is pledged as a security for bank loan as disclosed in Note 20.

#### 10 PREPAYMENTS FOR ACQUISITIONS OF INVESTMENTS

	30 June 2012 USD'000	30 June 2011 USD'000
Prepayments for acquisitions of investments	71,188	44,183
Transfers to assets classified as held for sale (Noted 16)	(10,319)	-
Transfers to investments in associates (Note 8)	-	(1,345)
Reclassification as financial assets at fair value through profit or loss	-	(969)
	<hr/>	<hr/>
	60,869	41,869
Allowance for impairment	(7,061)	-
	<hr/>	<hr/>
	53,808	41,869
	<hr/> <hr/>	<hr/> <hr/>

Prepayments are made by the Group to property/investment vendors where the final transfer of the property/investment 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.

As at 30 June 2012, impairment allowances of USD2.7 million and USD4.4 million have been made against the prepayments for acquisitions of investments of USD10.7 million for the Long Truong project and USD26.9 million for Truong Think Garden project, respectively (30 June 2011: Nil).

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 11 DEFERRED TAX ASSETS

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	16,301	18,268
Net decrease in the year <sup>(*)</sup>	(3,280)	(1,967)
	<u>13,021</u>	<u>16,301</u>
Closing balance	<u>13,021</u>	<u>16,301</u>
Deferred tax asset to be recovered after more than 12 months	10,122	9,553
Deferred tax asset to be recovered within 12 months	2,899	6,748
	<u>13,021</u>	<u>16,301</u>

<sup>(\*)</sup> The net change mainly arose from changes for tax provisions on fair value adjustments of investment properties, leasehold land and buildings during the year.

Deferred tax assets relating to the accumulated tax losses as at 30 June 2012 of USD41.0 million (30 June 2011: USD28.8 million) of the Group's subsidiaries which are incorporated in Vietnam and are subject to corporate income tax in Vietnam have not been recognised due to uncertainties as to the timing of their recoverability.

#### 12 INVENTORIES

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	117,476	80,769
Net additions during the year	48,099	46,383
Transfers from investment properties (Note 5)	10,687	25,211
Transfers from property, plant and equipment (Note 6)	853	-
Transfers to cost of sales	(33,886)	(34,350)
Translation differences	(1,986)	(537)
	<u>141,243</u>	<u>117,476</u>
Closing balance	<u>141,243</u>	<u>117,476</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 13 TRADE AND OTHER RECEIVABLES

	30 June 2012 USD'000	30 June 2011 USD'000
Trade receivables	5,621	3,047
Loans to non-controlling interests (a)	19,659	31,000
Compensation receivable for property exchanged (b)	23,248	46,659
Receivables from non-controlling interests	573	104
Receivables from disposals of subsidiaries (c)	7,852	7,542
Interest receivables	5,641	6,264
Prepayments to suppliers	7,755	8,616
Short-term prepaid expenses	1,066	1,172
Other receivables	8,752	8,396
	<hr/>	<hr/>
	80,167	112,800
Allowance for impairment (d)	(12,470)	(8,247)
	<hr/>	<hr/>
	67,697	104,553
	<hr/> <hr/>	<hr/> <hr/>

- (a) Loans to local partners represent loans to co-investors of the Group's subsidiaries. These loans are short term, unsecured and interest bearing.
- (b) Receivable as compensation for property exchanged represents amount receivable from the Vietnam government for a resettlement project and a project suspended at the government's instruction.
- (c) Receivables from disposals of subsidiaries represent the final settlements upon completion of transferring of ownership to the buyers in accordance with the relevant sale and purchase agreements.
- (d) The allowances are mainly made for interest receivables and receivables relating to the Marie Curie project, which are included in loans to non-controlling interests, based on the expected amounts to be received from this project.

All trade and other receivables are short-term in nature and their carrying values, after allowances for impairment, approximate their fair values at the date of the consolidated balance sheet.

#### 14 CASH AND CASH EQUIVALENTS

	30 June 2012 USD'000	30 June 2011 USD'000
Cash on hand	6,151	735
Cash at banks	12,242	18,305
Cash equivalents	21,683	29,977
	<hr/>	<hr/>
	40,076	49,017
	<hr/> <hr/>	<hr/> <hr/>

At 30 June 2012, cash and cash equivalents held at the Company level amounted to USD10.8 million (30 June 2011: USD3.6 million). The remaining balance of cash and cash equivalents is held by subsidiaries in Vietnam. Cash held in Vietnam is subject to restrictions imposed by co-investors and the Vietnamese government and therefore it cannot be transferred out of Vietnam unless such restrictions are satisfied.



VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 June 2012

	Loans and receivables USD'000	Assets at fair value through profit or loss USD'000	Total USD'000
<b>Assets as per consolidated balance sheet</b>			
<i>Non-current:</i>			
Other non-current financial assets	601	-	601
<i>Current:</i>			
Trade receivables	5,621	-	5,621
Loans to non-controlling interests, net of impairment	12,783	-	12,783
Compensation receivable for properties exchanged	23,248	-	23,248
Receivables from non-controlling interests	573	-	573
Receivables from disposals of subsidiaries	7,852	-	7,852
Interest receivables, net of impairment	47	-	47
Receivables from related parties	1,450	-	1,450
Short-term investments	949	-	949
Financial assets at fair value through profit or loss	-	3,036	3,036
Cash and cash equivalents	40,076	-	40,076
Total	<u>93,200</u>	<u>3,036</u>	<u>96,236</u>

**Other financial liabilities at  
amortised cost  
USD'000**

**Liabilities as per consolidated balance sheet**

*Non-current:*

Bank borrowings and debts	95,153
Trade and other payables	30,015

*Current:*

Bank borrowings and debts	28,226
Payables to related parties	36,744
Trade payables	4,756
Payables for property acquisitions and land compensation	32,807
Payables to non-controlling interests	8,574
Interest payables	169
Other accrued liabilities	4,672
Other payables	3,655

Total	<u>244,771</u>
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VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

As at 30 June 2011

	Loans and receivables USD'000	Assets at fair value through profit or loss USD'000	Total USD'000
<b>Assets as per consolidated balance sheet</b>			
<i>Non-current:</i>			
Other non-current financial assets	2,556	-	2,556
<i>Current:</i>			
Trade receivables	3,047	-	3,047
Loans to non-controlling interests, net of impairment	27,851	-	27,851
Compensation receivable for properties exchanged	46,659	-	46,659
Receivables from non-controlling interests	104	-	104
Receivables from disposals of subsidiaries	7,542	-	7,542
Interest receivables, net of impairment	670	-	670
Receivables from related parties	2,800	-	2,800
Short-term investments	3,605	-	3,605
Financial assets at fair value through profit or loss	-	17,831	17,831
Cash and cash equivalents	49,017	-	49,017
Total	<u>143,851</u>	<u>17,831</u>	<u>161,682</u>
<b>Other financial liabilities at amortised cost USD'000</b>			
<b>Liabilities as per consolidated balance sheet</b>			
<i>Non-current:</i>			
Bank borrowings and debts			105,541
Trade and other payables			32,094
<i>Current:</i>			
Bank borrowings and debts			12,030
Payables to related parties			41,021
Trade payables			9,839
Payables for property acquisitions and land compensation			35,999
Payables to non-controlling interests			9,126
Interest payables			627
Other accrued liabilities			3,349
Other payables			4,396
Total			<u>254,022</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Summary of the assets and liabilities held for sale at the reporting date:

	30 June 2012				
	Assets classified as held for sale USD'000	Liabilities classified as held for sale USD'000	Net assets classified as held for sale USD'000	Attributable to	
				Non- controlling interests USD'000	Equity shareholders of the parent USD'000
Oriental Sea Co., Ltd.	10,827	-	10,827	-	10,827
Long An projects	9,582	-	9,582	-	9,582
Danang Marina Co., Ltd.	2,600	-	2,600	-	2,600
	<u>23,009</u>	<u>-</u>	<u>23,009</u>	<u>-</u>	<u>23,009</u>
	<u><u>23,009</u></u>	<u><u>-</u></u>	<u><u>23,009</u></u>	<u><u>-</u></u>	<u><u>23,009</u></u>
	30 June 2011				
	Assets classified as held for sale USD'000	Liabilities classified as held for sale USD'000	Net assets classified as held for sale USD'000	Attributable to	
				Non- controlling interests USD'000	Equity shareholders of the parent USD'000
Oriental Sea Co., Ltd.	10,827	-	10,827	-	10,827
Savico – VinaLand Company Ltd.	14,716	-	14,716	-	14,716
Glory Tourism Company Ltd.	1,963	(330)	1,633	-	1,633
Danang Marina Co., Ltd.	2,600	-	2,600	-	2,600
	<u>30,106</u>	<u>(330)</u>	<u>29,776</u>	<u>-</u>	<u>29,776</u>
	<u><u>30,106</u></u>	<u><u>(330)</u></u>	<u><u>29,776</u></u>	<u><u>-</u></u>	<u><u>29,776</u></u>

At the consolidated balance sheet date, the above sale transactions were not completed and so the assets and liabilities of the above entities were classified as non-current assets and liabilities held for sale. Oriental Sea Co., Ltd and Danang Marina Co., Ltd. continue to be classified as held for sale because certain conditions in the relevant sale and purchase agreements have not been fulfilled.

17 SHARE CAPITAL

	30 June 2012		30 June 2011	
	Number of shares	USD'000	Number of shares	USD'000
<b>Authorised:</b>				
Ordinary shares of USD0.01 each	500,000,000	5,000	500,000,000	5,000
<b>Issued and fully paid:</b>				
Opening balance	499,967,622	4,999	499,967,622	4,999
Shares purchased and cancelled	(6,480,000)	(64)	-	-
Closing balance	<u>493,487,622</u>	<u>4,935</u>	<u>499,967,622</u>	<u>4,999</u>
	<u><u>493,487,622</u></u>	<u><u>4,935</u></u>	<u><u>499,967,622</u></u>	<u><u>4,999</u></u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 17 SHARE CAPITAL (CONTINUED)

During the year, the Company executed a share buy-back programme, repurchased and cancelled 6,480,000 of its ordinary shares for a total cash consideration of USD4.1 million at an average cost USD0.63 per share. The difference between the costs of the shares repurchased and their net asset value has been recorded in equity reserve.

#### 18 ADDITIONAL PAID-IN CAPITAL

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

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	588,870	588,870
Shares repurchased to be cancelled (Note 17)	(8,035)	-
Closing balance	<u>580,835</u>	<u>588,870</u>

#### 19 REVALUATION RESERVE

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	7,054	3,483
Revaluation (reversal)/gains on buildings	(4,003)	4,928
Transfer of share of revaluation reversal/(gain) attributable to non-controlling interests	1,135	(1,357)
	<u>4,186</u>	<u>7,054</u>

#### 20 BORROWINGS AND DEBTS

	30 June 2012 USD'000	30 June 2011 USD'000
<b>Long-term borrowings:</b>		
Bank borrowings	102,733	112,125
Loans from non-controlling interests	1,246	2,622
Less:		
Current portion of long-term borrowings and debts	(8,826)	(9,206)
	<u>95,153</u>	<u>105,541</u>
<b>Short-term borrowings:</b>		
Bank borrowings	19,400	2,824
Current portion of long-term borrowings	8,826	9,206
	<u>28,226</u>	<u>12,030</u>
<b>Total borrowings and debts</b>	<u>123,379</u>	<u>117,571</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 20 BORROWINGS AND DEBTS (CONTINUED)

Bank borrowings mature at a range of dates until September 2024 and bear average annual interest rates of 21% for amounts in VND and 6% for amounts in USD (30 June 2011: 19% for amounts in VND and 6% for amounts in USD).

All bank borrowings are secured by certain investment properties and property, plant and equipment of the Group (Notes 5, 6 and 9).

The maturity of the Group's borrowings at the end of the reporting period is as follows:

	30 June 2012 USD'000	30 June 2011 USD'000
6 months or less	7,344	7,459
6-12 months	20,882	4,571
1-5 years	81,468	68,283
Over 5 years	13,685	37,258
	<u>123,379</u>	<u>117,571</u>

The fair value of current borrowings equals their carrying amounts, as the impact of discounting is not significant. The fair value of long-term bank borrowings is USD129.9 million (30 June 2011: USD139.8 million).

The Group's borrowings are denominated in the following currencies:

	30 June 2012 USD'000	30 June 2011 USD'000
VND	44,974	35,399
USD	78,405	82,172
	<u>123,379</u>	<u>117,571</u>

During the year, the Group's subsidiaries borrowed US\$18.7 million (30 June 2011: US\$49.9 million) from banks to finance working capital and property development activities.

#### 21 NON-CURRENT TRADE AND OTHER PAYABLES

The balances as at 30 June 2011 and 2012 include VND535 billion, equivalent to USD25.7 million, due to a minority shareholder in a joint venture company representing the remaining amount payable to reimburse land acquisition costs incurred by that shareholder. The payable bears interest at a rate of 12% p.a.. The principal and interest of the payable will be paid upon the Company's obtaining a credit facility to finance the joint venture project. The payment schedule will depend on the disbursement schedule of such credit facility.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 22 DEFERRED TAX LIABILITIES

	30 June 2012 USD'000	30 June 2011 USD'000 Restated
Opening balance	47,079	46,846
Net (reversal)/increase during the year from fair value adjustments of investment properties and property, plant and equipment	3,281	233
Closing balance	<u>50,360</u>	<u>47,079</u>
Deferred tax liability to be recovered after more than 12 months	45,204	47,079
Deferred tax liability to be recovered within 12 months	5,156	-
	<u>50,360</u>	<u>47,079</u>

Deferred tax liabilities are the amounts of income taxes for settlement in future periods in respect of temporary differences between the carrying amounts of revalued assets and their tax bases.

#### 23 TRADE AND OTHER PAYABLES

	30 June 2012 USD'000	30 June 2011 USD'000
Trade payables	4,765	9,839
Payables for property acquisitions and land compensation	32,807	35,999
Deposits from property buyers	7,859	16,410
Payables to non-controlling interests	8,574	9,126
Deposits from customers of residential projects	57,283	41,312
Interest payables	169	627
Other accrued liabilities	4,672	3,349
Other payables	3,655	4,396
	<u>119,784</u>	<u>121,058</u>

All trade and other payables are short-term in nature. Their carrying values approximate their fair values as at the date of the consolidated balance sheet.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 REVENUE

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000
Residential and office buildings	40,261	32,278
Hospitality	29,509	24,273
	<u>69,770</u>	<u>56,551</u>

25 COST OF SALES

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000
Residential and office buildings	36,899	34,048
Hospitality	15,344	12,774
	<u>52,243</u>	<u>46,822</u>

26 NET (LOSS)/GAIN ON FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES AND REVALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000 Restated
<b>Investment properties</b>		
<i>By real estate sector:</i>		
- Commercial	(3,087)	466
- Residential, office buildings and undetermined use	(84,796)	88,525
- Mixed use	6,088	15,564
	<u>(81,795)</u>	<u>104,555</u>
<b>Property, plant and equipment</b>		
- Hospitality	(23,483)	(12,073)
	<u>(23,483)</u>	<u>(12,073)</u>
Net (loss)/gain on fair value adjustments of investment properties and revaluations of property, plant and equipment	<u>(105,278)</u>	<u>92,482</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 SELLING AND ADMINISTRATION EXPENSES

	Year ended	
	30 June 2012	30 June 2011
	USD'000	USD'000
Management fees (Note 38)	12,481	14,267
Professional fees <sup>(*)</sup>	6,293	9,873
Depreciation and amortisation <sup>(*)</sup>	480	1,990
General and administration expenses <sup>(*)</sup>	8,509	17,191
Staff costs <sup>(*)</sup>	5,403	5,535
Others <sup>(*)</sup>	1,249	449
	<u>34,415</u>	<u>49,305</u>

<sup>(\*)</sup> These expenses primarily relate to the operating activities of the Group's subsidiaries. Note 35 contains further information in respect to ongoing charges incurred by the Company.

28 NET CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended	
	30 June 2012	30 June 2011
	USD'000	USD'000
Unrealised losses from unlisted securities	(1,808)	(2,701)
	<u>(1,808)</u>	<u>(2,701)</u>

29 FINANCE INCOME

	Year ended	
	30 June 2012	30 June 2011
	USD'000	USD'000
Interest income	6,701	7,880
Realised foreign exchange	242	759
	<u>6,943</u>	<u>8,639</u>



VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 FINANCE EXPENSES

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000
Realised foreign exchange losses	409	2,434
Unrealised foreign exchange losses	1,495	2,452
Interest expense	8,377	8,223
Others	75	151
	<u>10,356</u>	<u>13,260</u>

31 OTHER INCOME

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000
Gain on bargain purchase	-	6,255
Gain on swap of investment project	-	5,000
Other operating income	2,193	5,342
	<u>2,193</u>	<u>16,597</u>

32 OTHER EXPENSES

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000
Impairments of assets	18,740	14,852
Write off of unqualified investment costs	-	3,216
Other expenses	1,290	1,047
	<u>20,030</u>	<u>19,115</u>

33 INCOME TAX

VinaLand Limited is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there are 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 Singapore and are subject to corporate income tax in those countries. A provision of USD1.9 million has been made for corporate income tax payable by these subsidiaries for the year (31 June 2011: US\$1.1 million).

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 33 INCOME TAX (CONTINUED)

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

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000 Restated
Group's (loss)/profit before tax	(141,000)	43,844
Group's (loss)/profit multiplied by applicable tax rate (0%)	-	-
Current income tax expenses for subsidiaries	(1,913)	(1,117)
Deferred income tax <sup>(*)</sup>	(6,561)	(2,237)
<b>Income tax</b>	<u>(8,474)</u>	<u>(3,354)</u>

(\*) This amount represents the net deferred income tax income/(expense) which arises from gains and losses on fair value adjustments of investment properties and property, plant and equipment and the reversal of deferred tax assets and liabilities as a result of changes to assumptions during the year.

#### 34 (LOSS)/EARNINGS AND NET ASSET VALUE PER SHARE

##### (a) Basic

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000 Restated
(Loss)/profit attributable to owners of the Company from continuing and total operations (USD'000)	(98,889)	14,743
Weighted average number of ordinary shares in issue	497,675,955	499,967,622
Basic(loss)/earnings per share from continuing and total operations (USD/share)	<u>(0.20)</u>	<u>0.03</u>

##### (b) Diluted

Diluted (loss)/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 (loss)/earnings per share is equal to basic (loss)/earnings per share.

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

	As at	
	30 June 2012	30 June 2011 Restated
Net asset value (USD'000)	546,348	663,339
Number of outstanding ordinary shares in issue	493,487,622	499,967,622
Net asset value per share (USD/share)	<u>1.11</u>	<u>1.33</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 35 ONGOING CHARGES

	<u>For the year ended</u>	
	<u>30 June 2012</u>	<u>30 June 2011</u> Restated
Ongoing charges (using AIC recommended methodology)	2.39%	2.40%
Performance fee	-	-
	<u>2.39%</u>	<u>2.40%</u>
Ongoing charges plus performance fee	<u>2.39%</u>	<u>2.40%</u>

Ongoing charges have been calculated in accordance with the Association of Investment Companies ("AIC") recommended methodology dated May 2012. It is the ratio of annualised ongoing charges over the average undiluted net asset value during the year.

Ongoing charges include: management fees, directors' fees and expenses, recurring audit and tax services, custody and fund administration services, fund accounting services, secretarial services, registrars' fees, public relations fees, insurance premiums, regulatory fees and similar charges.

#### 36 COMMITMENTS

As at 30 June 2012, the Group was committed under lease agreements to paying the following future amounts:

	<b>30 June 2012</b> <b>USD'000</b>	<b>30 June 2011</b> <b>USD'000</b>
Within one year	547	659
From two to five years	2,796	2,390
Over five years	11,964	8,253
	<u>15,307</u>	<u>11,302</u>

As at 30 June 2012, the Group was also committed under construction agreements to pay USD37.4 million (30 June 2011: USD32.6 million) for future construction work of the Group's properties held by subsidiaries.

The Company's subsidiaries and associates have a broad range of commitments relating to investment projects under agreements it has entered into and investment licences it has received. Further investment in any of these arrangements is at the Group's discretion. The Investment Manager has estimated that, based on the development plan for each project, approximately USD49.0 million (30 June 2011: USD75.4 million) will be used to fund these projects over the next three years.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 37 DIRECTORS' FEE AND MANAGEMENT'S REMUNERATION

The aggregate directors' fee amounted to USD207,123 (year ended 30 June 2011: USD150,000), of which there was no outstanding payable at the reporting date (30 June 2011: nil).

The details of remuneration by director are summarised below:

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000
Nicholas Brooke	37.5	37.5
Robert Gordon	23.1	37.5
Michael Arnold	37.5	37.5
Nicholas Allen	37.5	37.5
Charles Isaac	23.8	-
Michel Casselman	23.8	-
Stanley Chou	23.8	-
	<u>207</u>	<u>150</u>

The other directors in office during the year and prior year did not receive any fee.

The Investment Manager has agreed to pay any excess over an aggregate annual directors' remuneration of USD150,000.

#### 38 RELATED PARTY TRANSACTIONS AND BALANCES

##### Management fees

The Group is managed by VinaCapital Investment Management Limited (the "Investment Manager"), an investment management Company incorporated in the British Virgin Islands, under a management agreement dated 16 March 2006 (the "Management Agreement"). From 1 January 2011, the Group is managed by VinaCapital Investment Management Limited (the "CI Investment Manager"), a 100% owned subsidiary Company of the BVI Investment Manager incorporated and registered as a licensed fund manager in the Cayman Islands, under the novation agreement between the BVI Investment Manager and the CI Investment Manager. The investment manager receives a fee based on the net asset value of the Group, payable monthly in arrears, at an annual rate of 2% (30 June 2012: 2%).

Total management fees for the year amounted to USD12,481,170 (30 June 2011: USD14,267,168), with USD924,325 (30 June 2011: USD7,979,000) in outstanding accrued fees due to the Investment Manager at the date of the consolidated balance sheet.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 38 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

##### Performance fees

In accordance with the Management Agreement, the Investment Manager is also entitled to a performance fee equal to 20% of the annual increase in net asset value over the higher of realised returns over an annualised hurdle rate of 8% (30 June 2011: hurdle rate of 8%) and a high-water-mark.

There was no performance fee charged for the year (30 June 2011: nil). An amount of USD28,218,000 (30 June 2011: USD28,218,000) was in outstanding payable to the Investment Manager as at 30 June 2012.

##### Future management and performance fees

The Board and Investment Manager have put forward a range of proposals to shareholders to reorganise the Company (see Note 40). These proposals include significant changes to the way that Investment Manager is remunerated and how the accrued performance fees will be settled.

##### Others

During the year, the Group disposed of its 75% interest in Clear Interest Group Limited which owns 38% equity interest of Kotobuki Holding (Hong Kong) Limited to VinaCapital Vietnam Opportunity Fund Limited ("VOF"), a fund under common management, for US\$22 million (Note 8).

Details of payables to related parties at the date of the consolidated balance sheet are as below:

	Relationship	Balances	30 June 2012 USD'000	30 June 2011 USD'000
<b>Non-current</b>				
VinaCapital Vietnam Opportunity Fund Limited	Under common management	Shareholder loans payable (*)	44,882	71,545
<b>Current</b>				
VinaCapital Vietnam Opportunity Fund Limited	Under common management	Dividend and payment on behalf	2,878	613
VinaSecurities Co. Ltd.	Affiliate of Investment Manager	Professional fee	-	299
VinaCapital Investment Management Ltd.	Investment Manager	Management fees	924	7,979
		Performance fees	28,218	28,218
		Advances for real estate projects	1,545	1,129
VinaCapital Corporate Finance Vietnam Ltd.	Affiliate of Investment Manager	Loan Interest	2,397 782	2,433 350
			<u>36,744</u>	<u>41,021</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 38 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(\*) These are shareholder loans granted by VOF to subsidiaries of the Group. VOF is a non-controlling interest shareholder in these subsidiaries. The loans are to finance real estate projects which are co-invested with VOF. The loans bear interest at 6-month SIBOR plus 3%. The amount of each loan was based on the respective ownership of VOF and the Group in each subsidiary. The loans are carried at cost in the consolidated balance sheet. Interest expenses incurred during the year have been waived by VOF. During the year ended 30 June 2012, the terms of certain such loans with a total carrying value of USD20 million were amended such that loans are now classified as non-controlling interests as at 30 June 2012.

As at 30 June 2012 and 30 June 2011, receivables from related parties are mainly relate to amounts due from VOF pertaining to advances for jointly invested real estate projects.

#### 39 FINANCIAL RISK MANAGEMENT

##### Financial risk factors

The Group invests in a diversified property portfolio in Vietnam with the objective to provide shareholders a potential capital growth.

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

##### Foreign exchange risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is moderate as although transactions in Vietnam are settled VND, the value of the VND has historically been closely linked to that of USD, the presentation currency. The value of real estate in Vietnam is based on pricing that is a combination of VND, USD and gold. For this reason, a decline in the value of the VND against the USD does not necessarily mean proportionately lower prices will be obtained in USD.

The Group has not entered into any hedging mechanism as the estimated benefits of available instruments outweigh their costs. On an ongoing basis the Investment Manager analyses the current economic environment and expected future conditions and decides the optimal currency mix considering the risk of currency fluctuation, interest rate return differentials and transaction costs. The Investment Manager updates the Board regularly and reports on any significant changes for further actions to be taken.

The Group's financial assets' and liabilities' exposures to risk of fluctuations in exchange rates at the reporting dates are as follows:

30 June 2012	Short-term exposure		Long-term exposure	
	VND USD'000	USD USD'000	VND USD'000	USD USD'000
Financial assets	74,853	20,209	601	-
Financial liabilities	(67,454)	(52,082)	(90,244)	(34,924)
Net exposure	<u>7,399</u>	<u>(31,873)</u>	<u>(89,643)</u>	<u>(34,924)</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Foreign exchange risk (continued)

30 June 2011	Short-term exposure		Long-term exposure	
	VND USD'000	USD USD'000	VND USD'000 Restated	USD USD'000
Financial assets	135,389	23,183	2,556	-
Financial liabilities	(61,822)	(54,565)	(54,308)	(83,327)
	<u>73,567</u>	<u>(31,382)</u>	<u>(51,752)</u>	<u>(83,327)</u>

The functional currency of the Company is the USD; the functional currencies of the Group's principal subsidiaries are the USD and the VND. The following paragraph presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the consolidated balance sheet date relative to the functional currency of the respective group subsidiaries, with all other variables held constant.

At 30 June 2012, if the VND weakened/strengthened by 5% (30 June 2011: 5%), post-tax profit for the year would have been USD4.1 million (30 June 2011: USD1.1 million) higher/lower.

Property valuations in Vietnam are based on a combination of factors linked to both the USD and VND. A 5% weakening of the VND against USD at the end of the year ended 30 June 2012 and 30 June 2011 would have increased the Group's other comprehensive loss by USD35.5 million (30 June 2011: USD41.2 million). This analysis assumes that all other variables, in particular interest rates, remain constant.

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

##### Price risk sensitivity

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Group's financial instruments are carried at fair value with fair value changes recognised in the consolidated income statement, all changes in market conditions will directly affect net investment income.

The Group invests in real estate projects and is exposed to market price risk. If the prices of real estate were to increase/decrease by 10%, the impact on the consolidated income statement and equity would increase/decrease approximately USD53.3 million (2011: USD63.0 million).

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

The Group's exposure to interest rate risk is related to interest bearing financial assets and financial liabilities. Cash and cash equivalents, bank deposits and bonds are subject to interest at fixed rates.

They are exposed to fair value changes due to interest rate changes. The Group currently has some financial liabilities with floating interest rates which are disclosed in Note 20 to the consolidated financial statements. This is the maximum exposure of the Group to cash flow interest rate risk.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### **Cash flow and fair value interest rate sensitivity (continued)**

At 30 June 2012, if interest rates had been 0.5% higher/lower with all other variables held constant, post-tax losses for the year would have been USD0.63 million lower/higher (30 June 2011: post-tax profit for the year would have been USD0.56 million lower/higher).

The Investment Manager is responsible for the Group's cash flow planning and cash management, including borrowings. While the Group's subsidiaries may work directly with financial institutions to raise project financing, the Investment Manager has the overall responsibility for relations with financial institutions and is kept informed or involved in all financing activities.

The Investment Manager is involved from the early stage of the negotiation processes to ensure that the right structure and strategy are set at the beginning of each project. The Investment Manager is also responsible for ensuring the structure, pricing, financial ratios/covenants and other conditions are achievable and that repayment obligations can be met.

##### **Credit risk analysis**

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

The Investment Manager maintains a list of approved banks for holding deposits and set aggregate limits for deposits or exposures to individual banks. While this list is formally reviewed at least monthly, it is updated to reflect developments in the market on a timely basis as information becomes available.



## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Credit risk analysis (continued)

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, analysis by credit quality is as follows:

	30 June 2012 USD'000	30 June 2011 USD'000
<i>Neither past due nor impaired:</i>		
Other non-current financial assets	601	2,556
Trade receivables	5,621	3,047
Receivables from non-controlling interests	573	104
	<u>6,795</u>	<u>5,707</u>
<i>Past due but not impaired:</i>		
Compensation receivables for properties exchanged	23,248	46,659
Receivable from disposals of subsidiaries	7,852	7,542
Receivable from related parties	1,450	2,800
	<u>32,550</u>	<u>57,001</u>
<i>Individually determined to be impaired (gross):</i>		
Loans to non-controlling interests	19,659	31,000
Interest receivables	5,641	6,264
	<u>25,300</u>	<u>37,264</u>
Less: Allowance for impairment	(12,470)	(8,247)
Total trade and other receivables, net of provision for impairment	<u>52,175</u>	<u>91,725</u>
<i>Cash and cash equivalents, neither past due nor impaired:</i>		
Short-term investments	949	3,605
Cash and cash equivalents	40,076	49,017
	<u>41,025</u>	<u>52,622</u>

Total allowances of USD12.5 million (30 June 2011: USD8.2 million) had been provided for balances that the Group expected to be uncollectible or impaired. These are for interest receivable and the impairment of Marie Curie project under loans to non-controlling interests.

Cash and cash equivalents and short-term investments are held at international and local banks and financial institutions which do not have histories of default.

The Group has no other significant concentrations of credit risk.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

#### Liquidity risk analysis

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

The Company seeks to minimise liquidity risk through:

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

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

30 June 2012	Current		Non-current	
	Within 6 months USD'000	6 to 12 months USD'000	From 1 to 5 years USD'000	Over 5 years USD'000
Trade and other payables	13,261	41,381	31,015	-
Short-term borrowings	7,344	20,882	-	-
Payables to related parties <sup>(*)</sup>	4,734	32,010	-	-
Long-term borrowings and debts	-	-	105,421	32,884
Loans from non-controlling interests	-	-	1,246	-
	<u>25,339</u>	<u>94,273</u>	<u>136,682</u>	<u>32,884</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Liquidity risk analysis (continued)

30 June 2011	Current		Non-current	
	Within 6 months USD'000	6 to 12 months USD'000	From 1 to 5 years USD'000 Restated	Over 5 years USD'000
Trade and other payables	11,348	51,988	33,094	-
Short-term borrowings	7,459	4,571	-	-
Payables to related parties <sup>(*)</sup>	9,407	31,614	-	-
Long-term borrowings and debts	-	-	113,918	41,257
Loans from non-controlling interests	-	-	2,622	-
	<u>28,214</u>	<u>88,173</u>	<u>148,634</u>	<u>41,257</u>

(\*) The current portion of payables to related parties primarily relates to management and performance fees outstanding at the reporting dates. An arrangement to settle the outstanding performance fees has been proposed and is pending approval by the Company's shareholders. The long-term portion was primarily loans from VOF to co-invested subsidiaries.

Payables to related parties are primarily shareholder loans from related parties to jointly owned subsidiaries. These loans are not repayable until the respective subsidiaries have sufficient cash to repay these obligations.

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

#### Capital management

The Group's capital management objectives are:

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

The Group considers the capital to be managed as equal to the net assets attributable to the equity shareholders of the parent. The Group is not subject to any externally imposed capital requirements. The Group has engaged the Investment Manager to allocate the net assets in such a way so as to generate a reasonable investment returns for its shareholders.

Capital as at year end is summarised as follows:

	30 June 2012 USD'000	30 June 2011 USD'000 Restated
Net assets attributable to the equity shareholders of the parent	<u>546,348</u>	<u>663,339</u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 39 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no financial liabilities of the Group which were measured using the fair valuation method as at 30 June 2012 and 30 June 2011.

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

The financial assets measured at fair value in the consolidated balance sheet are grouped into the fair value hierarchy as follows:

<b>As at 30 June 2012</b>	<b>Level 1 USD'000</b>	<b>Level 2 USD'000</b>	<b>Level 3 USD'000</b>	<b>Total USD'000</b>
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	3,036	-	<b>3,036</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>As at 30 June 2011</b>	<b>Level 1 USD'000</b>	<b>Level 2 USD'000</b>	<b>Level 3 USD'000</b>	<b>Total USD'000</b>
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	17,831	-	<b>17,831</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

There were no significant transfers between levels during the year.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 40 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

On 9 October 2012 the Board resolved that it will convene an EGM of the Company on 21 November 2012 to determine whether the Company should be continued and/or reorganised. The Board recognises that a change to the Company's current organisation is desirable and therefore the Board is putting forward proposals at the EGM to restructure the Company including changes to the Company's investment strategy, distribution policy, investment manager remuneration structure and corporate governance. Those proposals are set out in a circular distributed to shareholders on 23 October 2012 and available through the Regulatory News Service ("RNS") of the London Stock Exchange. If the proposals are approved by shareholders the following the changes will financially impact the Company going forward:

##### **Investment strategy**

For the period of three years following the EGM (the "Cash Return Period") the Company will make no new investments, except that it may invest in, or advance additional funds to, existing projects within the Company's property portfolio to maximise value and assist in their eventual realisation, and the Company will adopt a new realisation strategy whereby the Company's existing property portfolio of assets will be developed and/or divested in a controlled, orderly and timely manner.

##### **Distribution policy**

During the Cash Return Period the net proceeds of all portfolio realisations will be returned to shareholders, at the Board's discretion having regard to requirements to invest further funds in existing projects within the Company's property portfolio to enhance or preserve exit values; the Company's working capital requirements; and the cost and tax efficiency of individual transactions and/or distributions.

##### **Further continuation vote**

A further resolution for the Company's continuation will be proposed at an extraordinary general meeting at the end of the Cash Return Period.

##### **Management remuneration**

The management fee will be reduced from 2% of the Company's NAV calculated on a monthly basis to fixed annual amounts of USD8.25 million in the first year, USD7.5 million in the second year and USD6.5 million in the third year.

The Investment Manager's entitlement to future performance fees under its agreement with the Company will be cancelled and no new performance fee arrangement will be introduced.

## VINALAND LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 40 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

##### Management remuneration (continued)

The payment by the Company to the Investment Manager of the accrued performance fees, which total approximately USD28.2 million will be conditional on distributions by the Company to shareholders. Under the revised agreement the Investment Manager will be entitled to receive payments of the accrued but deferred performance fees, equalling in aggregate 20% of any amounts deemed to be available for distribution during the Cash Return Period or received by the Company within 12 months of the termination of the Cash Return Period. This arrangement will also be subject to the following conditions:

- The first USD50.0 million deemed available will be distributed to shareholders without any deductions for payments to the Investment Manager;
- The Investment Manager will then be entitled to 50% of all subsequent distributions until such point that the 80:20 split has been reached;
- 50% of cash payments received by the Investment Manager from the deferred performance fee will be used by the Investment Manager to purchase shares in the Company on the secondary market and such shares shall be subject to lock-in arrangements of up to two years; and
- A maximum amount of USD5.0 million will be applied to the deferred performance fee outstanding at the end of the Cash Return Period should the Investment Manager not have recovered the full amount of such deferred performance fee during the Cash Return Period or subsequent 12 month period. This residual amount due (if any) will be converted to shares of VinaLand Limited issued at a price equivalent to NAV per share. Any amount in excess of the USD5.0 million not recovered by the Investment Manager during the time period stated above would be forfeited by the Investment Manager.

##### Other proposals

If the proposals discussed above are not approved by shareholders during the EGM then the Board will be required to formulate other proposals to be put to shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

#### 41 COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been reclassified to conform to the current year's presentation in addition to the restatements as described in Note 2.30. These changes are of a presentational nature and do not have any impact on the prior year's consolidated financial statements.