



## VinaLand Limited

### Interim results for the six months ended 31 December 2013

VinaLand Limited ("the Company" or "VNL"), the AIM-quoted investment vehicle established to target strategic segments within Vietnam's emerging real estate market, today announces its interim results for the six months ended 31 December 2013 ("the Period").

#### Financial highlights:

- 1 Net Asset Value ("NAV") of USD434.4 million (30 June 2013: USD446.8 million)
- 2 NAV per share of USD0.91 (30 June 2013: USD0.93).

#### Operational highlights:

- 3 Completed the divestment of three assets, resulting in net proceeds of USD9.0 million and a USD4.0 million reduction in the Company's consolidated debt.
- 4 Completed a listing on the London Stock Exchange for its wholly owned subsidiary, VinaLand ZDP Ltd., generating proceeds of approximately USD25.0 million to be utilised in refinancing the Company's project level debt facilities, fund potential capital investments in its project companies and for general working capital.

#### Notes to Editors:

VinaCapital is the leading investment management and real estate development firm in Vietnam, with a diversified portfolio of USD1.5 billion in assets under management. VinaCapital was founded in 2003 and boasts a team of managing directors who bring extensive international finance and investment experience to the firm. Our mission is to produce superior returns for investors by using our experience and knowledge to identify the key trends and opportunities that emerge as Vietnam continues to develop its economy. To achieve this, VinaCapital has industry-leading asset class teams covering capital markets, private equity, fixed income, venture capital, real estate and infrastructure.

VinaCapital manages three closed-end funds trading on the AIM Market of the London Stock Exchange. These funds are: VinaCapital Vietnam Opportunity Fund Limited (VOF), VinaLand Limited (VNL), and Vietnam Infrastructure Limited (VNI). VinaCapital also co-manages the USD32 million DFJ VinaCapital L.P. technology venture capital fund with Draper Fisher Jurvetson.

VinaCapital has offices in Ho Chi Minh City, Hanoi, Danang, Nha Trang and Singapore. More information about VinaCapital is available at [www.vinacapital.com](http://www.vinacapital.com).

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

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## Chairman's Statement

Dear Shareholders,

Over the reporting period the Vietnam property market has been showing signs of improvement. As a result of the government's fiscal and monetary policies, the country's economy is gradually recovering, with inflation receding to an annual rate of around 6.0 percent and interest rates sitting at multi-year lows. As such, the Investment Manager has witnessed an increase in the number of enquiries from both local and foreign investors looking to re-enter Vietnam's real estate market. However, the level of non-performing loans (NPLs) in the banking sector continues to be a concern, hindering the ability of banks to provide loans to developers and residential buyers and thus tapering further improvements in the overall real estate market. The Vietnam Asset Management Company, which was established to deal with the NPLs, is finding its work challenging.

Divesting assets and returning capital to shareholders continues to be the main objective of the VNL Board and the Investment Manager as we enter the second half of the three-year cash return period, which began after VNL's extraordinary general meeting (EGM) held on 21 November 2012. At this meeting shareholders supported a new three year term including a new strategy focused on the realisation of assets.

During the reporting period the Company divested three assets; the Signature One project site located in District 2 and the Hao Khang project located in District 9, both in Ho Chi Minh City and its stake in Prodigy Pacific Limited, which owns a boutique hotel located in the Hoan Kiem District of Hanoi. These divestments resulted in net proceeds of USD9.0 million which in aggregate was in line with their combined net asset values at exit. Additionally, the Company's debt in the consolidated balance sheet has been reduced by USD4.0 million and VNL's future funding obligations relating to these assets have now been transferred to the buyers. The closing of these transactions brings the total number of full divestments since November 2012 to five.

The sale of Vina Properties Pte in January 2014, which owns a 5-star hotel in Ho Chi Minh City, occurred after the reporting date and resulted in net proceeds of USD16.1 million. The completion of this sale, the largest since the divestment program began, in addition to ongoing negotiations for other project sales, is evidence of the improving real estate market.

The reviewed net asset value per share of VinaLand Limited ("VNL", the "Company") decreased 2.2 percent to USD0.91 at 31 December 2013, from an audited net asset value per share of USD0.93 as at 30 June 2013. During this same period the Company's share price increased 2.2 percent from USD0.4575 to close at USD0.4675 per share. Notably, the Company's share price has increased more than 10 percent further since 31 December 2013. Factoring in these gains the current share price to NAV discount is now closer to 42 percent, a reduction from 51 percent at 30 June 2013, but still unsatisfyingly high.

On 20 December 2013, VNL completed a listing on the London Stock Exchange for its wholly owned subsidiary, VinaLand ZDP Ltd., after receiving valid acceptances in respect of 15 million Zero Dividend Preference Shares, with a Gross Redemption Yield of 8.0 percent. The proceeds, totalling approximately USD25.0 million, from this issue will be utilised to assist in refinancing the Company's project level debt facilities as they mature across its development portfolio, to fund potential capital investments in its project companies and for general working capital purposes.

The Board and the Manager remain highly focussed on the objectives set for this three year period; meanwhile I thank you for your continued support.

**Michel Casselman**

*Chairman*

VinaLand Limited

27 March 2014

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		31 December 2013 USD'000	30 June 2013 USD'000
	Note		
<b>ASSETS</b>			
<b>Non-current</b>			
Investment properties	6	512,446	514,587
Property, plant and equipment	7	27,239	55,403
Intangible assets	8	3,526	10,987
Investments in associates	9	52,367	55,594
Prepayments for operating lease assets		267	986
Prepayments for acquisitions of investments	10	51,843	65,681
Receivable from a related party	31	959	960
Other non-current financial assets		1,260	843
Trade and other receivables	13	50,658	39,656
Deferred tax assets	11	7,357	6,037
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>707,922</b>	<b>750,734</b>
		<hr/>	<hr/>
<b>Current</b>			
Inventories	12	111,422	121,510
Trade and other receivables	13	26,840	31,634
Tax receivables		2,979	2,554
Receivables from related parties	31	414	427
Short-term investments		2,292	2,997
Financial assets at fair value through profit or loss		2,999	2,992
Cash and cash equivalents (excluding bank overdrafts)	14	53,855	16,496
		<hr/>	<hr/>
<b>Total current assets</b>		<b>200,801</b>	<b>178,610</b>
		<hr/>	<hr/>
Assets classified as held for sale	15	41,094	-
		<hr/>	<hr/>
<b>Total assets</b>		<b>949,817</b>	<b>929,344</b>
		<hr/> <hr/>	<hr/> <hr/>

		31 December 2013 USD'000	30 June 2013 USD'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to equity shareholders of the Company</b>			
Share capital	16	4,796	4,813
Additional paid-in capital	17	565,853	567,374
Equity reserve		12,819	11,995
Other reserves		(1,804)	-
Translation reserve		(91,442)	(91,992)
Accumulated losses		(55,842)	(45,412)
		<hr/>	<hr/>
Non-controlling interests		434,380	446,778
		200,496	204,044
		<hr/>	<hr/>
<b>Total equity</b>		<b>634,876</b>	<b>650,822</b>
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Borrowings and debts	18	112,185	83,892
Trade and other payables	19	34,772	34,090
Payable to related parties	31	26,987	28,218
Deferred tax liabilities	20	25,186	27,594
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>199,130</b>	<b>173,794</b>
<b>Current</b>			
Trade and other payables	21	85,418	82,459
Tax payables		1,396	1,025
Payables to related parties	31	8,248	9,042
Borrowings and debts	18	14,437	12,202
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>109,499</b>	<b>104,728</b>
Liabilities classified as held for sale	15	6,312	-
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>314,941</b>	<b>278,522</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>949,817</b>	<b>929,344</b>
		<hr/>	<hr/>
<b>Net assets per share attributable to equity shareholders of the Company (USD per share)</b>	28(c)	<b>0.91</b>	<b>0.93</b>
		<hr/>	<hr/>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the Company									
	Share capital USD'000	Additional paid-in capital USD'000	Equity reserve USD'000	Revaluation reserve USD'000	Other reserves USD'000	Translation reserve USD'000	Retained earnings/ (Accumulated losses) USD'000	Total equity attributable to owners of the Company USD'000	Non-controlling interests USD'000	Total equity USD'000
<b>Balance at 1 July 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>546,348</b>	<b>180,088</b>	<b>726,436</b>
Loss for the period from 1 July 2012 to 31 December 2012	-	-	-	-	-	-	(40,117)	<b>(40,117)</b>	(17,177)	<b>(57,294)</b>
Currency translation	-	-	-	-	-	752	-	<b>752</b>	173	<b>925</b>
Revaluation losses on buildings	-	-	-	1,494	-	-	-	<b>1,494</b>	1,001	<b>2,495</b>
<b>Total comprehensive income/(loss)</b>	-	-	-	1,494	-	752	(40,117)	<b>(37,871)</b>	(16,003)	<b>(53,874)</b>
Repurchase and cancellation of shares	(93)	(10,475)	6,234	-	-	-	-	<b>(4,334)</b>	-	<b>(4,334)</b>
Capital contributions in subsidiaries	-	-	-	-	-	-	-	-	390	<b>390</b>
Transferred from shareholder loans	-	-	-	-	-	-	-	-	8,537	<b>8,537</b>
Dividend distributions to non-controlling interests	-	-	-	-	-	-	-	-	(36)	<b>(36)</b>
Disposals of subsidiaries	-	-	-	-	-	-	-	-	(636)	<b>(636)</b>
Decrease due to capital reduction	-	-	-	-	-	-	-	-	(2,735)	<b>(2,735)</b>
Acquisitions of non-controlling interests in subsidiaries	-	-	-	-	-	-	(300)	<b>(300)</b>	50	<b>(250)</b>
<b>Balance at 31 December 2012</b>	<b>4,842</b>	<b>570,360</b>	<b>10,225</b>	<b>5,680</b>	-	<b>(86,757)</b>	<b>(507)</b>	<b>503,843</b>	<b>169,655</b>	<b>673,498</b>

**Equity attributable to equity shareholders of the Company**

	Share capital USD'000	Additional paid-in capital USD'000	Equity reserve USD'000	Revaluation reserve USD'000	Other reserves USD'000	Translation reserve USD'000	Accumulated losses USD'000	Total equity attributable to owners of the Company USD'000	Non- controlling interests USD'000	Total equity USD'000
<b>Balance at 1 July 2013</b>	4,813	567,374	11,995	-	-	(91,992)	(45,412)	446,778	204,044	650,822
Loss for the period from 1 July 2013 to 31 December 2013	-	-	-	-	-	-	(10,430)	(10,430)	(3,795)	(14,225)
Currency translation	-	-	-	-	-	550	-	550	614	1,164
	-	-	-	-	-	550	(10,430)	(9,880)	(3,181)	(13,061)
<b>Total comprehensive income/(loss)</b>										
Repurchase and cancellation of shares	(17)	(1,521)	824	-	-	-	-	(714)	-	(714)
Capital contributions in subsidiaries	-	-	-	-	-	-	-	-	503	503
Acquisitions of non-controlling interests in subsidiaries	-	-	-	-	(1,804)	-	-	(1,804)	(870)	(2,674)
<b>Balance at 31 December 2013</b>	<b>4,796</b>	<b>565,853</b>	<b>12,819</b>	<b>-</b>	<b>(1,804)</b>	<b>(91,442)</b>	<b>(55,842)</b>	<b>434,380</b>	<b>200,496</b>	<b>634,876</b>



## CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Six months ended	
		31 December 2013 USD'000	31 December 2012 USD'000
Revenue	22	24,273	33,532
Cost of sales	23	(20,732)	(24,908)
<b>Gross profit</b>		<b>3,541</b>	<b>8,624</b>
Net loss on fair value adjustments of investment properties and revaluations of property, plant and equipment	24	(3,363)	(56,499)
Selling and administration expenses	25	(14,643)	(16,857)
Net change in fair value of financial assets at fair value through profit or loss		7	-
Revaluation gain on investment classified as held for sale		-	4,062
Net gain/(loss) on disposals of investments		493	(400)
Impairment of assets	26	(125)	(3,770)
Finance income		708	1,607
Finance expenses		(3,236)	(3,374)
Share of losses of associates, net		(3,236)	(1,794)
Other income		2,230	624
Other expenses		(44)	(751)
<b>Loss from operations before income tax</b>		<b>(17,668)</b>	<b>(68,528)</b>
Income tax	27	3,443	11,234
<b>Loss from operations</b>		<b>(14,225)</b>	<b>(57,294)</b>
Attributable to equity shareholders of the Company		(10,430)	(40,117)
Attributable to non-controlling interests		(3,795)	(17,177)
<b>Loss for the period</b>		<b>(14,225)</b>	<b>(57,294)</b>
Loss per share			
- basic and diluted (USD per share)	28(a)	(0.02)	(0.08)

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	31 December 2013 USD'000	31 December 2012 USD'000
<b>Loss for the period</b>	<b>(14,225)</b>	<b>(57,294)</b>
<b>Other comprehensive income</b>		
<b>Items that may not be reclassified subsequently to profit or loss:</b>		
Revaluation gains on buildings	-	2,495
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	1,164	925
	1,164	925
<b>Other comprehensive income for the period</b>	<b>1,164</b>	<b>3,420</b>
<b>Total comprehensive loss for the period</b>	<b>(13,061)</b>	<b>(53,874)</b>
	(13,061)	(53,874)
Attributable to equity shareholders of the Company	(9,880)	(37,871)
Attributable to non-controlling interests	(3,181)	(16,003)
	(13,061)	(53,874)
	(13,061)	(53,874)

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended	
		31 December 2013 USD'000	31 December 2012 USD'000
<b>Operating activities</b>			
Net operating loss before tax		(17,668)	(68,528)
Adjustments for:			
Depreciation and amortisation		3,639	3,092
Net change in fair values of financial assets at fair value through profit or loss		(7)	-
Net loss on fair value adjustments of investment properties and revaluations of property, plant and equipment	24	3,363	56,499
Net gain/(loss) from disposals of investments		493	(3,663)
Allowance for impairment of assets, net	26	125	3,770
Gain on amortisation of realisation fees		(1,231)	-
Written-off account balances		-	578
Share of losses of associates		3,236	1,794
Net loss on disposals of fixed assets		13	139
Unrealised foreign exchange losses		161	35
Interest expense		2,949	2,406
Interest income		(614)	(1,288)
<b>Net loss before changes in working capital</b>		<b>(5,541)</b>	<b>(5,166)</b>
Change in trade and other assets		(11,773)	5,438
Change in inventories		9,940	(831)
Change in trade and other liabilities		(1,332)	(5,107)
Income tax paid		(307)	(1,053)
<b>Net cash outflow to operating activities</b>		<b>(9,013)</b>	<b>(6,719)</b>
<b>Investing activities</b>			
Interest received		620	1,293
Dividends received		37	-
Purchases of investment properties, property, plant and equipment, and other non-current assets		(3,919)	(3,582)
Additional investments in associates and prepayments for acquisitions of investments		(81)	(250)
Proceeds/(deposits) from short-term investments		705	(1,877)
Proceeds from disposals of investments		20,155	930
Cash received from related party for real estate investments		-	664
<b>Net cash inflow/(outflow) from/to investing activities</b>		<b>17,517</b>	<b>(2,822)</b>

		<b>Six months ended</b>	
<b>Note</b>	<b>31 December</b>	<b>31 December</b>	
	<b>2013</b>	<b>2012</b>	
	<b>USD'000</b>	<b>USD'000</b>	
<b>Financing activities</b>			
Additional capital contributions from non-controlling Interests	503	390	
Net proceeds from issuance of zero dividend preference shares	18 24,568	-	
Loan proceeds from banks	28,978	6,610	
Loan repayments to banks	(15,921)	(3,854)	
Ordinary shares acquired by the Company	16 (714)	(4,334)	
Dividends paid to non-controlling interests	-	(36)	
Interest paid	(6,296)	(2,495)	
Acquisition of non-controlling interest in a subsidiary	(75)	-	
Capital refunded to non-controlling interests	-	(2,735)	
	<u>31,043</u>	<u>(6,454)</u>	
<b>Net cash inflow/(outflow) from/(to) financing activities</b>			
<b>Net changes in cash and cash equivalents for the period</b>			
Cash and cash equivalents at the beginning of the period	16,496	40,076	
Cash and cash equivalents within disposal group	15 (2,260)	-	
Exchange differences on cash and cash equivalents	72	(225)	
	<u>53,855</u>	<u>23,856</u>	
<b>Cash and cash equivalents at the end of the period</b>			

## NOTES TO THE CONDENSED INTERIM 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, Ugland 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.

At the Extraordinary General Meeting (“EGM”) held on 21 November 2012, the shareholders supported both recommendations put forth by the Board regarding the continuation of the Company. As a result, the Special Resolution which called for the continuation of the Company as presently constituted was not passed and the Ordinary Resolution to restructure the Company was passed with over a two-thirds approval rate.

The Ordinary Resolution established the framework to restructure the Company including changes to the Company’s investment strategy, distribution policy, the Investment Manager’s remuneration and corporate governance. Key changes impacting these financial statements are summarised as follows:

- During the three-year period until 21 November 2015 (“the Cash Return Period”) the Company will make no new investments, save that it can invest in existing projects within its existing portfolio of assets. The Company will instead implement a realisation strategy whereby the Company’s existing assets will be developed (if necessary) and/or divested in a controlled, orderly and timely manner.
- Net proceeds of these realisations will be returned to shareholders, subject to the Board’s discretion and consideration in respect of the Company’s working capital requirements, the need to invest in existing projects, and the cost/tax efficiency of such transactions/distributions.
- Once the Cash Return Period has ended, shareholders will be given the opportunity to reassess the strategy of the Company through another continuation resolution.
- The fees payable to the Investment Manager have been amended as discussed in Note 31 to these condensed interim consolidated financial statements.

The condensed interim consolidated financial statements for the six months ended 31 December 2013 were approved for issue by the Company’s Board of Directors on 27 March 2014.

These condensed interim consolidated financial statements have been reviewed, not audited.

## **2 BASIS OF PREPARATION**

The Company and its subsidiaries herein are referred to as the Group.

These condensed interim consolidated financial statements are for the six months ended 31 December 2013. They have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required in the annual consolidated financial statements which are prepared in accordance with International Financial Reporting Standards ("IFRSs"). Accordingly, these financial statements are to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2013, which have been prepared in accordance with IFRSs.

Following the shareholders' approval of the recommendations put forth by the Board regarding the continuation of the Company as disclosed above, these condensed interim consolidated financial statements have been prepared on a going concern basis.

## **3 ACCOUNTING POLICIES**

### **3.1 Accounting policies**

These condensed interim consolidated financial statements (the "interim financial statements") have been prepared in accordance with the accounting policies, methods of computation and presentation adopted in the last annual consolidated financial statements for the year ended 30 June 2013, except as described below.

#### **IFRS 10, "Consolidated Financial Statements"**

Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied IFRS 10 retrospectively in accordance with the transition provisions of IFRS 10. The application of IFRS 10 has no impact on the Group's condensed interim consolidated financial statements.

#### **IFRS 11, "Joint Arrangements"**

Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The application of IFRS 11 has no impact on the Group's condensed interim consolidated financial statements.

## **IFRS 13, “Fair Value Measurement”**

IFRS 13 measurement and disclosure requirements are applicable for financial periods starting on or after 1 January 2013. The Group has included the disclosures required by IAS 34 (see Notes 6 and 7).

## **Zero Dividend Preference Shares (“the ZDP shares”)**

On 17 December 2013, VinaLand ZDP Ltd., a wholly owned subsidiary of the Company, issued 15 million Zero Dividend Preference Shares (“the ZDP Shares”), with a gross redemption yield of 8% after three years. The shares were admitted to the standard listing segment of the Official List of the UK Listing Authority and trading on the London Stock Exchange’s main market on 20 December 2013.

Each preference share has an issue price of £1 and a final capital entitlement of £1.26 at the end of its term. These shares are classified as liabilities and measured at amortised cost using the effective interest method.

Embedded within the ZDP Shares are call options which give VinaLand ZDP Limited early redemption rights. The Company does not consider the ZDP Shares and call options to be closely related. Therefore, the call options have been separated from the preference shares and are accounted for as derivatives.

Other new and/or amended standards including IAS 19 (revised), Employee Benefits that become effective for financial periods starting on or after January 2013, are determined to be irrelevant to the Group.

The AIM Rules for Companies require comparative figures for the balance sheet for the corresponding period end in the preceding financial year which differs to IAS 34 which requires comparative figures for the balance sheet for the immediately preceding financial year end. The Group continues to elect to report in accordance with IAS 34 and as such has agreed with the London Stock Exchange a derogation from the above requirement of the AIM Rules for Companies in order to comply with IAS 34.

## **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

When preparing the condensed interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and may not equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most effect on recognition and measurement of assets, liabilities, income and expenses were the same as those that applied to the last annual consolidated financial statements for the year ended 30 June 2013.

## **Realisation fee**

As of the date of the condensed interim consolidated financial statements, management has assessed that the fair value of the realisation fee liability under the restructured terms is USD27 million. Payment of any realisation fees is contingent on the Group realising their portfolio investments and making distributions to the shareholders of the Company. Given that the Group is adopting a new realisation strategy during the Cash Return Period it is reasonable to assume that it is probable that the accrued realisation fees will be paid to the Investment Manager.

## **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 of the annual consolidated financial statements for the year ended 30 June 2013. 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;
- (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 and capitalisation rates, where applicable, that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- (v) recent compensation prices made public in the province by local authority where the property is located.



## **5 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 comprise commercial, residential and office buildings, 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 sales, land and office buildings are included in the residential and office buildings segment. The hospitality segment includes the development and operation of hotels and related services. The mixed-use segment includes multi-purpose projects. Strategic decisions are made on the basis of segment operating results.

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 analysis.

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

**(a) Condensed Interim Consolidated Income Statement**

	Six months ended 31 December 2013				
	Commercial USD'000	Residential and office buildings USD'000	Hospitality USD'000	Mixed use USD'000	Total USD'000
Revenue	-	13,659	10,614	-	24,273
Cost of sales	-	(14,123)	(6,609)	-	(20,732)
Gross margin	-	(464)	4,005	-	3,541
Other income	3	241	51	1,935	2,230
Finance income	3	478	33	194	708
Net gain/(loss) on fair value adjustments of investment properties and revaluations of property, plant and equipment	191	(7,959)	6,739	(2,334)	(3,363)
Net gain on disposals of investments	-	493	-	-	493
Share of losses of associates, net	-	(2,062)	(1,174)	-	(3,236)
Impairment of assets	-	1,809	-	(1,934)	(125)
Profit/(loss) before unallocated expenses	197	(7,464)	9,654	(2,139)	248
Net change in fair value of financial assets at fair value through profit or loss					7
Selling and administration expenses					(14,643)
Finance expenses					(3,236)
Other expenses					(44)
<b>Loss before tax</b>					<b>(17,668)</b>
Income tax					3,443
<b>Net loss for the period</b>					<b>(14,225)</b>

**Six months ended 31 December 2012**

	<b>Commercial USD'000</b>	<b>Residential and office buildings USD'000</b>	<b>Hospitality USD'000</b>	<b>Mixed use USD'000</b>	<b>Total USD'000</b>
Revenue	-	18,464	15,068	-	<b>33,532</b>
Cost of sales	-	(16,030)	(8,878)	-	<b>(24,908)</b>
Gross margin	-	2,434	6,190	-	<b>8,624</b>
Other income	6	370	202	46	<b>624</b>
Finance income	9	1,034	91	473	<b>1,607</b>
Net loss on fair value adjustments of investment properties and revaluations of property, plant and equipment	(444)	(31,313)	(2,700)	(22,042)	<b>(56,499)</b>
Net loss/(gain) on disposals of investments	-	(383)	4,062	(17)	<b>3,662</b>
Share of profits/(losses) of associates, net	-	(1,642)	(157)	5	<b>(1,794)</b>
Impairment of assets	-	-	(514)	(3,256)	<b>(3,770)</b>
Profit/(loss) before unallocated expenses	(429)	(29,500)	7,174	(24,791)	<b>(47,546)</b>
Selling and administration expenses					<b>(16,857)</b>
Finance expenses					<b>(3,374)</b>
Other expenses					<b>(751)</b>
<b>Loss before tax</b>					<b>(68,528)</b>
Income tax					<b>11,234</b>
<b>Net loss for the period</b>					<b>(57,294)</b>

(b) Condensed Interim Consolidated Balance Sheet

	As at 31 December 2013					
	Commercial	Residential and office buildings	Hospitality	Mixed use	Cash and short-term investments	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Investment properties	4,500	359,146	-	148,800	-	512,446
Property, plant and equipment	-	11,776	14,700	763	-	27,239
Intangible assets	-	63	3,448	15	-	3,526
Investments in associates	18,577	27,226	3,964	2,600	-	52,367
Prepayments for acquisitions of investments	-	34,014	12,341	5,488	-	51,843
Inventories	-	88,597	74	22,751	-	111,422
Trade, tax and other receivables	26	73,585	2,302	4,564	-	80,477
Other assets	215	6,369	524	3,149	-	10,257
Short-term investments	-	-	-	-	2,292	2,292
Financial assets at fair value through profit or loss	-	2,256	-	743	-	2,999
Cash and cash equivalents	-	-	-	-	53,855	53,855
Assets in disposal group classified as held for sale	-	4,068	37,026	-	-	41,094
<b>Total assets</b>	<b>23,318</b>	<b>607,100</b>	<b>74,379</b>	<b>188,873</b>	<b>56,147</b>	<b>949,817</b>
Total assets include:						
- Additions to non-current assets (other than financial instruments and deferred tax assets)	-	17,630	25	227	-	17,882

As at 30 June 2013

	Commercial USD'000	Residential and office buildings USD'000	Hospitality USD'000	Mixed use USD'000	Cash and short-term investments USD'000	Total USD'000
Investment properties	4,300	359,871	-	150,416	-	<b>514,587</b>
Property, plant and equipment	-	11,507	43,086	810	-	<b>55,403</b>
Goodwill and intangible assets	-	83	10,887	17	-	<b>10,987</b>
Investments in associates	18,578	29,241	5,175	2,600	-	<b>55,594</b>
Prepayments for acquisitions of investments	-	44,372	13,886	7,423	-	<b>65,681</b>
Inventories	-	92,763	494	28,253	-	<b>121,510</b>
Trade, tax and other receivables	24	66,384	2,687	4,749	-	<b>73,844</b>
Other assets	249	4,964	1,420	2,620	-	<b>9,253</b>
Short-term investments	-	-	-	-	2,997	<b>2,997</b>
Financial assets at fair value through profit or loss	-	2,256	-	736	-	<b>2,992</b>
Cash and cash equivalents	-	-	-	-	16,496	<b>16,496</b>
<b>Total assets</b>	<b>23,151</b>	<b>611,441</b>	<b>77,635</b>	<b>197,624</b>	<b>19,493</b>	<b>929,344</b>
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets)						
	34	8,483	679	1,779	-	10,975

## 6 INVESTMENT PROPERTIES

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Opening balance (1 July 2013/ 1 July 2012)	514,587	606,971
Additions during the period/year	6,777	8,415
Reversals	-	(3,483)
Disposals	-	(3,000)
Transferred to inventories (Note 12)	-	(1,515)
Net loss from fair value adjustments (Note 24)	(10,102)	(83,236)
Translation differences	1,184	(9,565)
	<hr/>	<hr/>
Closing balance	<b>512,446</b>	<b>514,587</b>
	<hr/> <hr/>	<hr/> <hr/>

Bank borrowings are secured by investment properties with a fair value of USD183.4 million (30 June 2013: USD181.9 million).

The Group's investment properties were revalued during the year by independent professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties valued.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

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 values are 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 4, before recommending each property's estimated fair value to the board for approval.

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.

Information about fair value measurements using unobservable inputs (Level 3):

Segment	Valuation technique	Level 3 – Range of unobservable inputs (probability-weighted average)			Sensitivity on management's estimates							
		Valuation (USD'000)	Discount rate	Cap rate	Valuation per square metre (USD)	Sensitivities in sales price per square metre (USD'000)		Sensitivities in discount and cap rates (USD'000)				
Residential and office buildings	Discounted cash flows	201,775	18%-22% (20.6%)	(*)	80 – 6,499 (1,906)	Change in sales price per square metre			Change in discount rate			
						-10%	0%	10%	-0.5%	0%	0.5%	
						137,626	157,371	168,354	204,409	201,775	200,869	
Mixed use	Discounted cash flows	148,800	16%-18% (16.6%)	9%-13% (12.8%)		Change in sales price per square metre			Change in discount rate			
						-10%	0%	10%	-0.5%	0%	0.5%	
									Change in cap rate			
									-0.5%	167,900	158,100	148,500
									0%	158,100	148,800	139,500
									0.5%	149,500	140,200	131,400
Commercial	Comparisons	4,500			1,818	Change in sales price per square metre						
						-10%	0%	10%				
						4,050	4,500	4,950				

(\*) The valuation of these investment properties assume that they will be developed and sold within a definite time period; therefore, no capitalisation rates are used in such valuations.



## 7 PROPERTY, PLANT AND EQUIPMENT

	Buildings, hotels and golf course USD'000	Machinery, plant and equipment USD'000	Furniture, fixtures and office equipment USD'000	Motor vehicles USD'000	Total USD'000
<b>Gross carrying amount</b>					
At 1 July 2013	72,821	21,773	3,576	1,105	99,275
Additions	32	14	12	5	63
Transferred to held for sale (Note 15)	(47,275)	(9,319)	(802)	(326)	(57,722)
Revaluation gains (Note 24)	6,739	-	-	-	6,739
Disposals and write-offs	(3,940)	(3,387)	(600)	(20)	(7,947)
Translation differences	67	28	4	1	100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	28,444	9,109	2,190	765	40,508
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 July 2013	(26,913)	(14,118)	(2,209)	(632)	(43,872)
Charge for the period	(1,872)	(1,038)	(249)	(66)	(3,225)
Transferred to held for sale (Note 15)	23,064	6,913	488	324	30,789
Disposals and write-offs	1,023	1,614	440	18	3,095
Translation differences	(41)	(12)	(3)	-	(56)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	(4,739)	(6,641)	(1,533)	(356)	(13,269)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying value</b>					
At 1 July 2013	45,908	7,655	1,367	473	55,403
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	23,705	2,468	657	409	27,239
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Information about fair value measurements using significant unobservable inputs (Level 3):

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Sensitivities in discount and cap rates (USD'000)		
				Change in discount rate		
Hospitality	Discounted cash flows	14,700	15%	-0.5%	0%	0.5%
				15,000	14,700	14,400

For the comparative period:

	<b>Buildings, hotels and golf course USD'000</b>	<b>Machinery, plant and equipment USD'000</b>	<b>Furniture, fixtures and office equipment USD'000</b>	<b>Motor vehicles USD'000</b>	<b>Total USD'000</b>
<b>Gross carrying amount</b>					
At 1 July 2012	112,218	25,553	3,466	2,021	<b>143,258</b>
Additions	1,496	338	434	86	<b>2,354</b>
Revaluation gains	1,469	-	-	-	<b>1,469</b>
Revaluation losses	(2,119)	-	-	-	<b>(2,119)</b>
Disposals and write-offs	(35,702)	(3,942)	(299)	(989)	<b>(40,932)</b>
Translation differences	(618)	(176)	(25)	(13)	<b>(832)</b>
Other adjustments	(3,923)	-	-	-	<b>(3,923)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	72,821	21,773	3,576	1,105	<b>99,275</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 July 2012	(23,549)	(13,191)	(1,838)	(793)	<b>(39,371)</b>
Charge for the year	(4,262)	(2,191)	(662)	(180)	<b>(7,295)</b>
Disposals and write-offs	642	1,174	279	337	<b>2,432</b>
Translation differences	256	90	12	4	<b>362</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	(26,913)	(14,118)	(2,209)	(632)	<b>(43,872)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying value</b>					
At 1 July 2012	88,669	12,362	1,628	1,228	<b>103,887</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	45,908	7,655	1,367	473	<b>55,403</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

A hotel building and machinery and equipment which belongs to Roxy Vietnam Co. Ltd. with a carrying value of USD14.7 million as at 31 December 2013 (30 June 2013: USD15.5 million) is pledged as security for the bank borrowings disclosed in Note 18.

If buildings, hotels and the golf course were stated on the historical cost basis, the amounts would be as follows:

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Cost	32,455	79,971
Accumulated depreciation	(5,658)	(27,944)
Net book amount	<u>26,797</u>	<u>52,027</u>

## 8 INTANGIBLE ASSETS

	<b>Gaming licences USD'000</b>	<b>Software USD'000</b>	<b>Total USD'000</b>
<b>Gross carrying amount</b>			
At 1 July 2013	14,450	512	<b>14,962</b>
Additions	-	5	<b>5</b>
Transferred to held for sale (Note 15)	(8,400)	-	<b>(8,400)</b>
Write-offs	-	(90)	<b>(90)</b>
Translation differences	-	1	<b>1</b>
At 31 December 2013	<u>6,050</u>	<u>428</u>	<u><b>6,478</b></u>
<b>Amortisation</b>			
At 1 July 2013	(3,672)	(303)	<b>(3,975)</b>
Charge for the period	(370)	(44)	<b>(414)</b>
Transferred to held for sale (Note 15)	1,361	-	<b>1,361</b>
Write-offs	-	77	<b>77</b>
Translation differences	-	(1)	<b>(1)</b>
At 31 December 2013	<u>(2,681)</u>	<u>(271)</u>	<u><b>(2,952)</b></u>
<b>Carrying value</b>			
At 1 July 2013	10,778	209	<b>10,987</b>
At 31 December 2013	<u>3,369</u>	<u>157</u>	<u><b>3,526</b></u>

For the comparative year:

	<b>Gaming licences USD'000</b>	<b>Software USD'000</b>	<b>Total USD'000</b>
<b>Gross carrying amount</b>			
At 1 July 2012	14,450	742	<b>15,192</b>
Additions	-	44	<b>44</b>
Write-offs	-	(268)	<b>(268)</b>
Translation differences	-	(6)	<b>(6)</b>
	<hr/>	<hr/>	<hr/>
At 30 June 2013	14,450	512	<b>14,962</b>
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 July 2012	(2,931)	(418)	<b>(3,349)</b>
Charge for the year	(741)	(124)	<b>(865)</b>
Write-offs	-	236	<b>236</b>
Translation differences	-	3	<b>3</b>
	<hr/>	<hr/>	<hr/>
At 30 June 2013	(3,672)	(303)	<b>(3,975)</b>
	<hr/>	<hr/>	<hr/>
<b>Carrying value</b>			
At 1 July 2012	11,519	324	<b>11,843</b>
	<hr/>	<hr/>	<hr/>
At 30 June 2013	10,778	209	<b>10,987</b>
	<hr/>	<hr/>	<hr/>

## 9 INVESTMENTS IN ASSOCIATES

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Opening balance (1 July 2013/1 July 2012)	55,594	55,332
Additions during the period/year	46	90
Dividends received	(37)	(72)
Reclassification from assets held for sale	-	2,600
Share of losses of associates	(3,236)	(2,356)
	<hr/>	<hr/>
Closing balance	52,367	55,594
	<hr/>	<hr/>

## 10 PREPAYMENTS FOR ACQUISITIONS OF INVESTMENTS

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Prepayments for acquisitions of investments	78,509	80,733
Transfers (to)/from assets classified as held for sale (Note 15)	(4,068)	7,422
	<hr/>	<hr/>
	74,441	88,155
Allowance for impairment	(22,598)	(22,474)
	<hr/>	<hr/>
	51,843	65,681
	<hr/> <hr/>	<hr/> <hr/>

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

As at 31 December 2013, due to market conditions, impairment allowances of USD22,474,000 (30 June 2013: USD22,598,000) have been made against the prepayments. The relevant recoverable amounts are fair values less costs to sell estimated by independent professional qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the properties for which these prepayments are made.

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. Discount rates applied vary from 15% to 22% (30 June 2013: from 15% to 22%).

**11 DEFERRED TAX ASSETS**

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Opening balance (1 July 2013/1 July 2012)	6,037	13,021
Net change in the period/year	1,320	(6,984)
Closing balance	<u>7,357</u>	<u>6,037</u>
Deferred tax assets to be recovered after more than 12 months	6,834	5,665
Deferred tax assets to be recovered within 12 months	523	372
	<u>7,357</u>	<u>6,037</u>

**12 INVENTORIES**

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Opening balance (1 July 2013/1 July 2012)	121,510	141,243
Additions during the period/year	1,888	21,335
Transferred from investment properties (Note 6)	-	1,515
Transferred to assets held for sale (Note 15)	(402)	-
Transferred to cost of sales	(11,632)	(42,296)
Translation differences	58	(287)
	<u>111,422</u>	<u>121,510</u>

### 13 TRADE AND OTHER RECEIVABLES

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
<i>Non-current</i>		
Receivable as compensation for property exchanged	50,658	39,656
<i>Current</i>		
Trade receivables	7,070	7,628
Receivable from non-controlling interests	343	573
Receivables from disposals of subsidiaries	8,021	10,436
Interest receivables	9	15
Prepayments to suppliers	5,740	6,186
Short-term prepaid expenses	585	1,404
Advances to employees	3,966	3,646
Other receivables	1,106	1,746
	<u>26,840</u>	<u>31,634</u>

All current 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 condensed interim consolidated balance sheet.

The amounts receivable as compensation for property exchanged are stated at fair value.

### 14 CASH AND CASH EQUIVALENTS (EXCLUDING BANK OVERDRAFTS)

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Cash on hand	142	408
Cash at banks	45,313	7,294
Cash equivalents	8,400	8,794
	<u>53,855</u>	<u>16,496</u>

At 31 December 2013, cash and cash equivalents held at the Company level amounted to USD35.4 million (30 June 2013: USD3.4 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 those restrictions are satisfied.

## 15 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

31 December 2013					
	Assets classified as held for sale	Liabilities classified as held for sale	Net assets classified as held for sale	Attributable to Non- controlling interests	Equity shareholders of the Company
	USD'000	USD'000	USD'000	USD'000	USD'000
Movenpick Saigon Hotel	37,026	6,312	30,714	14,589	16,125
Vung Bau Project	4,068	-	4,068	-	4,068
	<u>41,094</u>	<u>6,312</u>	<u>34,782</u>	<u>14,589</u>	<u>20,193</u>

The assets and liabilities relating to the Movenpick Saigon Hotel and Vung Bau Project have been presented as held for sale following the signing of the relevant sale and purchase agreements dated 18 December 2013 and 8 January 2014, respectively.

The major classes of assets and liabilities of USD41.1 million and USD6.3 million are as follows:

	31 December 2013 USD'000
<b>Assets classified as held for sale</b>	
Property, plant and equipment (net of accumulated depreciation) (Note 7)	26,933
Intangible assets (net of accumulated amortisation) (Note 8)	7,039
Inventories (Note 12)	402
Trade and other receivables	392
Prepayments for acquisition of investments (Note 10)	4,068
Cash and cash equivalents	2,260
	<u>41,094</u>
<b>Liabilities classified as held for sale</b>	
Borrowings and debts	3,236
Trade and other payables	3,076
	<u>6,312</u>
Net assets classified as held for sale	<u>34,782</u>

A hotel building and machinery and equipment included in assets held for sale which belong to A-1 International Joint Venture Company with a carrying value of USD26.9 million as at 31 December 2013 (30 June 2013: USD23.6 million) are pledged as security for bank borrowings classified as held for sale.

There were no assets and liabilities classified as held for sale as at 30 June 2013.



## 16 SHARE CAPITAL

	31 December 2013		30 June 2013	
	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 (1 July 2013 /1July 2012)	481,298,227	4,813	493,487,622	4,935
Shares purchased and cancelled	(1,650,000)	(17)	(12,189,395)	(122)
Closing balance	479,648,227	4,796	481,298,227	4,813

The Company considers investors holding more than a 10% beneficial interest in the ordinary shares of the Company as major shareholders. As at 31 December 2013, there were two investors that held more than 10% of the ordinary shares of the Company (30 June 2013: two).

During the period, the Company repurchased and cancelled 1,650,000 of its ordinary shares (period ended 31 December 2012: 9,329,395 shares) for total cash consideration of USD0.7 million (period ended 31 December 2012: USD4.3 million) at an average cost USD0.43 per share (period ended 31 December 2012: USD0.46 per share). The difference between the cost of the shares repurchased and their net asset value has been recorded in equity reserve.

## 17 ADDITIONAL PAID-IN CAPITAL

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

	31 December 2013 USD'000	30 June 2013 USD'000
Opening balance (1 July 2013/1July 2012)	567,374	580,835
Shares repurchased and cancelled (Note 16)	(1,521)	(13,461)
Closing balance	565,853	567,374

## 18 BORROWINGS AND DEBTS

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
<b>Long-term borrowings:</b>		
Bank borrowings	99,575	92,913
Loans from non-controlling interests	1,219	1,298
Zero dividend preference shares	24,680	-
Less:		
Current portion of long-term bank borrowings	(13,289)	(10,319)
	<u>112,185</u>	<u>83,892</u>
<b>Short-term borrowings:</b>		
Bank borrowings	1,148	1,883
Current portion of long-term bank borrowings	13,289	10,319
	<u>14,437</u>	<u>12,202</u>
<b>Total borrowings and debts</b>	<u><u>126,622</u></u>	<u><u>96,094</u></u>

### (a) Bank borrowings

Bank borrowings mature at a range of dates until September 2024 and bear average annual interest rates of 12.5% for amounts in VND and 3.75% for amounts in USD (30 June 2013: 13.0% for amounts in VND and 6.0% for amounts in USD). The Group's bank borrowings are subject to floating interest rates.

All bank borrowings are secured by certain investment properties, property, plant and equipment, inventories and assets classified as held for sale of the Group (Notes 6, 7, 12 and 15).

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

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
6 months or less	6,645	5,159
6 to 12 months	7,792	7,044
1 to 5 years	112,185	83,069
Over 5 years	-	822
	<u>126,622</u>	<u>96,094</u>

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

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
VND	91,919	75,016
USD	10,023	21,078
GBP	24,680	-
	<u>126,622</u>	<u>96,094</u>

During the period, the Group's subsidiaries borrowed USD29.0 million (six months ended 31 December 2012: USD6.6 million) from banks to finance working capital and property development activities.

(b) Zero dividend preference shares

VinaLand ZDP Ltd., a subsidiary of the Company, issued 15 million zero dividend preference shares with a par value of GBP1.00 per share on 17 December 2013. The ZDP Shares have a three-year term and provide a gross redemption yield of 8%. They were admitted to the standard listing segment of the Official List of the UK Listing Authority and trading on the London Stock Exchange's main market on 20 December 2013.

The fair value of the ZDP Shares as at 31 December 2013 is USD25 million.

## 19 NON-CURRENT TRADE AND OTHER PAYABLES

The balances as at 31 December 2013 include VND611 billion, equivalent to USD29 million (30 June 2013: VND606 billion, equivalent to USD28.6 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. from the date a land used right certificate is issued under the name of the joint venture company. The principal and interest of the payable will be paid when the joint venture company obtains a credit facility. Payments will then be made based on the draw down schedule of the credit facility.

## 20 DEFERRED TAX LIABILITIES

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Opening balance (1 July 2013/1 July 2012)	27,594	50,360
Net decrease during the period/year from fair value adjustments of investment properties and property, plant and equipment	(2,408)	(22,766)
Closing balance	<u>25,186</u>	<u>27,594</u>
Deferred tax liabilities to be recovered after more than 12 months	25,179	24,602
Deferred tax liabilities to be recovered within 12 months	7	2,992
	<u>25,186</u>	<u>27,594</u>

Deferred tax liabilities are the amounts of income tax to be settled in future periods in respect of temporary differences between the carrying amounts of revalued assets and their tax bases.

## 21 CURRENT TRADE AND OTHER PAYABLES

	<b>31 December 2013 USD'000</b>	<b>30 June 2013 USD'000</b>
Trade payables	4,071	7,724
Payables for property acquisitions and land compensation	20,171	22,057
Deposits from property buyers	16,138	3,750
Deposits from customers of residential projects	34,209	39,381
Interest payables	122	164
Other accrued liabilities	6,566	5,721
Other payables	4,141	3,662
	<u>85,418</u>	<u>82,459</u>

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

## 22 REVENUE

	Six months ended	
	31 December 2013 USD'000	31 December 2012 USD'000
Sales of residential projects	13,659	18,464
Hospitality activities	10,614	15,068
	<u>24,273</u>	<u>33,532</u>

## 23 COST OF SALES

	Six months ended	
	31 December 2013 USD'000	31 December 2012 USD'000
Residential projects	14,123	16,030
Hospitality activities	6,609	8,878
	<u>20,732</u>	<u>24,908</u>

Cost of sales include raw materials and consumables used, construction costs, land lease payments, depreciation and amortisation, staff costs, outside service costs and other expenses.

**24 NET LOSSES ON FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES AND REVALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

	<b>Six months ended</b>	
	<b>31 December 2013 USD'000</b>	<b>31 December 2012 USD'000</b>
<b>Investment properties</b>		
<i>By real estate sector:</i>		
- Commercial	191	(444)
- Residential and office buildings	(7,959)	(31,313)
- Mixed use	(2,334)	(22,042)
	<u>(10,102)</u>	<u>(53,799)</u>
<b>Property, plant and equipment</b>		
- Hospitality	6,739	(2,700)
	<u>6,739</u>	<u>(2,700)</u>
Net losses on fair value adjustments of investment properties and revaluations of property, plant and equipment	<u>(3,363)</u>	<u>(56,499)</u>

**25 SELLING AND ADMINISTRATION EXPENSES**

	<b>Six months ended</b>	
	<b>31 December 2013 USD'000</b>	<b>31 December 2012 USD'000</b>
Management fees (Note 31)	4,122	5,236
Professional fees (*)	2,522	2,216
Listing expenses	1,152	-
Depreciation and amortisation (*)	1,064	1,824
General and administration expenses (*)	2,327	2,656
Staff costs (*)	2,524	2,772
Outside service costs (*)	932	2,153
	<u>14,643</u>	<u>16,857</u>

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

## 26 IMPAIRMENT OF ASSETS

	<b>Six months ended</b>	
	<b>31 December 2013 USD'000</b>	<b>31 December 2012 USD'000</b>
Impairment of prepayments for acquisitions of investments, net	125	3,770

## 27 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.

On 19 June 2013, the Vietnamese National Assembly approved a new corporate income tax law. Under the new law, the standard corporate income tax has been reduced from 25% to 22% effective 1 January 2014. A further reduction in tax rate to 20% will become effective on 1 January 2016. A provision of USD0.3 million has been made for corporate income tax payable by the Vietnamese subsidiaries for the period (period from 1 July 2012 to 31 December 2012: USD1.4 million).

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

	<b>Six months ended</b>	
	<b>31 December 2013 USD'000</b>	<b>31 December 2012 USD'000</b>
Group's loss before tax	(17,668)	(68,528)
Group's profit multiplied by applicable tax rate (0%)	-	-
Current income tax expense of subsidiaries	(286)	(1,442)
Deferred income tax (*)	3,729	12,676
Income tax	3,443	11,234

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

## 28 LOSS AND NET ASSET VALUE PER SHARE

### (a) Basic

	<u>Six months ended</u>	
	<u>31 December 2013</u>	<u>31 December 2012</u>
Loss attributable to owners of the Company from continuing and total operations (USD'000)	(10,430)	(40,117)
Weighted average number of ordinary shares in issue	480,757,542	489,101,025
Basic loss per share from continuing and total operations (USD per share)	<u>(0.02)</u>	<u>(0.08)</u>

### (b) Diluted

Diluted loss 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 per share is equal to basic loss per share.

### (c) Net asset value per share

	<u>31 December 2013</u>	<u>30 June 2013</u>
Net asset value (USD'000)	434,380	446,778
Number of outstanding ordinary shares in issue	479,648,227	481,298,227
Net asset value per share (USD/share)	<u>0.91</u>	<u>0.93</u>

## 29 SEASONALITY

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

## 30 COMMITMENTS

As at 31 December 2013, the Group was committed under lease agreements to paying the following future amounts:

	<u>31 December 2013 USD'000</u>	<u>30 June 2013 USD'000</u>
Within one year	46	304
From two to five years	89	915
Over five years	-	1,330
	<u>135</u>	<u>2,549</u>



As at 31 December 2013, the Group was also committed under construction agreements to pay USD20.7 million (30 June 2013: USD23.3 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 many of these arrangements is at the Group's discretion. The investment manager has estimated that, based on the agreements signed and the development plan for each project, approximately USD27.0 million (30 June 2013: USD31.2 million) will be used to fund these commitments over the next three years.

## **31 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 Cayman Islands, under a management agreement effective 21 November 2012 (the "Amended Management Agreement"). From 1 January 2012 until 20 November 2012, the Group was managed under an earlier agreement signed with the Investment Manager (the "Former Management Agreement"). Under the Former Management Agreement the Investment Manager received a fee based on the net asset value of the Group, payable monthly in arrears, at an annual rate of 2%. Under the Amended Investment Management Agreement the management fee from 21 November 2012 was fixed at USD8.25 million for the subsequent 12 months, USD7.5 million for the next 12 months and USD6.5 million for the next 12 months.

Total management fees for the period amounted to USD4,121,918 (31 December 2012: USD5,235,915), with USD660,489 (30 June 2013: USD633,777) in outstanding accrued fees due to the Investment Manager at the date of the condensed interim consolidated balance sheet.

### **Performance fees**

Under the Former Management Agreement prior to 21 November 2012, the Investment Manager was 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% and a high-water-mark. Under this arrangement USD28,218,000 of performance fees had been accrued as payable, which had been earned during prior years. On 21 November 2012, under the Amended Management Agreement, the Investment Manager's entitlement to the accrued performance fee and any future performance fees under the Former Management Agreement were cancelled and a new realisation fee, equivalent to the amount of accrued performance fees due and outstanding to the Investment Manager at 20 November 2012, was introduced.

## Realisation fees

In accordance with the Amended Management Agreement, the Investment Manager is entitled to a realisation fee of up to USD28,218,000 based upon the level of distributions made to shareholders from contracted divestments of assets signed prior to 21 November 2015 . Taking into account the effect of discounting an amount of USD26,986,997 (30 June 2013: 28,218,000) has been accrued as a liability for realisation fees payable to the Investment Manager as at 31 December 2013.

## Zero dividend preference shares

In accordance with a facility agreement between the Group and the Investment Manager relating to the Zero Dividends Preferred share issuance in December 2013, the Investment Manager has undertaken to provide a loan facility to the Group until 30 June 2015 to meet the working capital requirements of the Group and its subsidiaries. The Investment Manager has made available a USD loan facility of a maximum amount equivalent to (i) USD 1,200,000 plus (ii) the cumulative amount of Management Fees that the Investment Manager has received from the Group since the commencement of the facility. Any amounts outstanding under this facility will be subject to interest at the rate of 13 percent per annum. The funds can only be drawn upon if the Company experiences a cash shortfall and no distributions can be made to shareholders if any amounts are outstanding under the facility. As at 31 December 2013, the Group has not drawn down any amounts relating to this facility.

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

			31 December 2013 USD'000	30 June 2013 USD'000
<b>Non-current</b>	<b>Relationship</b>	<b>Balances</b>		
VinaCapital Investment Management Ltd.	Investment Manager	Realisation fees	26,987	28,218
<b>Current</b>				
VinaCapital Vietnam Opportunity Fund Limited ("VOF")	Under common management	Payments on behalf	1,036	1,687
		Disposals of real estate projects	-	797
		Loans and interests	739	663
VinaCapital Investment Management Ltd.	Investment Manager	Management fees	660	634
		Development fees and advances for real estate projects	1,890	1,664
VinaCapital Corporate Finance Vietnam Ltd.	Affiliate of Investment Manager	Loans	2,371	2,394
		Interest	1,552	1,203
			<u>8,248</u>	<u>9,042</u>

As at 31 December 2013 and 30 June 2013, receivables from related parties mainly comprise of amounts due from VinaCapital Vietnam Opportunity Fund Limited as advances to jointly invested real estate projects.

## **32 FINANCIAL RISK MANAGEMENT**

### **(a) 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 condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2013. There have been no changes in the risk management department of the Investment Manager and risk management policies since the most recent year end.

### **(b) Fair value estimation**

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013:

<b>As at 31 December 2013</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 at fair value through profit or loss				
- Ordinary shares – unlisted	-	2,992	-	<b>2,992</b>
- Call options of the ZDP Shares – unlisted	-	7	-	<b>7</b>
	<u>-</u>	<u>2,999</u>	<u>-</u>	<u><b>2,999</b></u>
	<u><u>-</u></u>	<u><u>2,999</u></u>	<u><u>-</u></u>	<u><u><b>2,999</b></u></u>
 <b>As at 30 June 2013</b>				
Financial assets at fair value through profit or loss				
- Ordinary shares – unlisted	-	2,992	-	<b>2,992</b>
	<u>-</u>	<u>2,992</u>	<u>-</u>	<u><b>2,992</b></u>
	<u><u>-</u></u>	<u><u>2,992</u></u>	<u><u>-</u></u>	<u><u><b>2,992</b></u></u>

There have been no transfers between Levels 1 and 2 during the period.