

VINALAND LIMITED AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017
(UNAUDITED)**

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

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VINALAND LIMITED AND ITS SUBSIDIARIES

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits its report together with the condensed interim consolidated financial statements of VinaLand Limited (“the Company”) and its subsidiaries (together, “the Group”) for the period from 1 July 2017 to 31 December 2017 (“the period”).

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, Ugland 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 original objective of the Group was 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 with potential capital growth. At the Extraordinary General Meeting (“EGM”) held on 21 November 2012 the shareholders approved a proposal that the Company make no new investments and dispose of a portion of its investments in a controlled and orderly manner so as to maximise returns to shareholders. At the subsequent EGM held on 18 November 2016 this strategy was expanded to include the disposal of all remaining investments.

The principal activities of the subsidiaries are property investment and development.

Results

The results of the Group for the period and the state of its affairs as at that date are set out in the condensed interim consolidated financial statements on pages 5 to 42.

Board of Directors

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

Name	Position	Date of appointment
Michel Casselman	Chairman	11 November 2011
Charles Isaac	Director	11 November 2011
Tran Trong Kien	Director	25 September 2015
Ian Lydall	Director	20 October 2016

Auditor

The Group’s auditor is PricewaterhouseCoopers.

Subsequent events after the reporting period

No significant events have occurred since the period end which would impact on the financial position of the Group as disclosed in the condensed interim consolidated balance sheet as at 31 December 2017 or on the results of operations and cash flows of the Group for the period then ended.

VINALAND LIMITED AND ITS SUBSIDIARIES

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Directors' interests in the Company

As at 31 December 2017, 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	
Charles Isaac	1,394,000	-	0.77%

Board of Directors' responsibility in respect of the condensed interim consolidated financial statements

In preparing the condensed interim 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 Accounting Standard 34, "Interim Financial Reporting" 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 condensed interim consolidated financial statements;
- iii. maintain adequate accounting records and an effective system of internal control;
- iv. prepare the condensed interim 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 condensed interim 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 condensed interim 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 condensed interim consolidated balance sheet, condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim 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 31 December 2017 and the results of its operations and cash flows for the six months then ended in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the IASB.

On behalf of the Board of Directors



Michel Casselman
Chairman

27 March 2018



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF VINALAND LIMITED
(Incorporated in the Cayman Islands with limited liability)**

Introduction

We have reviewed the condensed interim consolidated financial statements set out on pages 5 to 42 which comprises the condensed interim consolidated balance sheet of VinaLand Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 31 December 2017 and the related condensed interim consolidated statements of changes in equity, income, comprehensive income and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The Directors of the Company are responsible for the preparation and presentation of the condensed interim consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to 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.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, larger version of the PwC logo.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 27 March 2018

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

	Note	31 December 2017 USD'000	30 June 2017 USD'000
ASSETS			
Non-current			
Investment properties	6	37,730	63,988
Property, plant and equipment		399	404
Investments in associates	7	30,988	20,097
Prepayments for acquisitions of investments	8	-	22,650
Other non-current assets		30	65
Total non-current assets		69,147	107,204
Current			
Inventories		-	220
Trade and other receivables	9	14,324	1,120
Tax receivables		161	314
Receivables from and advances to related parties	23	2,801	1,786
Short-term investments		34	56
Financial assets at fair value through profit or loss		269	269
Cash and cash equivalents	10	38,341	88,919
Total current assets		55,930	92,684
Assets classified as held for sale	11	161,994	329,963
Total assets		287,071	529,851

The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	31 December 2017 USD'000	30 June 2017 USD'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity shareholders of the parent			
Share capital	12	1,808	2,580
Additional paid-in capital	13	199,847	332,803
Equity reserve		75,693	65,166
Other reserve		-	(10)
Translation reserve		(24,998)	(45,443)
Accumulated losses		(133,010)	(113,612)
		<u>119,340</u>	<u>241,484</u>
Non-controlling interests		9,917	74,867
		<u>119,340</u>	<u>241,484</u>
Total equity		129,257	316,351
LIABILITIES			
Non-current			
Deferred income tax liabilities	14	8,888	18,762
		<u>8,888</u>	<u>18,762</u>
Total non-current liabilities		8,888	18,762
Current			
Trade and other payables	15	65,688	56,387
Payables to related parties	23	15,035	13,836
		<u>80,723</u>	<u>70,223</u>
Total current liabilities		80,723	70,223
Liabilities classified as held for sale	11	68,203	124,515
		<u>68,203</u>	<u>124,515</u>
Total liabilities		157,814	213,500
Total equity and liabilities		287,071	529,851
Net assets per share attributable to equity shareholders of the parent (USD per share)	21(c)	<u>0.66</u>	<u>0.94</u>

The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the Company						Total equity attributable to owners of the Company USD'000	Non-controlling interests USD'000	Total equity USD'000
	Share capital USD'000	Additional paid-in capital USD'000	Equity reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Accumulated losses USD'000			
Balance at 1 July 2017	2,580	332,803	65,166	(10)	(45,443)	(113,612)	241,484	74,867	316,351
Loss for the period	-	-	-	-	-	(19,398)	(19,398)	730	(18,668)
Currency translation	-	-	-	-	338	-	338	89	427
Reclassification of currency translation reserve on disposal of subsidiaries	-	-	-	-	20,107	-	20,107	3,183	23,290
Total comprehensive income	-	-	-	-	20,445	(19,398)	1,047	4,002	5,049
Transactions with owners in their capacity as owners:									
Repurchases and cancellation of shares	(772)	(72,523)	10,527	-	-	-	(62,768)	-	(62,768)
Distributions to shareholders	-	(60,433)	-	-	-	-	(60,433)	-	(60,433)
Disposals of subsidiaries	-	-	-	10	-	-	10	(52,578)	(52,568)
Capital contributions to subsidiaries	-	-	-	-	-	-	-	2,759	2,759
Distributions to non-controlling interests	-	-	-	-	-	-	-	(19,133)	(19,133)
Balance at 31 December 2017	1,808	199,847	75,693	-	(24,998)	(133,010)	119,340	9,917	129,257

The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Equity attributable to equity shareholders of the Company						Total equity attributable to owners of the Company USD'000	Non-controlling interests USD'000	Total equity USD'000
	Share capital USD'000	Additional paid-in capital USD'000	Equity reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Accumulated losses USD'000			
Balance at 1 July 2016	3,938	452,680	42,115	(67)	(71,877)	(89,953)	336,836	128,413	465,249
Profit for the period	-	-	-	-	-	338	338	10,486	10,824
Currency translation	-	-	-	-	(4,007)	-	(4,007)	(2,887)	(6,894)
Reclassification of currency translation reserve on disposal of subsidiaries	-	-	-	-	8,778	-	8,778	-	8,778
Total comprehensive income	-	-	-	-	4,771	338	5,109	7,599	12,708
Transactions with owners in their capacity as owners:									
Repurchases and cancellation of shares	(359)	(30,613)	7,269	-	-	-	(23,703)	-	(23,703)
Disposals of subsidiaries	-	-	-	-	-	-	-	(3,903)	(3,903)
Capital contributions to subsidiaries	-	-	-	-	-	-	-	41	41
Distributions to non-controlling interests	-	-	-	-	-	-	-	(5,808)	(5,808)
Balance at 31 December 2016	3,579	422,067	49,384	(67)	(67,106)	(89,615)	318,242	126,342	444,584

The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Six months ended	
		31 December 2017 USD'000	31 December 2016 USD'000
Revenue		30	4,508
Cost of sales		(102)	(5,338)
Gross loss		(72)	(830)
Net gain on fair value adjustments of investment properties	16	3,547	41,667
Net gain on fair value adjustment of investment properties classified as held for sale	11	2,623	-
Selling and administration expenses	17	(2,435)	(5,188)
Net losses on disposals of investments	18	(20,097)	(13,852)
Reversal of impairment of assets		-	682
Finance income		545	365
Finance expenses		(580)	(4,302)
Share of losses of associates, net	7(a)	(295)	(1,921)
Gain due to dilution of ownership in an associate		-	1,613
Other income		195	330
Other expenses		(488)	(1,078)
(Loss)/income from operations before income tax		(17,057)	17,486
Income tax	19	(1,611)	(6,662)
(Loss)/income from operations		(18,668)	10,824
Attributable to equity shareholders of the Company		(19,398)	338
Attributable to non-controlling interests		730	10,486
Net (loss)/income for the period		(18,668)	10,824
(Loss)/earning per share			
- basic and diluted (USD per share)	21(a)	(0.08)	0.00

The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	31 December 2017 USD'000	31 December 2016 USD'000
Net (loss)/income for the period	(18,668)	10,824
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Reclassification of currency translation reserve on disposal of subsidiaries	23,290	8,778
Exchange differences on translating foreign operations	427	(6,894)
	<hr/>	<hr/>
Other comprehensive income for the period	23,717	1,884
	<hr/>	<hr/>
Total comprehensive income for the period	5,049	12,708
	<hr/> <hr/>	<hr/> <hr/>
Attributable to equity shareholders of the Company	1,047	5,109
Attributable to non-controlling interests	4,002	7,599
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	5,049	12,708
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The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended	
		31 December 2017 USD'000	31 December 2016 USD'000
Operating activities			
Net operating (loss)/profit before tax		(17,057)	17,486
Adjustments for:			
Depreciation and amortisation		8	27
Net change in fair values of financial assets at fair value through profit or loss		-	(6,831)
Net gain on fair value adjustments of investment properties	16	(3,547)	(41,667)
Net gain on fair value adjustments of investment properties classified as held for sales	11	(2,623)	-
Net losses on disposals of investments	18	20,097	13,852
Reversal for impairment of assets		-	(682)
Share of losses of associates, net	7(a)	295	1,921
Gain due to dilution in ownership of associate	7	-	(1,613)
Unrealised foreign exchange losses		7	2
Interest expense		570	4,130
Interest income		(374)	(239)
Net loss before changes in working capital		(2,624)	(13,614)
Change in trade receivables and other current assets		(5,368)	(852)
Change in inventories		-	1,953
Change in trade payables and other current liabilities		61,540	(4,179)
Net cash inflow/(outflow) from operating activities		53,548	(16,692)
Investing activities			
Interest received		365	206
Purchases of investment properties and other non-current assets		(8,646)	(12,980)
Additional investments in associates		(11,186)	(1,880)
Proceeds from disposals of assets classified as held for sale		2,987	1,954
Proceeds from sales of subsidiaries		51,543	26,357
Collection of prepayment for acquisition		-	2,955
Net proceeds in short-term deposits		-	7,352
Net cash inflow from investing activities		35,063	23,964

The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Six months ended	
		31 December 2017 USD'000	31 December 2016 USD'000
Financing activities			
Additional capital contributions from non-controlling interests		2,759	41
Loan proceeds from banks		-	36,309
Loan repayments to banks		-	(1,028)
Zero dividend preference share repayment		-	(25,118)
Ordinary shares acquired by the Company	12	(62,768)	(23,703)
Distributions to shareholders	13	(60,433)	-
Interest paid		(571)	(6,514)
Capital refunded to non-controlling interests		(19,133)	(5,808)
		<u>(140,146)</u>	<u>(25,821)</u>
Net cash outflow to financing activities		(140,146)	(25,821)
Net changes in cash and cash equivalents for the period			
		(51,535)	(18,549)
Cash and cash equivalents at the beginning of the period		88,919	76,903
Cash and cash equivalents classified as held for sale		952	-
Exchange differences on cash and cash equivalents		5	62
		<u>38,341</u>	<u>58,416</u>
Cash and cash equivalents at the end of the period	10	38,341	58,416

During the period, major non-cash transactions included capital gains tax of USD10.1 million (six months ended 31 December 2017: USD0.8 million) realised on the disposals of investments. The tax amounts due were withheld from disposal proceeds by the acquirors of investments and remitted to the tax authorities. As a result, these amounts are excluded from proceeds from disposal of subsidiaries included in the consolidated statement of cash flows.

The notes on pages 13 to 42 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

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 original objective of the Company was 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 approved a proposal that the Company make no new investments and dispose of a portion of its investments in a controlled and orderly manner so as to maximise returns to shareholders. At the subsequent EGM held on 18 November 2016 this strategy was expanded to include the disposal of all remaining investments. The key changes impacting these financial statements are summarised as follows:

- The new strategy involves the orderly sell down of investments in conjunction with ongoing development of selected projects to maximise returns to shareholders. All projects will be realised over a period of approximately three years and the proceeds collected, less operating costs, disposal and alignment fees, will be returned to shareholders.
- The Third Amended and Restated Investment Management Agreement (“the Third Amended Management Agreement”) introduces a new fee structure composed of disposal and alignment fees, prepayment advances and a retention account to ensure that the Investment Manager is incentivised to meet the investing policy (Note 23).

The condensed interim consolidated financial statements for the six months ended 31 December 2017 were approved for issue by the Company’s Board of Directors on 27 March 2018.

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 2017. 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 2017, which have been prepared in accordance with IFRSs.

3 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 2017.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2017.

4.1 Fair value of investment properties

The investment properties of the Group are stated at fair value in accordance with accounting policy 2.5 of the annual consolidated financial statements for the year ended 30 June 2017. The fair values of investment properties are based on valuations by independent professional valuers. For the purpose of these interim consolidated financial statements, the Group engaged Cushman & Wakefield to perform independent valuations of its investment properties. 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 that reflect current market assessments of the uncertainty in the amount and timing of the cash flows;
- (v) recent compensation prices made public by the local authority at the province where the property is located; and
- (vi) prices contained in recent term sheets entered into by the Company with prospective buyers.

Sensitivity analyses are provided in Note 6.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Disposal fee and alignment fee

The liabilities of the Group are stated at fair value in accordance with accounting policy 2.28 of the annual consolidated financial statements for the year ended 30 June 2017. Their fair value is estimated at each annual balance sheet date by an independent valuation company. For interim reporting purposes, management estimated the fair value of the fees by updating the independent valuation company's model with the latest projected disposal proceeds and distributions. The valuation is based on certain assumptions which are subject to uncertainty and might materially differ from the actual results, including:

- (i) the timing and amount of disposals;
- (ii) development expenditure and operating expenses of the Group;
- (iii) the timing and amount of distributions to shareholders using a variety of methods;

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 by investment portfolio include commercial, residential and office buildings, hospitality, mixed-use segments and cash and short-term investments.

Detail of activities undertaken by each segment and how each segment is managed and monitored, can be found in Note 4 to the annual consolidated financial statements of the Group for the year ended 30 June 2017.

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:

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 SEGMENT ANALYSIS (CONTINUED)

(a) Condensed Interim Consolidated Income Statement

	Six months ended 31 December 2017				Total USD'000
	Commercial USD'000	Residential and office buildings USD'000	Hospitality USD'000	Mixed use USD'000	
Revenue	-	15	-	15	30
Cost of sales	-	(94)	-	(8)	(102)
Gross (loss)/profit	-	(79)	-	7	(72)
Net loss on disposals of investments	-	(10,826)	-	(9,271)	(20,097)
Finance income	16	229	-	300	545
Net gain/(loss) on fair value adjustments of investment properties	-	3,923	-	(376)	3,547
Net (loss)/gain on fair value adjustment of investment properties classified as held for sale	(27)	2,650	-	-	2,623
Share of losses of associates, net	(295)	-	-	-	(295)
Other income	-	124	69	2	195
Total (loss)/profit before unallocatable expenses	(306)	(3,979)	69	(9,338)	(13,554)
Selling and administration expenses					(2,435)
Finance expenses					(580)
Other expenses					(488)
Loss before tax					(17,057)
Income tax					(1,611)
Net loss for the period					(18,668)

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 SEGMENT ANALYSIS (CONTINUED)

(a) Condensed Interim Consolidated Income Statement (continued)

	Six months ended 31 December 2016				Total USD'000
	Commercial USD'000	Residential and office buildings USD'000	Hospitality USD'000	Mixed use USD'000	
Revenue	-	4,508	-	-	4,508
Cost of sales	-	(5,338)	-	-	(5,338)
Gross loss	-	(830)	-	-	(830)
Net loss on disposals of investments	-	(13,852)	-	-	(13,852)
Finance income	-	205	3	157	365
Net (loss)/gain on fair value adjustments of investment properties	(1,045)	8,950	-	33,762	41,667
Share of gains/(losses) of associates, net	102	(2,068)	45	-	(1,921)
Loss due to dilution in ownership of associate	-	1,613	-	-	1,613
Reversal of impairment of assets	-	74	-	608	682
Other income	8	286	-	36	330
Total (loss)/profit before unallocatable expenses	(935)	(5,622)	48	34,563	28,054
Selling and administration expenses					(5,188)
Finance expenses					(4,302)
Other expenses					(1,078)
Income before tax					17,486
Income tax					(6,662)
Net income for the period					10,824

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 SEGMENT ANALYSIS (CONTINUED)

(b) Condensed Interim Consolidated Balance Sheet

	As at 31 December 2017					
	Commercial	Residential and office buildings	Hospitality	Mixed use	Cash and deposits	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Investment properties	-	37,730	-	-	-	37,730
Property, plant and equipment	-	-	-	399	-	399
Investments in associates	30,988	-	-	-	-	30,988
Trade, tax and other receivables	-	15,447	-	1,839	-	17,286
Short-term investments	-	-	-	-	34	34
Financial assets at fair value through profit or loss	-	-	-	269	-	269
Cash and cash equivalents	-	-	-	-	38,341	38,341
Assets classified as held for sale	3,008	124,628	4,286	30,072	-	161,994
Other assets	-	1	-	29	-	30
Total assets	33,996	177,806	4,286	32,608	38,375	287,071
Total assets include:						
Addition to non-current assets (other than financial instruments and deferred tax assets)	11,186	49	-	41	-	11,276

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 SEGMENT ANALYSIS (CONTINUED)

(b) Condensed Interim Consolidated Balance Sheet (continued)

	As at 30 June 2017					
	Commercial	Residential and office buildings	Hospitality	Mixed use	Cash and deposits	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Investment properties	-	33,700	-	30,288	-	63,988
Property, plant and equipment	-	-	-	404	-	404
Investments in associates	20,097	-	-	-	-	20,097
Prepayments for acquisitions of investments	-	22,650	-	-	-	22,650
Inventories	-	220	-	-	-	220
Trade, tax and other receivables	-	1,254	-	1,966	-	3,220
Short-term investments	-	-	-	-	56	56
Financial assets at fair value through profit or loss	-	-	-	269	-	269
Cash and cash equivalents	-	-	-	-	88,919	88,919
Assets classified as held for sale	3,017	193,373	4,287	129,286	-	329,963
Other assets	-	35	-	30	-	65
Total assets	23,114	251,232	4,287	162,243	88,975	529,851
Total assets include:						
Addition to non-current assets (other than financial instruments and deferred tax assets)	2,026	66,584	-	73	-	68,683

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 INVESTMENT PROPERTIES

	31 December	30 June
	2017	2017
	USD'000	USD'000
Opening balance (1 July 2017/1 July 2016)	63,988	389,700
Additions	42	66,514
Disposals	-	(130,255)
Transfers to non-current assets classified as held for sale (Note 11)	(30,000)	(287,058)
Net gain from fair value adjustments (Note 16)	3,547	30,122
Translation differences	153	(5,035)
	<hr/>	<hr/>
Closing balance	<u>37,730</u>	<u>63,988</u>

The Group's investment properties were revalued during the period 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.

As at 31 December 2017 and 30 June 2017, there were no bank borrowings secured by investment properties. During the period, there were no borrowing costs capitalised (year ended 30 June 2017: USD4.9 million) in investment properties.

At 31 December 2017, land use right 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 administrative steps required by local authorities and/or the settlement of any outstanding land taxes.

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. All of the Group's investment properties are in Level 3 of the fair value hierarchy. There were no transfers between levels during the period (year ended 30 June 2017: none).

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 INVESTMENT PROPERTIES (CONTINUED)

Information about fair value measurements using unobservable inputs (Level 3) is set out below:

As at 31 December 2017

Segment	Level 3 – Range of unobservable inputs			Sensitivity on management’s estimates		
	Valuation technique	Valuation (USD’000)	Valuation per square metre (USD)	Sensitivities in sales price per square metre (USD’000)		
Residential and office buildings	Direct comparisons	37,730	34	Change in sales price per square metre		
				-10%	0%	10%
				33,957	37,730	41,503

For the comparative balance sheet date:

Segment	Level 3 – Range of unobservable inputs			Sensitivity on management’s estimates		
	Valuation technique	Valuation (USD’000)	Valuation per square metre (USD)	Sensitivities in sales price per square metre (USD’000)		
Residential and office buildings	Direct comparisons	33,700	30	Change in sales price per square metre		
				-10%	0%	10%
				30,330	33,700	37,070
Mixed use	Direct comparisons	30,288	785 - 938	Change in sales price per square metre		
				-10%	0%	10%
				24,908	30,288	35,668

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 SUBSIDIARIES AND ASSOCIATES

(a) Investments in associates

	31 December 2017 USD'000	30 June 2017 USD'000
Opening balance (1 July 2017/1 July 2016)	20,097	47,713
Additions	11,186	2,014
Gain due to dilution of ownership in an associate	-	1,670
Disposals	-	(24,568)
Reclassified as held for sale (Note 11)	-	(4,287)
Share of losses of associates	(295)	(2,445)
Closing balance	<u>30,988</u>	<u>20,097</u>

Particulars of material operating associates and their summarised financial information, extracted from their financial statements as at 31 December 2017 and 30 June 2017, are as follows:

As at 31 December 2017

	Incorporation	Principal activity	Assets USD'000	Liabilities USD'000	Revenue USD'000	Loss USD'000	Share of losses to the Group USD'000	Equity interest held %
Thang Loi Textile Garment Joint Stock Company	Vietnam	Property	59,702	7,219	221	(464)	(295)	65

As at 30 June 2017

	Incorporation	Principal activity	Assets USD'000	Liabilities USD'000	Revenue USD'000	Loss USD'000	Share of losses to the Group USD'000	Equity interest held %
Thang Loi Textile Garment Joint Stock Company	Vietnam	Property	49,101	7,893	2,925	(80)	(50)	65

As at the reporting date, the Group has a 65% equity interest in Thang Loi Textile Garment Joint Stock Company. Management considers the interest an investment in an associate as the Group does not have control over the investee. The Group and a co-investor have significant influence over this investee.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries

The Group had the following principal subsidiaries which are held through special purpose vehicles established outside of Vietnam at 31 December 2017 and 30 June 2017:

Name	Country of incorporation and place of business	31 December 2017		30 June 2017		Nature of business
		Percentage interest held by the Group	Percentage interest held by non-controlling interests	Percentage interest held by the Group	Percentage interest held by non-controlling interests	
VinaCapital Commercial Center Limited (Vietnam) (*)	Vietnam	38.2%	61.8%	38.2%	61.8%	Property investment
Mega Assets Company Limited (Vietnam)	Vietnam	75.0%	25.0%	75.0%	25.0%	Property investment
SIH Real Estate Limited Company (Vietnam)	Vietnam	75.0%	25.0%	75.0%	25.0%	Property investment
Dien Phuoc Long Real Estate Company Limited	Vietnam	100.0%	-	100.0%	-	Property investment
Hoang Phat Investment Joint Stock Company	Vietnam	60.0%	40.0%	60.0%	40.0%	Hospitality
AA VinaCapital Co. Limited	Vietnam	83.2%	16.8%	83.2%	16.8%	Property investment
Aqua City Joint Stock Company	Vietnam	100.0%	-	100.0%	-	Property investment
Viet Land Development Corporation Limited	Vietnam	90.0%	10.0%	90.0%	10.0%	Property investment
VinaCapital Phuoc Dien Co., Ltd.	Vietnam	-	-	100.0%	-	Property investment
Vinh Thai Urban Development Corporation Limited	Vietnam	-	-	53.3%	46.7%	Property investment
Vina Alliance Company Limited	Vietnam	-	-	46.5%	53.5%	Property investment
Phu Hoi City Company Limited	Vietnam	-	-	52.5%	47.5%	Property investment

(*) At the reporting date, the Group has a 38.2% equity interest in VinaCapital Commercial Center Limited (Vietnam). Management considers this company as a subsidiary as the Group has de facto control through the majority voting rights in the company.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries (continued)

All subsidiaries are included in the consolidated financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the Group does not differ from the proportion of ordinary shares held. The Group further does not have any shareholding in the preference shares of subsidiary undertakings included in the Group.

During the period, the Group sold several subsidiaries, details of which are provided on the following pages. The assets and liabilities held by the subsidiaries sold were as follows:

	As at the date of disposal USD'000
Current assets	
Cash and cash equivalents	401
Prepayment to supplier	2,264
Inventories	220
Trade and other receivables	1,842
Assets classified as held for sale	205,118
	<hr/>
Total current assets	209,845
Non-current assets	
Prepayments for acquisitions	22,697
	<hr/>
Total non-current assets	22,697
Current liabilities	
Trade payables	(458)
Short-term borrowings	(2,961)
Other current liabilities	(7)
Liabilities classified as held for sale	(64,776)
	<hr/>
Total current liabilities	(68,202)
	<hr/>
Net assets at the date when subsidiaries were sold	164,340
	<hr/>
Net assets attributable to the Company	112,238
Net assets attributable to non-controlling interests	52,102
	<hr/>
Total consideration	115,360
Capital gains tax withheld by buyers	(9,999)
Outstanding consideration as at 31 December 2017	(12,786)
	<hr/>
Consideration received from sales of subsidiaries	92,575
Less: Cash and cash equivalents of disposed subsidiaries	(3,674)
	<hr/>
Cash received due to loss of control of subsidiaries	88,901
	<hr/> <hr/>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries (continued)

Details of the losses from sales of subsidiaries are as follows:

	Period ended 31 December 2017 USD'000
Total consideration	115,360
Carrying amount of net assets sold attributable to the Company	(112,238)
	<hr/>
Gain on sales of subsidiaries before reclassification of currency translation reserve	3,122
Reclassification of currency translation reserve	(23,290)
	<hr/>
Loss on sales of subsidiaries	(20,168)
	<hr/>

Sale of Vinh Thai Urban Development Corporation Limited

During the period the Group sold its 53.3% equity interest in Vinh Thai Urban Development Corporation Limited for a total consideration of USD5.9 million. The book value of the net assets at the sale date was USD5.8 million and the reclassification of translation reserve on disposal was USD7.2 million, resulting in a loss of USD7.1 million.

Sale of Vina Alliance Company Limited

During the period the Group sold its 46.5% equity interest in Vina Alliance Company Limited for a total consideration of USD61.8 million. The book value of the net assets at the sale date was USD61.8 million and the reclassification of translation reserve on disposal was USD9.3 million, resulting in a loss of USD9.3 million.

Sale of Phu Hoi City Company Limited

During the period the Group sold its 52.5% equity interest in Phu Hoi City Company Limited for a total consideration of USD21.2 million. The book value of the net assets at the sale date was USD20.8 million and the reclassification of translation reserve on disposal was USD5.3 million, resulting in a loss of USD4.9 million.

Sale of VinaCapital Phuoc Dien Co., Ltd.

During the period the Group sold its 100% equity interest in VinaCapital Phuoc Dien Co., Ltd. for a total consideration of USD26.5 million. The book value of the net assets at the sale date was USD23.9 million and the reclassification of translation reserve on disposal was USD1.5 million, resulting in a gain of USD1.1 million.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests

The total non-controlling interests as at 31 December 2017 was USD9.9 million (30 June 2017: USD74.9 million), allocated as below:

	31 December 2017 USD'000	30 June 2017 USD'000
Aqua City Joint Stock Company ("Aqua City")	4,776	4,340
Mega Assets Company Limited (Vietnam) ("Mega Assets")	2,802	6,175
Vina Alliance Company Limited ("Vina Square") (*)	-	42,394
Phu Hoi City Company Limited ("Phu Hoi") (*)	-	14,871
Others	2,339	7,087
	<u>9,917</u>	<u>74,867</u>

(*) The Group disposed of these subsidiaries during the period.

Set out below is summarised financial information for each of the subsidiaries with non-controlling interests that are material to the Group.

Summarised balance sheets

	Aqua City		Mega Assets	
	As at		As at	
	31.12.2017	30.06.2017	31.12.2017	30.06.2017
	USD'000	USD'000	USD'000	USD'000
Current				
Assets	3,116	3,109	1,138	465
Liabilities	(52,074)	(52,074)	(13,674)	(12,261)
Total current net liabilities	(48,958)	(48,965)	(12,536)	(11,796)
Non-current				
Assets	37,730	33,701	-	30,237
Liabilities	(598)	-	(3,970)	(4,576)
Total non-current net assets/(liabilities)	37,132	33,701	(3,970)	25,661
Classified as held for sale				
Assets	-	-	30,072	-
Liabilities	-	-	(10)	-
Total net assets classified as held for sale	-	-	30,062	-
Net (liabilities)/assets	(11,826)	(15,264)	13,556	13,865

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries (continued)

Summarised income statements

	Aqua City		Mega Assets	
	Period ended 31 December 2017 USD'000	Period ended 31 December 2016 USD'000	Period ended 31 December 2017 USD'000	Period ended 31 December 2016 USD'000
Revenue	-	-	-	-
Profit/(loss) before income tax	3,921	(455)	(361)	6,240
Income tax expense	(598)	-	6	(1,213)
Post-tax profit/(loss) from continuing operations	3,323	(455)	(355)	5,027
Other comprehensive income/(loss)	115	-	46	(427)
Total comprehensive income/(loss)	3,438	(455)	(309)	4,600
Total comprehensive income/(loss) allocated to non-controlling interests	436	(55)	(77)	1,191

Summarised statements of cash flow

	Aqua City		Mega Assets	
	Period ended 31 December 2017 USD'000	Period ended 31 December 2016 USD'000	Period ended 31 December 2017 USD'000	Period ended 31 December 2016 USD'000
Net cash flows from/(used in) operating activities	119	-	(3,365)	(112)
Net cash flows (used in)/from investing activities	(1)	-	237	5
Net cash flows from financing activities	-	-	2,990	165
Cash and cash equivalents classified as held for sale	-	-	(25)	-
Net increase/(decrease) in cash and cash equivalents	118	-	(163)	58

The information above is before inter-company eliminations.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 PREPAYMENTS FOR ACQUISITIONS OF INVESTMENTS

Movements in the balance during the period/year were as follows:

	31 December 2017 USD'000	30 June 2017 USD'000
Opening balance (1 July 2017/1 July 2016)	22,650	27,772
Additions	47	76
Reversal of impairment	-	1,176
Disposal	(22,697)	-
Collection of prepayment	-	(2,955)
Reclassified as held for sale	-	(3,077)
Translation differences	-	(342)
	<u> </u>	<u> </u>
Closing balance	<u> </u>	<u>22,650</u>

9 TRADE AND OTHER RECEIVABLES

	31 December 2017 USD'000	30 June 2017 USD'000
Receivables from disposals of subsidiaries (*)	12,786	252
Trade receivables	766	217
Prepayments to suppliers	750	17
Interest receivables	19	10
Advances to employees	-	8
Short-term prepaid expenses	2	5
Other receivables	1	611
	<u> </u>	<u> </u>
	<u>14,324</u>	<u>1,120</u>

(*) Receivables from disposals of subsidiaries represent the final settlements upon completion of the transfer of ownership of subsidiaries to the buyers in accordance with the relevant sale and purchase agreements.

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.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 CASH AND CASH EQUIVALENTS

	31 December 2017 USD'000	30 June 2017 USD'000
Cash on hand	6	6
Cash at banks	20,737	80,217
Cash equivalents	17,598	8,696
	<u>38,341</u>	<u>88,919</u>

Cash equivalents include short-term highly liquid investments with original maturities of three months or less.

At 31 December 2017, cash and cash equivalents held at the Company level amounted to USD33.9 million (30 June 2017: USD70.7 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 it cannot be transferred out of Vietnam unless those restrictions are satisfied.

In accordance with the Third Amended Management Agreement, twenty percent (20%) of any disposal fee payable to the Investment Manager is to be deposited into a separate bank account under the Company's name ("the Retention Account"). These funds will be distributed upon the performance of certain milestones by the Manager. The Company has no specific rights to these funds. Included in cash and cash equivalents as at 31 December 2017 (30 June 2017: nil) was USD0.7 million transferred into the Retention Account in January 2018. This amount equals 20% of disposal fees payable to Investment Manager for the period commencing on and including 22 November 2016 to and excluding 22 November 2017 .

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	31 December 2017				
	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
AA VinaCapital Co. Limited	3,007	(59)	2,948	496	2,452
Viet Land Development Corporation Limited	120,718	(67,732)	52,986	4,072	48,914
Romana Services - Trading Investment JS Corporation	4,286	-	4,286	-	4,286
Hoang Phat Investment Joint Stock Company	3,911	(402)	3,509	1,240	2,269
Mega Assets Company Limited	30,072	(10)	30,062	7,516	22,546
	<u>161,994</u>	<u>(68,203)</u>	<u>93,791</u>	<u>13,324</u>	<u>80,467</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

As at 31 December 2017, the assets and liabilities of followings project companies had been presented as held for sale following the signing of relevant sale and purchase agreements:

- AA VinaCapital Co. Limited
- Viet Land Development Corporation Limited
- Romana Services - Trading Investment JS Corporation
- Hoang Phat Investment Joint Stock Company
- Mega Assets Company Limited (Vietnam)

For the comparative year:

	30 June 2017				
	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
Phu Hoi City Company Limited	30,221	(1)	30,220	14,603	15,617
AA VinaCapital Co. Limited	3,017	(59)	2,958	498	2,460
Viet Land Development Corporation Limited	112,150	(60,224)	51,926	3,966	47,960
Vinh Thai Urban Development Corporation Limited	45,263	(34,452)	10,811	5,054	5,757
Vina Alliance Company Limited	129,286	(29,462)	99,824	53,406	46,418
Romana Services - Trading Investment JS Corporation	4,287	-	4,287	-	4,287
Hoang Phat Investment Joint Stock Company	2,662	(317)	2,345	779	1,566
Long Truong Site	3,077	-	3,077	-	3,077
	<u>329,963</u>	<u>(124,515)</u>	<u>205,448</u>	<u>78,306</u>	<u>127,142</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

It is the Group's view that all of its assets and liabilities classified as held for sales are in Level 3 of the fair value hierarchy. The major classes of assets and liabilities and their movements during the period/year are as follows:

	1 July 2017 USD'000	Change in carrying amount USD'000	Fair value changes USD'000	Transferred in USD'000	Disposals USD'000	31 December 2017 USD'000
Assets classified as held for sale						
Investment properties (Note 6)	287,058	8,557	2,623	30,000	(171,687)	156,551
Property, plant and equipment (net of accumulated depreciation)	11	(1)	-	-	(10)	-
Prepayments for acquisitions	3,077	-	-	-	(3,077)	-
Other current assets	4	10	-	-	(3)	11
Other non-current assets	14	-	-	-	-	14
Inventories	29,584	7	-	-	(29,591)	-
Trade and other receivables	1,645	(65)	-	47	(554)	1,073
Cash and cash equivalents	4,283	(977)	-	25	(3,273)	58
Investment in associate	4,287	-	-	-	-	4,287
	<u>329,963</u>	<u>7,531</u>	<u>2,623</u>	<u>30,072</u>	<u>(208,195)</u>	<u>161,994</u>
Liabilities classified as held for sale						
Long-term borrowings and debts	78,247	2,887	-	-	(30,487)	50,647
Short-term borrowings and debts	18,828	477	-	-	(7,179)	12,126
Long-term trade and other payables	35	-	-	-	-	35
Accruals and other current liabilities	-	(1)	-	-	1	-
Trade and other payables	27,405	5,091	-	10	(27,111)	5,395
	<u>124,515</u>	<u>8,454</u>	<u>-</u>	<u>10</u>	<u>(64,776)</u>	<u>68,203</u>
Net assets classified as held for sale	<u>205,448</u>	<u>(923)</u>	<u>2,623</u>	<u>30,062</u>	<u>(143,419)</u>	<u>93,791</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

For the comparative year:

	1 July 2016 USD'000	Transferred in USD'000	Disposals USD'000	30 June 2017 USD'000
Assets classified as held for sale				
Investment properties (Note 6)	3,784	287,058	(3,784)	287,058
Property, plant and equipment (net of accumulated depreciation)	318	11	(318)	11
Intangible assets (net of accumulated amortisation)	9	-	(9)	-
Prepayments for acquisitions	-	3,077	-	3,077
Deferred income tax assets	155	-	(155)	-
Other current assets	41	3	(41)	3
Other non-current assets	468	14	(468)	14
Inventories	4,585	29,584	(4,585)	29,584
Trade and other receivables	860	1,645	(860)	1,645
Short-term investments	219	-	(219)	-
Cash and cash equivalents	8,189	4,284	(8,189)	4,284
Investment in associate (Note 7(a))	-	4,287	-	4,287
	<u>18,628</u>	<u>329,963</u>	<u>(18,628)</u>	<u>329,963</u>
Liabilities classified as held for sale				
Long-term borrowings and debts	-	78,248	-	78,248
Short-term borrowings and debts	-	18,829	-	18,829
Long-term trade and other payables	2,602	33	(2,602)	33
Accruals and other current liabilities	319	-	(319)	-
Trade and other payables	2,344	27,405	(2,344)	27,405
	<u>5,265</u>	<u>124,515</u>	<u>(5,265)</u>	<u>124,515</u>
Net assets classified as held for sale	<u>13,363</u>	<u>205,448</u>	<u>(13,363)</u>	<u>205,448</u>

As at 31 December 2017, bank borrowing of USD50.8 million (30 June 2017: USD64.6 million) are secured by investment properties held for sale with a total fair value of USD120.0 million (30 June 2017: investment properties held for sale with a total fair value of USD253.4 million and inventories held for sale with a total carrying value of USD29.6 million).

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 SHARE CAPITAL

	31 December 2017		30 June 2017	
	Number of shares	USD'000	Number of shares	USD'000
Authorised:				
Ordinary shares of USD0.01 each	500,000,000	5,000	500,000,000	5,000
Issued and fully paid:				
Opening balance (1 July 2017/ 1 July 2016)	257,987,620	2,580	393,808,479	3,938
Shares purchased and cancelled	(77,182,732)	(772)	(135,820,859)	(1,358)
Closing balance	180,804,888	1,808	257,987,620	2,580

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 2017, there were four investors that held more than 10% of the ordinary shares of the Company (30 June 2017: two).

During the period, the Company purchased and cancelled 77,182,732 of its ordinary shares (year ended 30 June 2017: 135,820,859 shares) for a total cash consideration of USD62.8 million (year ended 30 June 2017: USD98.2 million) at an average cost USD0.814 per share (year ended 30 June 2017: USD0.723 per share). The difference between the cost of the shares repurchased and their net asset value has been recorded in an equity reserve.

13 ADDITIONAL PAID-IN CAPITAL

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

	31 December 2017 USD'000	30 June 2017 USD'000
Opening balance (1 July 2017/1 July 2016)	332,803	452,680
Shares repurchased and cancelled	(72,523)	(119,877)
Distribution to shareholders	(60,433)	-
Closing balance	199,847	332,803

On 7 December 2017, the Company announced that it would make a distribution of capital from its additional paid-in capital of USD60.4 million or 33 cents per ordinary share. As at 31 December 2017, this amount had been fully distributed.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 DEFERRED TAX LIABILITIES

	31 December 2017 USD'000	30 June 2017 USD'000
Opening balance (1 July 2017/1 July 2016)	18,762	16,358
Net change during the period/year from fair value adjustments of investment properties	(9,874)	2,404
Closing balance	<u>8,888</u>	<u>18,762</u>
Deferred income tax liabilities to be recovered after more than 12 months	-	3,976
Deferred income tax liabilities to be recovered within 12 months	<u>8,888</u>	<u>14,786</u>
	<u>8,888</u>	<u>18,762</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 and expected capital gain tax on disposals of its subsidiaries. During the period, the Group disposed of some of its subsidiaries resulting to decrease of deferred tax liabilities.

15 CURRENT TRADE AND OTHER PAYABLES

	31 December 2017 USD'000	30 June 2017 USD'000
Deposits from property buyers	62,937	52,174
Deposits from customers of residential projects	42	300
Other accrued liabilities	33	31
Trade payables	17	15
Payables for property acquisitions and land compensation	-	2,685
Other payables	<u>2,659</u>	<u>1,182</u>
	<u>65,688</u>	<u>56,387</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.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 NET GAIN ON FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

	<u>Six months ended</u>	
	<u>31 December</u>	<u>31 December</u>
	2017	2016
	USD'000	USD'000
<i>By real estate sector:</i>		
- Commercial	-	(1,045)
- Residential and office buildings	3,923	8,950
- Mixed use	(376)	33,762
	<u> </u>	<u> </u>
Net gain on fair value adjustments of investment properties	3,547	41,667
	<u> </u>	<u> </u>

17 SELLING AND ADMINISTRATION EXPENSES

	<u>Six months ended</u>	
	<u>31 December</u>	<u>31 December</u>
	2017	2016
	USD'000	USD'000
Disposal and alignment fees under the Third Amended and Restated Investment Management Agreement (Note 23)	938	266
Management fees under the Second Amended and Restated Investment Management Agreement	-	1,822
Professional fees (*)	1,002	1,586
Staff costs (**)	251	328
General and administration expenses (**)	202	767
Others (**)	42	419
	<u> </u>	<u> </u>
	2,435	5,188
	<u> </u>	<u> </u>

(*) These expenses primarily relate to the operating activities of the Company such as legal and professional fees, audit fees, valuation fees, fund administrative and custodian fees, directors fees.

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

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 NET LOSSES/(GAINS) ON DISPOSALS OF INVESTMENTS

	Six months ended	
	31 December 2017 USD'000	31 December 2016 USD'000
Losses on sales of subsidiaries (Note 7(b))	20,168	13,852
Gains on sales of assets classified as held for sale	(71)	-
	<u>20,097</u>	<u>13,852</u>

19 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. Deferred tax assets/liabilities of these subsidiaries are estimated based on the tax legislation of each jurisdiction and included in the deferred income tax assets/liabilities on the balance sheet.

As is the case with many other developing countries, Vietnam is in the process of implementing comprehensive tax regulations. As a result, the administration of tax regulations by government agencies may be subject to considerable discretion, and in many areas, the legal framework is uncertain and subject to interpretation. The Group has provided for all taxes expected to be payable by it under the current tax regulations in Vietnam. There is, however, an ongoing risk that government agencies might seek to impose additional taxes on the Group based on different interpretations of the regulations or through the retrospective application of new regulations.

On 19 June 2014, the Vietnamese National Assembly approved a new corporate income tax law. Under the new law, the standard corporate income tax was reduced from 25% to 22% effective 1 January 2015. A further reduction in tax rate to 20% became effective on 1 January 2016. No provision has been made for corporate income tax payable by the Vietnamese subsidiaries for the period because these subsidiaries do not have taxable income in Vietnam (period from 1 July 2016 to 31 December 2016: USD0.2 million).

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 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 condensed interim consolidated income statement can be reconciled as follows:

	Six months ended	
	31 December 2017 USD'000	31 December 2016 USD'000
Current income tax		
Group's (loss)/gain before tax	(17,057)	17,486
Group's gain multiplied by applicable tax rate (0%)	-	-
Capital gains tax	(11,485)	(799)
	<u>(11,485)</u>	<u>(799)</u>
Total current tax expense	<u>(11,485)</u>	<u>(799)</u>
Deferred income tax		
Decrease in deferred tax assets (*)	-	(426)
Decrease/(increase) in deferred tax liabilities (*)	9,874	(5,437)
	<u>9,874</u>	<u>(5,863)</u>
Total deferred income tax income/(expense)	<u>9,874</u>	<u>(5,863)</u>
Tax expense	<u>(1,611)</u>	<u>(6,662)</u>

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

20 DEFERRED INCOME TAX

Deferred income tax assets relating to the accumulated tax losses as at 31 December 2017 of USD6.5 million (30 June 2017: USD17.8 million) of the Group's subsidiaries subject to corporate income tax in Vietnam have not been recognised due to uncertainties as to the timing of their recoverability. Estimated tax losses available for offset against future taxable income are as follows:

Years of expiration

	31 December 2017 USD'000	30 June 2017 USD'000
2018	111	1,593
2019	728	1,857
2020	2,249	9,655
2021	2,723	3,875
2022	707	845
	<u>6,518</u>	<u>17,825</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 (LOSS)/EARNINGS AND NET ASSET VALUE PER SHARE

(a) Basic

	Six months ended	
	31 December 2017	31 December 2016
Net (loss)/income attributable to owners of the Company from continuing and total operations (USD'000)	(19,398)	338
Weighted average number of ordinary shares in issue	248,348,242	386,050,076
Basic (loss)/earnings per share from continuing and total operations (USD per share)	<u>(0.08)</u>	<u>0.00</u>

(b) Diluted

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

(c) Net asset value per share

	31 December 2017	30 June 2017
Net asset value (USD'000)	119,340	241,484
Number of outstanding ordinary shares in issue	180,804,888	257,987,620
Net asset value per share (USD/share)	<u>0.66</u>	<u>0.94</u>

22 COMMITMENTS

As at 31 December 2017, the Group was committed under lease agreements to paying the following future amounts:

	31 December 2017 USD'000	30 June 2017 USD'000
Within one year	15	46
From two to five years	1	11
	<u>16</u>	<u>57</u>

As at 31 December 2017, commitment for future construction work of the Group's properties held by subsidiaries is USD9.7 million (as at 30 June 2017: USD6.7 million).

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.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 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 the Second Amended and Restated Investment Management Agreement effective from 21 November 2015 (the “Second Amended Management Agreement”) the management fee from 21 November 2015 is revised to USD390,000 per month.

Under the Third Amended and Restated Investment Management Agreement effective from 14 December 2016 no further management fees shall be charged by the Investment Manager to the Company (six months ended 31 December 2016: USD1.8 million).

Disposal fees and alignment fees

Under the Third Amended Management Agreement effective from 14 December 2016 the Investment Manager receives a disposal fee and an alignment fee. The disposal fee is calculated at the rate of 3.00% of distributable funds realised in the year starting 22 November 2016, 2.75% in the second year and 2.25% in the third year. The alignment fee is calculated on distributions to shareholders over USD265.0 million during the 3-year period starting 22 November 2016. The Investment Manager will receive 10% of distributions over USD265.0 million and up to USD279.0 million, 15% of distributions over USD279.0 million, and up to USD313.0 million, and 20% of distributions over USD313.0 million. A non-refundable monthly advance of USD200,000 in the year starting 22 November 2016, USD150,000 in the second year, and USD100,000 in the third year, will be paid to the Investment Manager. These advances will be offset against disposal fees and alignment fees. During the period advances of USD1.1 million (30 June 2017: USD1.5 million) were paid to the Investment Manager.

Details of disposal fees and alignment fees accrued at the balance date were as follows:

	31 December 2017	30 June 2017
	USD'000	USD'000
Disposal fees accrued	2,371	5,820
Disposal fees payable	1,267	-
Alignment fees accrued	7,903	7,184
	<hr/>	<hr/>
Total fees accrued/payables at period/year end	11,541	13,004
Advance payments to be offset against fees payable	(199)	(1,466)
	<hr/>	<hr/>
Total disposal and alignment fees payable (*)	<u>11,342</u>	<u>11,538</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Disposal fees and alignment fees (continued)

(*) Movement in accrual/payable disposal and alignment fees during the period/year were as follows:

	31 December 2017 USD'000	30 June 2017 USD'000
Opening balance (1 July 2017/1 July 2016)	11,538	-
Charge for the period/year (Note 17)	938	13,004
Amounts paid	(1,134)	(1,466)
Amounts offset by monthly advances	-	-
	<u>11,342</u>	<u>11,538</u>

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

			31 December 2017 USD'000	30 June 2017 USD'000
	Relationship	Balances		
VinaCapital Investment Management Ltd.	Investment Manager	Accrued disposal and alignment fees	10,274	13,004
		Disposal fee payable	1,267	-
VinaCapital Vietnam Opportunity Fund Limited ("VOF")	Under common management	Reimbursement on behalf of the Company	-	17
		Disposals of real estate projects	3,494	131
		Loan payable	-	684
			<u>15,035</u>	<u>13,836</u>

As at 31 December 2017 and 30 June 2017, receivables from related parties mainly comprise of amounts due from VOF pertaining to advances to jointly invested real estate projects and advances to related parties.

Advances to related parties as at 31 December 2017 were the non-refundable advances described under the section "Disposal fee and alignment fee" above.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The interests of the related parties in the shares, underlying shares and debentures of the Company are as follows:

	As at	
	31 December 2017	30 June 2017
	Number of shares	
Asia Investment and Finance Limited (*)	20,360,332	20,360,332
Vietnam Investment Partners Ltd	1,877,573	1,877,573
VinaCapital Group Limited	608,553	608,553
VinaCapital Investment Management Limited	48,552	48,552
Vietnam Master Holding 2 Limited	-	5,309,327

(*) In accordance with the Second Amended Management Agreement, the Investment Manager is required to use 50% of the realisation fee arising from the contracted divestment proceeds collected by 21 May 2016 to make market purchases of the Company's ordinary shares within three months of the receipt of the realisation fee. As of 31 December 2017, a subsidiary of the Investment Manager. During the period, there was no ordinary share of the Company bought by Asia Investment and Finance Limited (30 June 2017: 20,045,043 ordinary shares). The shares acquired are subject to lockups of between one and two years from the date of acquisition.

24 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group holds a diversified property portfolio in Vietnam. As a result 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 2017. There have been no major 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 different 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).

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017:

As at 31 December 2017	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	269	-	269
Financial liabilities				
- Disposal fee and alignment fee	-	-	(11,541)	(11,541)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2017	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	269	-	269
Financial liabilities				
- Disposal fee and alignment fee	-	-	(13,004)	(13,004)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There were no significant transfers between levels during the period (year ended 30 June 2017: none).