

VINALAND LIMITED AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014
(UNAUDITED)**

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

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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 2014 to 31 December 2014 (“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 Group’s primary objective is to focus on key growth segments within Vietnam’s emerging real estate market, namely residential, office, retail, industrial and leisure projects in Vietnam to provide shareholders a potential capital growth, from investing in a diversified portfolio of mainly property investments.

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

Results

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 53.

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	Date of resignation
Michel Casselman	Chairman	11 November 2011	-
Nicholas Brooke	Director	13 January 2006	-
Nicholas Allen	Director	29 June 2010	-
Charles Isaac	Director	11 November 2011	-
Daniel McDonald	Director	19 February 2014	-

Auditor

The Group’s auditor is PricewaterhouseCoopers.

VINALAND LIMITED AND ITS SUBSIDIARIES

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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 2014 or on the results of operations and cash flows of the Group for the period then ended.

Directors' interests in the Company

As at 31 December 2014, 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	
Michel Casselman	920,500	-	0.21%
Nicholas Brooke	243,000	-	0.06%
Nicholas Allen	95,627	-	0.02%
Charles Isaac	224,000	-	0.04%

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.

VINALAND LIMITED AND ITS SUBSIDIARIES

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

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

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.

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 2014 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

Brussels, Belgium
30 March 2015



**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 53, which comprises the condensed interim consolidated balance sheet of VinaLand Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2014 and the related condensed interim consolidated statement of changes in equity, income statement, statement of comprehensive income and statement of 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 condensed interim consolidated financial statements 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 interim financial information 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".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2015

VINALAND LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		31 December 2014	30 June 2014
	Note	USD'000	USD'000
ASSETS			
Non-current			
Investment properties	6	511,898	514,796
Property, plant and equipment	7	14,384	14,433
Intangible assets		34	53
Investments in associates	8	49,813	49,736
Prepayments for operating lease assets		-	5
Prepayments for acquisitions of investments	9	41,260	41,148
Other non-current financial assets		1,756	1,496
Trade and other receivables	12	73,113	63,646
Term deposits		3,485	1,369
Deferred tax assets	10	7,960	7,820
		<hr/>	<hr/>
Total non-current assets		703,703	694,502
		<hr/>	<hr/>
Current			
Inventories	11	98,111	104,869
Trade and other receivables	12	10,505	14,726
Tax receivables		2,302	3,803
Receivables from related parties		2,514	2,215
Term deposits		5,988	4,257
Financial assets at fair value through profit or loss		768	767
Cash and cash equivalents	13	31,949	53,894
		<hr/>	<hr/>
Total current assets		152,137	184,531
		<hr/>	<hr/>
Assets classified as held for sale	14	6,672	50,806
		<hr/>	<hr/>
Total assets		862,512	929,839
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 53 are an integral part of these consolidated financial statements.

VINALAND LIMITED AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
(CONTINUED)**

	Note	31 December 2014 USD'000	30 June 2014 USD'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity shareholders of the Company			
Share capital	15	4,344	4,587
Additional paid-in capital	16	524,917	546,992
Equity reserve		29,212	20,496
Revaluation reserve	17	-	8,022
Other reserves		-	(1,804)
Translation reserve		(94,520)	(92,570)
Accumulated losses		(74,691)	(65,589)
		<u>389,262</u>	<u>420,134</u>
Non-controlling interests		166,381	182,372
Total equity		<u>555,643</u>	<u>602,506</u>
LIABILITIES			
Non-current			
Borrowings and debts	18	82,835	120,134
Trade and other payables	19	31,507	31,380
Payable to related parties	33	-	31,323
Financial liabilities at fair value through profit or loss	20	2,547	259
Deferred tax liabilities	21	22,531	21,755
Total non-current liabilities		<u>139,420</u>	<u>204,851</u>
Current			
Trade and other payables	22	73,322	85,349
Tax payables		687	543
Payables to related parties	33	38,354	2,993
Borrowings and debts	18	53,827	13,969
Total current liabilities		<u>166,190</u>	<u>102,854</u>
Liabilities classified as held for sale	14	1,259	19,628
Total liabilities		<u>306,869</u>	<u>327,333</u>
Total equity and liabilities		<u>862,512</u>	<u>929,839</u>
Net assets per share attributable to equity shareholders of the Company (USD per share)	30(c)	<u>0.90</u>	<u>0.92</u>

The notes on pages 13 to 53 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	Revaluation reserve USD'000	Other reserves USD'000	Translation reserve USD'000	Accumulated losses USD'000			
Balance at 1 July 2014	4,587	546,992	20,496	8,022	(1,804)	(92,570)	(65,588)	420,135	182,372	602,507
Loss for the period from 1 July 2014 to 31 December 2014	-	-	-	-	-	-	(15,321)	(15,321)	(6,269)	(21,590)
Currency translation	-	-	-	-	-	(1,405)	-	(1,405)	(563)	(1,968)
Reclassification of currency translation reserve on disposal of subsidiaries	-	-	-	-	-	(545)	-	(545)	-	(545)
Total comprehensive (loss)/income	-	-	-	-	-	(1,950)	(15,321)	(17,271)	(6,832)	(24,103)
Repurchase and cancellation of shares	(243)	(22,075)	8,716	-	-	-	-	(13,602)	-	(13,602)
Disposal of subsidiaries	-	-	-	(8,022)	1,804	-	6,218	-	(7,430)	(7,430)
Capital contributions in subsidiaries	-	-	-	-	-	-	-	-	2,963	2,963
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(4,692)	(4,692)
Balance at 31 December 2014	4,344	524,917	29,212	-	-	(94,520)	(74,691)	389,262	166,381	555,643

The notes on pages 13 to 53 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	Revaluation reserve USD'000	Other reserves USD'000	Translation reserve USD'000	Accumulated losses USD'000			
Balance at 1 July 2013	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
Total comprehensive income/(loss)	-	-	-	-	-	550	(10,430)	(9,880)	(3,181)	(13,061)
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)
Balance at 31 December 2013	4,796	565,853	12,819	-	(1,804)	(91,442)	(55,842)	434,380	200,496	634,876

The notes on pages 13 to 53 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 2014 USD'000	31 December 2013 USD'000
Revenue	23	8,645	24,273
Cost of sales	24	(8,460)	(20,732)
Gross profit		185	3,541
Net loss on fair value adjustments of investment properties and revaluations of property, plant and equipment	25	3,124	(3,363)
Selling and administration expenses	26	(9,792)	(14,643)
Net change in fair value of financial assets at fair value through profit or loss		1	7
Net (loss)/gain on disposals of investments		(3,416)	493
Compensation to a co-investor on disposal of an investment		(2,925)	-
Impairment of assets	27	(2,721)	(125)
Finance income		914	708
Finance expenses	28	(4,254)	(3,236)
Share of losses of associates, net	8	(2,426)	(3,236)
Other income		1,465	2,230
Other expenses		(787)	(44)
Loss from operations before income tax		(20,632)	(17,668)
Income tax	29	(958)	3,443
Loss from operations		(21,590)	(14,225)
Attributable to equity shareholders of the Company		(15,321)	(10,430)
Attributable to non-controlling interests		(6,269)	(3,795)
Loss for the period		(21,590)	(14,225)
Loss per share			
- basic and diluted (USD per share)	30(a)	(0.03)	(0.02)

The notes on pages 13 to 53 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	31 December
	2014	2013
	USD'000	USD'000
Loss for the period	(21,590)	(14,225)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Reclassification of currency translation reserve on disposal of subsidiaries	(545)	-
Exchange differences on translating foreign operations	(1,968)	1,164
	<u> </u>	<u> </u>
Other comprehensive (loss)/income for the period	(2,513)	1,164
	<u> </u>	<u> </u>
Total comprehensive loss for the period	(24,103)	(13,061)
	<u> </u>	<u> </u>
Attributable to equity shareholders of the Company	(17,271)	(9,880)
Attributable to non-controlling interests	(6,832)	(3,181)
	<u> </u>	<u> </u>
	(24,103)	(13,061)
	<u> </u>	<u> </u>

The notes on pages 13 to 53 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 2014 USD'000	31 December 2013 USD'000
Operating activities			
Net operating loss before tax		(20,632)	(17,668)
Adjustments for:			
Depreciation and amortisation	7	581	3,639
Net change in fair values of financial assets at fair value through profit or loss		(1)	(7)
Net (gain)/loss on fair value adjustments of investment properties and revaluations of property, plant and equipment	25	(3,124)	3,363
Net loss/(gain) on disposals of investments		3,416	493
Compensation to a co-investor on disposal of an investment		2,925	-
Allowance for impairment of assets	27	2,721	125
Loss/(gain) on amortisation of realisation fees		920	(1,231)
Share of losses of associates, net	8	2,426	3,236
Net loss on disposals of fixed assets		4	13
Unrealised foreign exchange losses		163	161
Interest expense		3,158	2,949
Interest income		(892)	(614)
		<hr/>	<hr/>
Net loss before changes in working capital		(8,335)	(5,541)
Change in trade receivables and other current assets		14,670	(11,773)
Change in inventories		4,022	9,940
Change in trade payables and other current liabilities		(11,979)	(1,332)
Income tax paid		(40)	(307)
		<hr/>	<hr/>
Net cash outflow from operating activities		(1,662)	(9,013)
Investing activities			
Interest received		901	620
Dividends received		11	37
Purchases of investment properties, property, plant and equipment, and other non-current assets		(7,032)	(3,919)
Additional investments in associates		(2,503)	(81)
Proceeds from disposals of investments		10,962	20,155
(Deposits)/proceeds (in)/from short-term deposits		(1,731)	705
Net deposits in long-term deposits		(2,116)	-
		<hr/>	<hr/>
Net cash (outflow)/inflow from investing activities		(1,508)	17,517

The notes on pages 13 to 53 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 2014 USD'000	31 December 2013 USD'000
Financing activities			
Additional capital contributions from non-controlling interests		988	503
Net proceeds from issuance of zero dividend preference shares		-	24,568
Loan proceeds from banks		22,783	28,978
Loan repayments to banks		(18,557)	(15,921)
Ordinary shares repurchased by the Company	15	(13,604)	(714)
Interest paid		(5,529)	(6,296)
Acquisition of non-controlling interests in a subsidiary		-	(75)
Capital refunded to non-controlling interests		(4,692)	-
		<hr/>	<hr/>
Net cash (outflow)/inflow (to)/from financing activities		(18,611)	31,043
		<hr/>	<hr/>
Net changes in cash and cash equivalents for the period		(21,782)	39,547
Cash and cash equivalents at the beginning of the period		53,894	16,496
Cash and cash equivalents within disposal group		-	(2,260)
Exchange differences on cash and cash equivalents		(163)	72
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		31,949	53,855
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 53 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, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company’s primary objective is to focus on key growth segments within Vietnam’s emerging real estate market, namely residential, office, retail, industrial and leisure projects in Vietnam and the surrounding countries in Asia. The Company is listed on the AIM Market of the London Stock Exchange under the ticker symbol VNL.

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 33 to these condensed interim consolidated financial statements.

The Company will organise no later than November 2015 a general meeting of shareholders to vote on the Company’s strategy after that date. The Board of Directors and the Investment Manager are currently considering several continuation proposals, one of which will be presented to shareholders for approval at the meeting.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

The condensed interim consolidated financial statements for the six months ended 31 December 2014 were approved for issue by the Company's Board of Directors on 30 March 2015.

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 2014. 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 2014, which have been prepared in accordance with IFRSs.

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 2014.

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 2014.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 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 USD28.2 million (30 June 2014: USD27.3 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 the accrued realisation fees will be paid to the Investment Manager.

4.2 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 2014. 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 that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- (v) recent compensation prices public by local authority at the province where the property is located.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.3 Prepayments for acquisition of investments

The Group estimates the recoverable amounts of significant prepayments for acquisitions of investments either based on management's internal assessment or by engaging independent valuers in accordance with the valuation methods and processes as set out in Notes 2.5 and 3.1 of the annual consolidated financial statements for the year ended 30 June 2014.

4.4 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.4 Derivative financial instruments and hedging activities (continued)

In the case of a derivative that qualifies for cash flow hedge, the effective portion of changes in its fair value is recognised in other comprehensive income. The gain or loss is removed from equity and included in profit or loss in the same period and periods during which the hedged items affects profit or loss. In the case of a derivatives that qualifies for fair value hedge, the effective portion of changes in its fair value is recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedge risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

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 2014.

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 2014				
	Commercial USD'000	Residential and office buildings USD'000	Hospitality USD'000	Mixed use USD'000	Total USD'000
Revenue	-	8,645	-	-	8,645
Cost of sales	-	(8,460)	-	-	(8,460)
Gross profit	-	185	-	-	185
Net (loss)/gain on disposals of investments	-	-	2,656	(6,072)	(3,416)
Compensation to a co-investor on disposal of an investment	-	-	-	(2,925)	(2,925)
Other income	-	1,154	16	295	1,465
Finance income	1	329	358	226	914
Net gain/(loss) on fair value adjustments of investment properties and revaluations of property, plant and equipment	18	(5,208)	179	8,135	3,124
Share of (losses)/profit of associates, net	(240)	(2,208)	34	(12)	(2,426)
(Impairment)/reversal of impairment of assets	-	(2,482)	1,173	(1,412)	(2,721)
Total (loss)/profit before unallocatable expenses	(221)	(8,230)	4,416	(1,765)	(5,800)
Net changes in fair value of financial assets at fair value through profit or loss					1
Selling and administration expenses					(9,792)
Finance expenses					(4,254)
Other expenses					(787)
Loss before tax					(20,632)
Income tax					(958)
Net loss for the period					(21,590)

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 2013				
	Commercial	Residential and office buildings	Hospitality	Mixed use	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	-	13,659	10,614	-	24,273
Cost of sales	-	(14,123)	(6,609)	-	(20,732)
Gross (loss)/profit	-	(464)	4,005	-	3,541
Net gain on disposals of investments	-	493	-	-	493
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)
Share of losses of associates, net	-	(2,062)	(1,174)	-	(3,236)
Reversal of impairment/(impairment) of assets	-	1,809	-	(1,934)	(125)
Total profit/(loss) before unallocatable 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)
Loss before tax					(17,668)
Income tax					3,443
Net loss for the period					(14,225)

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 2014					
	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	361,538	-	145,860	-	511,898
Property, plant and equipment	-	8,361	5,355	668	-	14,384
Intangible assets	-	24	-	10	-	34
Investments in associates	18,359	24,630	4,780	2,044	-	49,813
Prepayments for acquisitions of investments	-	24,125	13,615	3,520	-	41,260
Inventories	-	80,758	-	17,353	-	98,111
Cash and cash equivalents	-	-	-	-	31,949	31,949
Trade, tax and other receivables	29	86,337	111	1,957	-	88,434
Financial assets at fair value through profit or loss (*)	-	-	-	750	-	750
Short-term deposits	-	-	-	-	5,988	5,988
Long-term deposits	-	-	-	-	3,485	3,485
Assets classified as held for sale	-	871	-	5,801	-	6,672
Other assets	168	6,315	-	3,233	-	9,716
Total assets	23,056	592,959	23,861	181,196	41,422	862,494
Total assets include:						
- Additions to non-current assets (other than financial instruments and deferred tax assets)	-	12,028	-	50	-	12,078

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 SEGMENT ANALYSIS (CONTINUED)

(c) Condensed Interim Consolidated Balance Sheet (continued)

	As at 30 June 2014					
	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	4,500	358,996	-	151,300	-	514,796
Property, plant and equipment	-	13,714	-	719	-	14,433
Intangible assets	-	42	-	11	-	53
Investments in associates	18,599	24,336	4,746	2,055	-	49,736
Prepayments for acquisitions of investments	-	23,875	12,341	4,932	-	41,148
Inventories	-	85,024	-	19,845	-	104,869
Cash and cash equivalents	-	-	-	-	53,894	53,894
Trade, tax and other receivables	28	81,379	111	2,872	-	84,390
Financial assets at fair value through profit or loss (*)	-	-	-	750	-	750
Short-term deposits	-	-	-	-	4,257	4,257
Long-term deposits	-	-	-	-	1,369	1,369
Assets classified as held for sale	-	14,931	34,451	1,424	-	50,806
Other assets	186	5,913	-	3,222	-	9,321
Total assets	23,313	608,210	51,649	187,130	59,520	929,822
Total assets include:						
- Addition to non-current assets (other than financial instruments and deferred tax assets)	-	18,561	30	580	-	19,171

(*) The amount presented in this table does not include the fair value of the call options which give the Group the rights to early redeem the ZDP shares. The Investment Manager does not manage the ZDP shares and call options under any particular segment.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 INVESTMENT PROPERTIES

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	514,796	514,587
Additions during the period/year	9,188	18,163
Disposals	(13,100)	-
Transfers from prepayments to suppliers	-	5,000
Net gain/(loss) from fair value adjustments (Note 25)	2,945	(18,697)
Translation differences	(1,931)	(4,257)
	<hr/>	<hr/>
Closing balance	511,898	514,796
	<hr/> <hr/>	<hr/> <hr/>

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.

Bank borrowings are secured by investment properties with a fair value of USD228.5 million (30 June 2014: USD236.9 million). During the period, the Group capitalised borrowing costs amounting to USD2.7 million (year ended 30 June 2014: USD5.1 million) in investment properties.

At 31 December 2014, land use rights certificates have not been fully issued for certain portions of the Group's investment properties as final issuance is subject to the completion of a number of administrative steps required by local authorities and/or the settlement of any outstanding land taxes. In the Investment Manager's view, the lack of land use rights certificates does not have any material impact on the existence and valuation of the investment properties as land use rights over the land area for each project have been specifically granted under each investment licence.

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 2014: 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:

Segment	Valuation technique	Level 3 – Range of unobservable inputs (probability-weighted average)			Valuation per square metre (USD)	Sensitivity on management's estimates				
		Valuation (USD'000)	Discount rate	Cap rate		Sensitivities in sales price per square metre (USD'000)	Sensitivities in discount and cap rates (USD'000)			
Residential and office buildings (*)	Discounted cash flows	201,279	18% - 22%	N/A	N/A	N/A	Change in discount rate			
							-1%	0%	1%	
							206,194	201,279	196,571	
Residential and office buildings	Comparisons	160,259	N/A	N/A	83 - 6,499	Change in sales price per square metre				
						-10%	0%	10%		
							139,628	160,259	180,952	
Mixed use	Discounted cash flows	89,000	14.5% - 17.5%	8.5%-9%	N/A	Change in discount rate				
						-1%	0%	1%		
						Change in cap rate	-1%	102,117	90,554	79,992
							0%	100,445	89,000	78,581
							1%	99,119	87,902	77,463
Mixed use	Comparisons	56,860	N/A	N/A	80 - 6,499	Change in sales price per square metre				
						-10%	0%	10%		
							49,480	56,860	64,440	
Commercial	Comparisons	4,500	N/A	N/A	1,818	Change in sales price per square metre				
						-10%	0%	10%		
							4,050	4,500	4,950	

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 INVESTMENT PROPERTIES (CONTINUED)

For the comparative balance sheet date:

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	198,729	18% - 22%	N/A	N/A	N/A			Change in discount rate		
									-1%	0%	1%
						203,548	198,729	193,923			
Residential and office buildings	Comparisons	160,267	N/A	N/A	80 - 6,499	Change in sales price per square metre			N/A		
									-10%	0%	10%
						140,550	160,267	179,984			
Mixed use	Discounted cash flows	151,300	14.5% - 18%	8.5% - 13%	N/A				Change in discount rate		
									-1%	0%	1%
						Change in cap rate	-1%	180,589	160,687	142,407	
							0%	170,672	151,300	133,510	
1%	161,992	143,082	125,726								
Commercial	Comparisons	4,500	N/A	N/A	1,818	Change in sales price per square metre			N/A		
									-10%	0%	10%
						4,050	4,500	4,950			

(*) The valuations 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.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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
Gross carrying amount					
At 1 July 2014	16,409	642	734	701	18,486
Additions	42	2	14	235	293
Revaluation gains (Note 25)	179	-	-	-	179
Disposals	-	-	(2)	(3)	(5)
Translation differences	(54)	(6)	(1)	(3)	(64)
	<u>16,576</u>	<u>638</u>	<u>745</u>	<u>930</u>	<u>18,889</u>
At 31 December 2014	16,576	638	745	930	18,889
	<u>16,576</u>	<u>638</u>	<u>745</u>	<u>930</u>	<u>18,889</u>
Depreciation					
At 1 July 2014	(3,242)	(277)	(186)	(348)	(4,053)
Charge for the period	(396)	(82)	(32)	(51)	(561)
Disposals	-	-	1	-	1
Translation differences	108	-	-	-	108
	<u>(3,530)</u>	<u>(359)</u>	<u>(217)</u>	<u>(399)</u>	<u>(4,505)</u>
At 31 December 2014	(3,530)	(359)	(217)	(399)	(4,505)
	<u>(3,530)</u>	<u>(359)</u>	<u>(217)</u>	<u>(399)</u>	<u>(4,505)</u>
Carrying value					
At 1 July 2014	13,167	365	548	353	14,433
	<u>13,167</u>	<u>365</u>	<u>548</u>	<u>353</u>	<u>14,433</u>
At 31 December 2014	13,046	279	528	531	14,384
	<u>13,046</u>	<u>279</u>	<u>528</u>	<u>531</u>	<u>14,384</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the comparative balance sheet date:

	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
Gross carrying amount					
At 1 July 2013	72,821	21,773	3,576	1,105	99,275
Additions	307	35	77	40	459
Revaluation gains (Notes 17, 25)	23,695	-	-	-	23,695
Transfers to assets reclassified as held for sale (Note 14)	(75,607)	(17,270)	(2,271)	(352)	(95,500)
Disposals	(3,936)	(3,188)	(430)	-	(7,554)
Write-offs	(631)	(251)	(206)	(82)	(1,170)
Translation differences	(240)	(457)	(12)	(10)	(719)
	<u>16,409</u>	<u>642</u>	<u>734</u>	<u>701</u>	<u>18,486</u>
At 30 June 2014	16,409	642	734	701	18,486
Depreciation					
At 1 July 2013	(26,913)	(14,118)	(2,209)	(632)	(43,872)
Charge for the year	(2,848)	(901)	(367)	(118)	(4,234)
Transfers to assets reclassified as held for sale (Note 14)	25,424	13,049	1,902	350	40,725
Disposals	1,023	1,505	368	-	2,896
Write-offs	-	164	113	45	322
Translation differences	72	24	7	7	110
	<u>(3,242)</u>	<u>(277)</u>	<u>(186)</u>	<u>(348)</u>	<u>(4,053)</u>
At 30 June 2014	(3,242)	(277)	(186)	(348)	(4,053)
Carrying value					
At 1 July 2013	45,908	7,655	1,367	473	55,403
At 30 June 2014	<u>13,167</u>	<u>365</u>	<u>548</u>	<u>353</u>	<u>14,433</u>

The Group's buildings, hotels and the golf course were revalued during the period/year by independent professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the properties valued.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Sensitivities in discount and cap rates (USD'000)				
Hospitality	Discounted cash flows	5,355	18%	15%	Change in discount rate				
						-1%	0%	1%	
					Change	-1%	5,855	5,455	5,155
					in cap	0%	5,655	5,355	5,055
					rate	1%	5,555	5,255	4,955

For the comparative balance sheet date:

Segment	Valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Sensitivities in discount and cap rates (USD'000)				
Hospitality	Discounted cash flows	5,049	18%	15%	Change in discount rate				
						-1%	0%	1%	
					Change	-1%	5,505	5,174	4,868
					in cap	0%	5,378	5,049	4,761
					rate	1%	5,266	4,955	4,666

If the golf course was stated on the historical cost basis, the amount would be as follows:

	31 December 2014 USD'000	30 June 2014 USD'000
Cost	16,725	16,541
Accumulated depreciation	(1,776)	(1,207)
Net book value	<u>14,949</u>	<u>15,334</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 SUBSIDIARIES AND ASSOCIATES

(a) Investments in associates

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	49,736	55,594
Additions during the period/year	2,503	46
Dividends received	-	(37)
Share of losses of associates	(2,426)	(5,867)
Closing balance	<u>49,813</u>	<u>49,736</u>

The Group has a 50% equity interest in two companies and a majority interest in another but does not have the ability to use its voting interests to appoint a majority of directors so does not and cannot control the boards of these companies. Therefore, Management considers it appropriate to treat these interests as investments in associates.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries

The Group had the following principal subsidiaries as at 31 December 2014 and 30 June 2014:

Name	Country of incorporation and place of business	31 December 2014		30 June 2014		Nature of business
		Percentage interest held by the Group	Percentage interest held by non-controlling interest	Percentage interest held by the Group	Percentage interest held by non-controlling interest	
The 21 st Century International Development Company Limited	Vietnam	75%	25%	75%	25%	Property investment
VinaCapital Hoi An Resort Limited	Vietnam	100%	-	100%	-	Hospitality
VinaCapital Danang Golf Course Limited	Vietnam	75%	25%	75%	25%	Property investment
VinaCapital Danang Resort Limited	Vietnam	75%	25%	75%	25%	Property investment
VinaCapital Commercial Center Limited (Vietnam) ^(*)	Vietnam	38.2%	61.8%	38.2%	61.8%	Property investment
Mega Assets Company Limited (Vietnam)	Vietnam	75%	25%	75%	25%	Property investment
SIH Real Este Limited Company (Vietnam)	Vietnam	75%	25%	75%	25%	Property investment
Dien Phuoc Long Real Estate Company Limited	Vietnam	100%	-	100%	-	Property investment
VinaCapital Phuoc Dien Co. Limited	Vietnam	100%	-	100%	-	Property investment
Roxy Vietnam Co. Limited	Vietnam	75%	25%	75%	25%	Hospitality
Dong Binh Duong Urban Development Co. Limited	Vietnam	70%	30%	70%	30%	Property investment
Nam Phat Villas and Hotel Company Limited	Vietnam	100%	-	100%	-	Hospitality
Orchid House Co. Limited	Vietnam	55.6%	44.4%	55.6%	44.4%	Hospitality
Vina Dai Phuoc Corporation Limited	Vietnam	54%	46%	54%	46%	Property investment
SAS Hanoi Royal Hotel Limited ^(**)	Vietnam	44.6%	55.4%	44.6%	55.4%	Hospitality
Viet Land Development Corporation Limited	Vietnam	90%	10%	90%	10%	Property investment
Vinh Thai Urban Development Corporation Limited	Vietnam	53.3%	46.7%	53.3%	46.7%	Property investment
Thang Long Property Company Limited	Vietnam	65%	35%	65%	35%	Property investment
Hoang Phat Investment Joint Stock Company	Vietnam	60%	40%	60%	40%	Hospitality
AA VinaCapital Co. Limited	Vietnam	80%	20%	80%	20%	Property investment
Vina Alliance Company Limited ^(*)	Vietnam	46.5%	53.5%	46.5%	53.5%	Property investment
Phu Hoi City Company Limited	Vietnam	52.5%	47.5%	52.5%	47.5%	Property investment

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries (continued)

- ([†]) At the reporting date, the Group has 38.2% and 46.5% equity interests in VinaCapital Commercial Center Limited (Vietnam) and Vina Alliance Company Limited, respectively. Management considers these companies as subsidiaries as the Group has control through the majority voting rights in these companies.
- (^{**}) At the reporting date, the Group has a 44.6% equity interest in SAS Hanoi Royal Hotel Ltd., but it has the power to direct the activities of this company as it retains more than 50% of the voting rights. Therefore, the Group's management considers this company as a subsidiary.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Group do not differ from the proportion of ordinary shares held except the cases mentioned above. The Group further does not have any shareholding in the preference shares of subsidiary undertakings included in the Group.

Disposal of Roxy Assets Limited

During the period, the Group disposed of its 100% equity interest in Roxy Assets Limited, which is incorporated in BVI for USD15.9 million. This company owned the Movenpick Hanoi Hotel, a four-star hotel located in Hanoi, Vietnam, the net assets of which included a building, gaming licence, inventories, debts and working capital amounting to USD13.3 million, including USD3.1 million attributable to non-controlling interests. The sale of this company resulted in a gain of USD2.6 million which was recognised in the consolidated income statement.

Disposal of Riverview Complex Danang Company Limited

During the period, the Group disposed of its 90% interest in Riverview Complex Danang Company Limited, for total consideration of USD7.6 million. The book value of the net assets at the disposal date was USD13.7 million, resulting in a loss of USD6.1 million which was recognised in the consolidated income statement. The sale also resulted in a change of development rights of another property of the Group from commercial to residential which resulted in a gain of USD6.8 million.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 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 2014 is USD166.4 million (30 June 2014: USD182.4 million), allocated as below:

	31 December 2014 USD'000	30 June 2014 USD'000
The 21st Century International Development Company Limited ("Century 21")	25,160	25,984
VinaCapital Danang Golf Course Limited ("Danang Golf")	13,501	13,279
Vina Dai Phuoc Corporation Limited ("Dai Phuoc Lotus")	30,163	30,027
Vina Alliance Company Limited ("Vina Square")	35,997	34,557
Others	61,560	78,525
	<hr/>	<hr/>
	166,381	182,372
	<hr/> <hr/>	<hr/> <hr/>

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

Summarised balance sheets

	Century 21		Danang Golf		Dai Phuoc Lotus		Vina Square	
	As at		As at		As at		As at	
	31.12.2014	30.6.2014	31.12.2014	30.6.2014	31.12.2014	30.6.2014	31.12.2014	30.6.2014
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Current								
Assets	16,747	17,600	38,494	39,082	24,524	26,998	340	185
Liabilities	(113,703)	(66,426)	(67,032)	(64,561)	(18,754)	(20,092)	(41,367)	(41,282)
Total current net (liabilities)/assets	<hr/> (96,956)	<hr/> (48,826)	<hr/> (28,538)	<hr/> (25,479)	<hr/> 5,770	<hr/> 6,906	<hr/> (41,027)	<hr/> (41,097)
Non-current								
Assets	129,570	123,017	85,803	84,174	60,877	58,712	87,932	85,639
Liabilities	(3,424)	(37,029)	(30,357)	(32,183)	-	-	(25,004)	(25,161)
Total non-current net assets	<hr/> 126,146	<hr/> 85,988	<hr/> 55,446	<hr/> 51,991	<hr/> 60,877	<hr/> 58,712	<hr/> 62,928	<hr/> 60,478
Net assets	<hr/> 29,190	<hr/> 37,162	<hr/> 26,908	<hr/> 26,512	<hr/> 66,647	<hr/> 65,618	<hr/> 21,901	<hr/> 19,381

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Principal subsidiaries (continued)

Summarised income statements

	Century 21		Danang Golf		Dai Phuoc Lotus		Vina Square	
	Period ended 31		Period ended 31		Period ended 31		Period ended 31	
	December		December		December		December	
	2014	2013	2014	2013	2014	2013	2014	2013
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	-	-	2,120	1,955	1,673	7,071	-	-
(Loss)/profit before income tax	(6,636)	(3,622)	972	1,583	1,432	2,120	2,719	(817)
Income tax (expense)/income	(957)	17	(347)	(1,281)	(155)	(19)	-	-
Post-tax (loss)/profit from continuing operations	(7,593)	(3,605)	625	302	1,277	2,101	2,719	(817)
Other comprehensive income/(loss)	(379)	(422)	(229)	3,070	(248)	-	(199)	-
Total comprehensive (loss)/income	(7,972)	(4,027)	396	3,372	1,029	2,101	2,520	(817)
Total comprehensive income/(loss) allocated to non-controlling interests	(1,898)	(901)	99	843	473	976	1,336	(435)

Summarised cash flow statements

	Century 21		Danang Golf		Dai Phuoc Lotus		Vina Square	
	Period ended 31		Period ended 31		Period ended 31		Period ended 31	
	December		December		December		December	
	2014	2013	2014	2013	2014	2013	2014	2013
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Net cash flows from operating activities	5,426	1,467	250	191	1,137	(1,863)	54	94
Net cash flows from investing activities	(11,771)	(12,895)	(290)	(38)	(433)	(1,758)	(27)	(75)
Net cash flows from financing activities	7,209	11,873	-	(1)	(1,066)	958	-	-
Net increase/(decrease) in cash and cash equivalents	864	445	(40)	152	(362)	(2,663)	27	19

The information above is before inter-company eliminations.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 PREPAYMENTS FOR ACQUISITIONS OF INVESTMENTS

	31 December 2014 USD'000	30 June 2014 USD'000
Prepayments for acquisitions of investments	58,248	74,509
Transfers to assets classified as held for sale (Note 14)	-	(16,355)
	<hr/>	<hr/>
	58,248	58,154
Allowance for impairment	(16,988)	(17,006)
	<hr/>	<hr/>
	41,260	41,148
	<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 2014 due to market conditions, impairment allowances of USD17 million (30 June 2014: USD17 million) have been made against the prepayments for acquisitions of investments. 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. Further information on the impairment of the Long An Services and Residential projects is disclosed in Note 4.3.

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 2014: 15% to 22%). If the sales prices of similar properties had increased/decreased, it is expected that the recoverable amounts of these prepayments would have moved up/down accordingly. On the other hand, if discount rates had risen/dropped, their recoverable amounts would have decreased/increased as a result.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 PREPAYMENTS FOR ACQUISITIONS OF INVESTMENTS (CONTINUED)

It is the Group's view that all of its prepayments for acquisitions of investments are in Level 3 of the fair value hierarchy. Their movements during the year are as follows:

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	41,148	65,681
Additions	94	544
Reversal of/(provision for) impairment	18	(626)
Disposals	-	(8,096)
Transfers to assets classified as held for sale	-	(16,355)
	<u>41,260</u>	<u>41,148</u>

10 DEFERRED TAX ASSETS

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	7,820	6,037
Net change in the period/year	140	2,168
Transfers to assets classified as held for sale	-	(385)
	<u>7,960</u>	<u>7,820</u>
Deferred tax assets to be recovered after more than 12 months	7,838	7,698
Deferred tax assets to be recovered within 12 months	122	122
	<u>7,960</u>	<u>7,820</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 INVENTORIES

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	104,869	121,510
Additions during the period/year	1,732	5,663
Transfers to cost of sales	(5,359)	(22,173)
Translation differences	(392)	(131)
	<u>100,850</u>	<u>104,869</u>
Write-down on inventories	(2,739)	-
	<u><u>98,111</u></u>	<u><u>104,869</u></u>

12 TRADE AND OTHER RECEIVABLES

	31 December 2014 USD'000	30 June 2014 USD'000
<i>Non-current</i>		
Receivables as compensation for property exchanged	73,113	63,646
<i>Current</i>		
Trade receivables	3,542	3,494
Receivable from non-controlling interests	111	140
Receivables from disposals of subsidiaries	750	6,048
Interest receivables	1	9
Prepayments to suppliers	968	1,212
Short-term prepaid expenses	593	635
Advances for land compensation	3,366	3,366
Advances to employees	182	74
Other receivables	992	1,503
	<u>10,505</u>	<u>16,481</u>
Allowance for impairment	-	(1,755)
	<u><u>10,505</u></u>	<u><u>14,726</u></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.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement on provision for impairment of trade receivables are as below:

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	1,755	-
Provision charge	-	1,755
Write-off	(1,755)	-
Closing balance	<u>-</u>	<u>1,755</u>

13 CASH AND CASH EQUIVALENTS

	31 December 2014 USD'000	30 June 2014 USD'000
Cash on hand	54	52
Cash at banks	24,092	42,155
Cash equivalents	7,803	11,687
	<u>31,949</u>	<u>53,894</u>

At 31 December 2014, cash and cash equivalents held at the Company level amounted to USD21.6 million (30 June 2014: USD39.8 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.

VINALAND LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

14 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	31 December 2014				
	Assets	Liabilities	Net assets	Attributable to	
	classified as	classified as	classified as	Non-	Equity
	held for sale	held for sale	held for sale	controlling	shareholders
	USD'000	USD'000	USD'000	interests	of the
	USD'000	USD'000	USD'000	USD'000	Company
	USD'000	USD'000	USD'000	USD'000	USD'000
Vung Bau project	5,801	1,259	4,542	-	4,542
Riverview Complex Danang Company Limited	871	-	871	538	333
	<u>6,672</u>	<u>1,259</u>	<u>5,413</u>	<u>538</u>	<u>4,875</u>

The assets and liabilities relating to the remaining 10% interest in Riverview Complex Danang Company Limited and Vung Bau Project have been presented as held for sale following the signing of the relevant sale and purchase agreements.

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 of USD6.7 million and USD1.3 million and their movements during the period/year are as follows:

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	1 July 2014	Transfers in	Disposal	31 December 2014
	USD'000	USD'000	USD'000	USD'000
Assets classified as held for sale				
Property, plant and equipment (net of accumulated depreciation)	27,840	-	(27,840)	-
Intangible assets (net of accumulated amortisation)	3,262	-	(3,262)	-
Prepayment for operating leases	233	-	(233)	-
Deferred income tax assets	385	-	(385)	-
Other non-current assets	93	-	(93)	-
Inventories	64	-	(64)	-
Trade and other receivables	2,048	-	(2,048)	-
Prepayments for acquisition of investments	16,355	195	(10,749)	5,801
Cash and cash equivalents	526	-	(526)	-
Available-for-sale financial assets	-	871	-	871
	<u>50,806</u>	<u>1,066</u>	<u>(45,200)</u>	<u>6,672</u>
Liabilities classified as held for sale				
Borrowings and debts	15,203	-	(15,203)	-
Trade and other payables	4,425	259	(3,425)	1,259
	<u>19,628</u>	<u>259</u>	<u>(18,628)</u>	<u>1,259</u>
Net assets classified as held for sale	<u><u>31,178</u></u>	<u><u>807</u></u>	<u><u>(26,572)</u></u>	<u><u>5,413</u></u>

For the comparative year:

	30 June 2014				
	Assets classified as held for sale	Liabilities classified as held for sale	Net assets classified as held for sale	Non- controlling interests	Attributable to Equity shareholders of the parent
	USD'000	USD'000	USD'000	USD'000	USD'000
Roxy Assets (Singapore) Pte. Limited	34,451	18,628	15,823	3,956	11,867
Marie Curie project	10,749	-	10,749	-	10,749
Vung Bau project	5,606	1,000	4,606	-	4,606
	<u>50,806</u>	<u>19,628</u>	<u>31,178</u>	<u>3,956</u>	<u>27,222</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	1 July 2013 USD'000	Transfers in USD'000	Disposal USD'000	30 June 2014 USD'000
Assets classified as held for sale				
Property, plant and equipment (net of accumulated depreciation)	-	54,775	(26,935)	27,840
Intangible assets (net of accumulated amortisation)	-	10,302	(7,040)	3,262
Prepayment for operating leases	-	233	-	233
Deferred income tax assets	-	385	-	385
Other non-current assets	-	93	-	93
Inventories	-	466	(402)	64
Trade and other receivables	-	2,439	(391)	2,048
Prepayments for acquisition of investments	-	16,355	-	16,355
Cash and cash equivalents	-	2,786	(2,260)	526
	-----	-----	-----	-----
	-	87,834	(37,028)	50,806
	-----	-----	-----	-----
Liabilities classified as held for sale				
Borrowings and debts	-	18,439	(3,236)	15,203
Trade and other payables	-	7,501	(3,076)	4,425
	-----	-----	-----	-----
	-	25,940	(6,312)	19,628
	-----	-----	-----	-----
Net assets classified as held for sale	-	61,894	(30,716)	31,178
	=====	=====	=====	=====

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 SHARE CAPITAL

	31 December 2014		30 June 2014	
	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	458,727,080	4,587	481,298,227	4,813
Shares purchased and cancelled	(24,311,860)	(243)	(22,571,147)	(226)
Closing balance	434,415,220	4,344	458,727,080	4,587

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 2014, there were two investors that held more than 10% of the ordinary shares of the Company (30 June 2014: two).

During the period, the Company repurchased and cancelled 24,311,860 of its ordinary shares (period ended 31 December 2013: 9,329,395 shares) for total cash consideration of USD13.6 million (period ended 31 December 2013: USD0.7 million) at an average cost USD0.56 per share (period ended 31 December 2013: USD0.43 per share). The difference between the cost of the shares repurchased and their net asset value has been recorded in equity reserve.

16 ADDITIONAL PAID-IN CAPITAL

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

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	546,992	567,374
Shares repurchased and cancelled (Note 15)	(22,075)	(20,382)
Closing balance	524,917	546,992

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 REVALUATION RESERVE

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	8,022	-
Revaluation gain on buildings	-	10,696
Transfer of share of revaluation gain attributable to non-controlling interests	-	(2,674)
Disposal of a subsidiary	(8,022)	-
	<u>-</u>	<u>8,022</u>

18 BORROWINGS AND DEBTS

	31 December 2014 USD'000	30 June 2014 USD'000
Long-term borrowings:		
Bank borrowings	105,495	102,521
Loans from non-controlling interests	1,996	1,980
Zero dividend preference shares	25,117	26,298
Less:		
Current portion of long-term bank borrowings and debts	(49,773)	(10,665)
	<u>82,835</u>	<u>120,134</u>
Short-term borrowings:		
Bank borrowings	3,982	3,304
Loans from non-controlling interests	72	-
Current portion of long-term bank borrowings	49,773	10,665
	<u>53,827</u>	<u>13,969</u>
Total borrowings and debts	<u>136,662</u>	<u>134,103</u>

(a) Borrowings

Borrowings mature at a range of dates until December 2019 and bear average annual interest rates of 11.05% p.a for amounts in VND and 3.75% p.a for amounts in USD (30 June 2014: 12.0% p.a for amounts in VND and 3.75% p.a for amounts in USD). The Group's borrowings are subject to floating interest rates.

All borrowings are secured by certain investment properties, property, plant and equipment and inventories of the Group (Notes 6, 7 and 11).

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 BORROWINGS AND DEBTS (CONTINUED)

(a) Borrowings (continued)

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

	31 December 2014 USD'000	30 June 2014 USD'000
6 months or less	45,672	5,332
6 to 12 months	8,155	8,637
1 to 5 years	57,717	93,836
	<u>111,544</u>	<u>107,805</u>

The fair value of current borrowings equals their carrying amounts, as the impact of discounting is not significant. The fair value of long-term bank borrowings is USD57.7 million (30 June 2014: USD93.8 million). These are Level 2 fair values which are estimated using the discounted cash flow method.

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

	31 December 2014 USD'000	30 June 2014 USD'000
VND	110,325	106,586
USD	1,219	1,219
	<u>111,544</u>	<u>107,805</u>

During the period, the Group's subsidiaries borrowed USD22.8 million (six months ended 31 December 2013: USD29 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 trading on the Main Board of the London Stock Exchange on 20 December 2013.

The fair value of the ZDP Shares as at 31 December 2014 is USD26.1 million (30 June 2014: USD27.2 million). Level 1 fair value based on market quotes on 31 December 2014.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 NON-CURRENT TRADE AND OTHER PAYABLES

The balance as at 31 December 2014 includes VND535 billion, equivalent to USD25.1 million (30 June 2014: VND535 billion, equivalent to USD25.1 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 balance will be paid within 12 months of the Company's obtaining a land use rights certificate under its name. The Investment Manager believes that the balance is non-current because it is unlikely that the certificate will be issued before the end of June 2015 and payment could be delayed to 12 months later.

20 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss represent the fair value of a cross currency swap designated as a fair value hedge. As at 31 December 2014, the fair value of the hedging derivative was USD2.5 million (30 June 2014: USD259 thousand)

The ineffective portion recognised in the profit or loss that arises from the fair value hedge amounts to a loss of USD67 thousand (six months ended 31 December 2013: nil).

21 DEFERRED TAX LIABILITIES

	31 December 2014 USD'000	30 June 2014 USD'000
Opening balance (1 July 2014/1 July 2013)	21,755	27,594
Net increase/(decrease) during the period/year from fair value adjustments of investment properties and property, plant and equipment	776	(5,839)
Closing balance	<u>22,531</u>	<u>21,755</u>
Deferred tax liabilities to be recovered after more than 12 months	22,008	20,693
Deferred tax liabilities to be recovered within 12 months	523	1,062
	<u>22,531</u>	<u>21,755</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.

VINALAND LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

22 CURRENT TRADE AND OTHER PAYABLES

	31 December 2014 USD'000	30 June 2014 USD'000
Trade payables	1,917	957
Payables for property acquisitions and land compensation	24,460	25,862
Deposits from property buyers	4,409	20,195
Compensation to a co-investor on disposal of an investments	2,925	-
Deposits from customers of residential projects	36,016	33,639
Interest payables	409	1,074
Other accrued liabilities	915	416
Other payables	2,271	3,206
	<u>73,322</u>	<u>85,349</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.

23 REVENUE

	Six months ended	
	31 December 2014 USD'000	31 December 2013 USD'000
Sales of residential projects	8,645	13,659
Hospitality activities	-	10,614
	<u>8,645</u>	<u>24,273</u>

24 COST OF SALES

	Six months ended	
	31 December 2014 USD'000	31 December 2013 USD'000
Residential projects	8,460	14,123
Hospitality activities	-	6,609
	<u>8,460</u>	<u>20,732</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 COST OF SALES (CONTINUED)

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.

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

	Six months ended	
	31 December 2014 USD'000	31 December 2013 USD'000
Investment properties		
<i>By real estate sector:</i>		
- Commercial	18	191
- Residential and office buildings	(5,208)	(7,959)
- Mixed use	8,135	(2,334)
	<u>2,945</u>	<u>(10,102)</u>
Property, plant and equipment		
Hospitality	179	6,739
	<u>179</u>	<u>6,739</u>
Net gain/(losses) on fair value adjustments of investment properties and revaluations of property, plant and equipment	<u>3,124</u>	<u>(3,363)</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 SELLING AND ADMINISTRATION EXPENSES

	<u>Six months ended</u>	
	<u>31 December</u> <u>2014</u> <u>USD'000</u>	<u>31 December</u> <u>2013</u> <u>USD'000</u>
Management fees (Note 33)	3,671	4,122
Professional fees (*)	2,260	2,522
Listing expenses	-	1,152
Depreciation and amortisation (*)	287	1,064
General and administration expenses (*)	1,426	2,327
Staff costs (*)	1,206	2,524
Outside service costs (*)	942	932
	<u>9,792</u>	<u>14,643</u>

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

27 IMPAIRMENT OF ASSETS

	<u>Six months ended</u>	
	<u>31 December</u> <u>2014</u> <u>USD'000</u>	<u>31 December</u> <u>2013</u> <u>USD'000</u>
(Reversal of)/provision for impairment of prepayments for acquisitions of investments	(18)	125
Write-down on inventories	2,739	-
	<u>2,721</u>	<u>125</u>

28 FINANCIAL EXPENSES

	<u>Six months ended</u>	
	<u>31 December</u> <u>2014</u> <u>USD'000</u>	<u>31 December</u> <u>2013</u> <u>USD'000</u>
Realised foreign exchange losses	13	126
Unrealised foreign exchange losses	163	161
Interest expense	3,158	2,949
Loss on amortisation of realisation fees	920	-
	<u>4,254</u>	<u>3,236</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 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 USD42 thousand has been made for corporate income tax payable by the Vietnamese subsidiaries for the period (period from 1 July 2013 to 31 December 2013: USD0.3 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:

	Six months ended	
	31 December 2014 USD'000	31 December 2013 USD'000
Group's loss before tax	(20,632)	(17,668)
Group's loss multiplied by applicable tax rate (0%)	-	-
Current income tax expense of subsidiaries	(42)	(286)
Deferred income tax (*)	(916)	3,729
Income tax	<u>(958)</u>	<u>3,443</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 property, plant and equipment and the reversal of deferred tax assets/liabilities as a result of changes to assumptions during the period.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 LOSS AND NET ASSET VALUE PER SHARE

(a) Basic

	Six months ended	
	31 December 2014	31 December 2013
Loss attributable to owners of the Company from continuing and total operations (USD'000)	(15,321)	(10,430)
Weighted average number of ordinary shares in issue	452,219,865	480,757,542
Basic loss per share from continuing and total operations (USD per share)	<u>(0.03)</u>	<u>(0.02)</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

	31 December 2014	30 June 2014
Net asset value (USD'000)	389,262	420,134
Number of outstanding ordinary shares in issue	434,415,220	458,727,080
Net asset value per share (USD/share)	<u>0.90</u>	<u>0.92</u>

31 SEASONALITY

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

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 COMMITMENTS

As at 31 December 2014, the Group was committed under lease agreements to paying the following future amounts:

	31 December 2014 USD'000	30 June 2014 USD'000
Within one year	470	282
From two to five years	658	550
Over five years	5,266	5,357
	<u>6,394</u>	<u>6,189</u>

As at 31 December 2014, the Group was also committed under construction agreements to pay USD19.8 million (30 June 2014: USD16.4 million) for future construction work of the Group's properties held by its 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 2014: USD29.9 million) will be used to fund these commitments over the next three years.

33 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").

Under the Amended Investment Management Agreement the management fee from 21 November 2012 is now 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 USD3,671,233 (six months ended 31 December 2013: USD4,121,918), with USD593,366 (30 June 2014: USD639,941) in outstanding accrued fees due to the Investment Manager at the date of the consolidated balance sheet.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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 USD28,218,000 (30 June 2014: USD27,297,613) has been accrued as a liability for realisation fees payable to the Investment Manager as at 31 December 2014.

Credit facility

In accordance with a facility agreement between the Group and the Investment Manager relating to the Zero Dividend Preference 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) USD1,200,000 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 2014, the Group had not drawn down any amounts from this facility (30 June 2014: nil).

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

			31 December 2014 USD'000	30 June 2014 USD'000
	Relationship	Balances		
Non-current				
VinaCapital Investment Management Ltd.	Investment Manager	Realisation fees	-	27,298
VinaCapital Corporate Finance Vietnam Ltd.	Affiliate of Investment Manager	Loans Interest	- -	2,347 1,678
			<hr/>	<hr/>
			-	31,323
			<hr/>	<hr/>
Current				
VinaCapital Investment Management Ltd.	Investment Manager	Realisation fees	28,218	-
VinaCapital Investment Management Ltd.	Investment Manager	Management fees	593	640
		Development fees and advances for real estate projects	971	1,394
VinaCapital Vietnam Opportunity Fund Limited ("VOF")	Under common management	Payments on behalf Tax and other payments on behalf	143 -	- 959
		Payable for acquisition of an additional interest in a subsidiary	4,275	-
VinaCapital Corporate Finance Vietnam Ltd.	Affiliate of Investment Manager	Loans Interest	2,339 1,815	- -
			<hr/>	<hr/>
			38,354	2,993
			<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2014 and 30 June 2014, receivables from related parties mainly comprise of amounts due from VOF as advances to jointly invested real estate projects.

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 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 2014	30 June 2014
	Number of shares	
Vietnam Master Holding 2 Limited ^(*)	36,216,326	36,216,326
VinaCapital Group Limited	993,333	993,333
VinaCapital Investment Management Limited	79,250	79,250

(*) Vietnam Master Holding 2 Limited is a wholly-owned subsidiary of VOF.

34 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 2014. 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).

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 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 2014:

As at 31 December 2014	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	-	750	-	750
- Derivatives	-	18	-	18
	=====	=====	=====	=====
Financial liabilities				
- Derivatives	-	(2,547)	-	(2,547)
	=====	=====	=====	=====
As at 30 June 2014	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	-	750	-	750
- Derivatives	-	17	-	17
	=====	=====	=====	=====
Financial liabilities				
- Derivatives	-	(259)	-	(259)
	=====	=====	=====	=====

There were no significant transfers between levels during the period.