

**VINALAND LIMITED AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015  
(UNAUDITED)**

## VINALAND LIMITED AND ITS SUBSIDIARIES

### CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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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 2015 to 31 December 2015 (“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, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.

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

#### Principal activities

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

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

#### Results

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:

<b>Name</b>	<b>Position</b>	<b>Date of appointment</b>	<b>Date of resignation</b>
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	25 September 2015
Tran Trong Kien	Director	25 September 2015	-

#### 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 2015 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 2015, 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	1,270,500	-	0.30%
Nicholas Brooke	243,000	-	0.06%
Nicholas Allen	95,627	-	0.02%
Charles Isaac	624,000	-	0.15%

#### 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)**

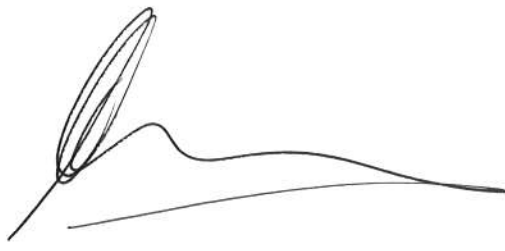
The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2015 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

A handwritten signature in black ink, consisting of a large, stylized initial 'M' followed by a long, horizontal, slightly wavy line extending to the right.

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Michel Casselman  
Chairman

31 March 2016



**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 2015 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".

PricewaterhouseCoopers  
Certified Public Accountants  
Hong Kong

31 March 2016

## VINALAND LIMITED AND ITS SUBSIDIARIES

### CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

		31 December 2015 USD'000	30 June 2015 USD'000
	Note		
<b>ASSETS</b>			
<b>Non-current</b>			
Investment properties	6	456,890	479,454
Property, plant and equipment	7	8,992	9,263
Intangible assets		11	19
Investments in associates	8	50,806	165,205
Prepayments for acquisitions of investments	9	27,772	26,572
Long-term investments		449	4,296
Deferred income tax assets	10	5,022	6,572
Other non-current assets		1,450	1,395
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>551,392</b>	<b>692,776</b>
		<hr/>	<hr/>
<b>Current</b>			
Inventories	11	70,765	98,911
Trade and other receivables	12	27,472	5,402
Tax receivables		2,312	2,360
Receivables from related parties	32	2,008	2,121
Short-term investments		6,856	3,116
Financial assets at fair value through profit or loss		271	283
Restricted cash	13	3,796	-
Cash and cash equivalents (excluding bank overdrafts)	14	55,996	21,820
		<hr/>	<hr/>
<b>Total current assets</b>		<b>169,476</b>	<b>134,013</b>
		<hr/>	<hr/>
Assets classified as held for sale	15	117,837	13,233
		<hr/>	<hr/>
<b>Total assets</b>		<b>838,705</b>	<b>840,022</b>
		<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 2015 USD'000	30 June 2015 USD'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to equity shareholders of the Company</b>			
Share capital	16	4,168	4,301
Additional paid-in capital	17	509,110	521,088
Equity reserve		34,817	30,706
Other reserves		(67)	(57)
Translation reserve		(88,710)	(83,209)
Accumulated losses		(75,672)	(81,638)
		<hr/>	<hr/>
Non-controlling interests		383,646	391,191
		173,031	182,821
		<hr/>	<hr/>
<b>Total equity</b>		<b>556,677</b>	<b>574,012</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Borrowings and debts	18	57,170	85,243
Trade and other payables		3,559	31,162
Financial liabilities at fair value through profit or loss	19	-	2,405
Deferred tax liabilities	20	24,195	28,184
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>84,924</b>	<b>146,994</b>
<b>Current</b>			
Borrowings and debts	18	39,032	8,982
Trade and other payables	21	113,374	73,203
Payables to related parties	32	39,822	35,292
Tax payables		745	1,021
Financial liabilities at fair value through profit and loss	19	4,131	-
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>197,104</b>	<b>118,498</b>
Liabilities classified as held for sale	15	-	518
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>282,028</b>	<b>266,010</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>838,705</b>	<b>840,022</b>
		<hr/>	<hr/>
<b>Net assets per share attributable to equity shareholders of the Company (USD per share)</b>	29(c)	<b>0.92</b>	<b>0.91</b>
		<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 STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the Company						Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Equity reserve	Other reserve	Translation reserve	Accumulated losses			
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Balance at 1 July 2015</b>	<b>4,301</b>	<b>521,088</b>	<b>30,706</b>	<b>(57)</b>	<b>(83,209)</b>	<b>(81,638)</b>	<b>391,191</b>	<b>182,821</b>	<b>574,012</b>
Profit for the period	-	-	-	-	-	5,966	5,966	5,878	11,844
Currency translation	-	-	-	-	(8,523)	-	(8,523)	(2,566)	(11,089)
Reclassification of currency translation reserve on disposal of subsidiaries	-	-	-	-	3,022	-	3,022	-	3,022
<b>Total comprehensive (loss)/income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,501)</b>	<b>5,966</b>	<b>465</b>	<b>3,312</b>	<b>3,777</b>
Repurchase and cancellation of shares	(133)	(11,978)	4,111	-	-	-	(8,000)	-	(8,000)
Disposal of subsidiaries	-	-	-	-	-	-	-	(14,641)	(14,641)
Capital contributions in subsidiaries	-	-	-	-	-	-	-	2,947	2,947
Distribution to non-controlling interests	-	-	-	-	-	-	-	(518)	(518)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(10)	-	-	(10)	(890)	(900)
<b>Balance at 31 December 2015</b>	<b>4,168</b>	<b>509,110</b>	<b>34,817</b>	<b>(67)</b>	<b>(88,710)</b>	<b>(75,672)</b>	<b>383,646</b>	<b>173,031</b>	<b>556,677</b>

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			
<b>Balance at 1 July 2014</b>	<b>4,587</b>	<b>546,992</b>	<b>20,496</b>	<b>8,022</b>	<b>(1,804)</b>	<b>(92,570)</b>	<b>(65,588)</b>	<b>420,135</b>	<b>182,372</b>	<b>602,507</b>
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)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,950)</b>	<b>(15,321)</b>	<b>(17,271)</b>	<b>(6,832)</b>	<b>(24,103)</b>
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)
<b>Balance at 31 December 2014</b>	<b>4,344</b>	<b>524,917</b>	<b>29,212</b>	<b>-</b>	<b>-</b>	<b>(94,520)</b>	<b>(74,691)</b>	<b>389,262</b>	<b>166,381</b>	<b>555,643</b>

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 2015 USD'000	31 December 2014 USD'000
Revenue	22	30,384	8,645
Cost of sales	23	(24,848)	(8,460)
<b>Gross profit</b>		<b>5,536</b>	<b>185</b>
Net gain on fair value adjustments of investment properties and revaluations of property, plant and equipment	24	20,485	199
Selling and administration expenses	25	(8,905)	(9,792)
Net change in fair value of financial assets at fair value through profit or loss		(173)	1
Net gain/(loss) on disposals of investments		7,609	(3,416)
Impairment of assets	26	(15,470)	(2,721)
Finance income		536	914
Finance expenses	27	(3,403)	(4,254)
Share of gains/(losses) of associates, net	8	1,573	(2,426)
Other income		1,781	1,465
Other expenses		(155)	(787)
<b>Net income/(loss) from operations before income tax</b>		<b>9,414</b>	<b>(20,632)</b>
Income tax	28	2,430	(958)
<b>Net income/(loss) from operations</b>		<b>11,844</b>	<b>(21,590)</b>
Attributable to equity shareholders of the Company		5,966	(15,321)
Attributable to non-controlling interests		5,878	(6,269)
<b>Net income/(loss) for the period</b>		<b>11,844</b>	<b>(21,590)</b>
Earnings/(loss) per share			
- basic and diluted (USD per share)	29(a)	0.01	(0.03)

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

	<u>Six months ended</u>	
	31 December 2015 USD'000	31 December 2014 USD'000
<b>Net income/(loss) for the period</b>	<b>11,844</b>	<b>(21,590)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Reclassification of currency translation reserve on disposal of subsidiaries	3,022	(545)
Exchange differences on translating foreign operations	(11,089)	(1,968)
	<u>          </u>	<u>          </u>
<b>Other comprehensive loss for the period</b>	<b>(8,067)</b>	<b>(2,513)</b>
	<u>          </u>	<u>          </u>
<b>Total comprehensive income/(loss) for the period</b>	<b>3,777</b>	<b>(24,103)</b>
	<u>          </u>	<u>          </u>
Attributable to equity shareholders of the Company	465	(17,271)
Attributable to non-controlling interests	3,312	(6,832)
	<u>          </u>	<u>          </u>
	<b>3,777</b>	<b>(24,103)</b>
	<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 2015 USD'000	31 December 2014 USD'000
<b>Operating activities</b>			
Net operating profit/(loss) before tax		9,414	(20,632)
Adjustments for:			
Depreciation and amortisation		333	581
Net change in fair values of financial assets at fair value through profit or loss		173	(1)
Net gain on fair value adjustments of investment properties and revaluations of property, plant and equipment	24	(20,485)	(199)
Net (gain)/loss on disposals of investments		(7,609)	3,416
Allowance for impairment of assets	26	15,470	2,721
Loss on amortisation of realisation fees		-	920
Share of (gain)/losses of associates, net	8	(1,573)	2,426
Net loss on disposals of fixed assets		56	4
Unrealised foreign exchange losses	27	855	163
Interest expense	27	2,519	3,158
Interest income		(474)	(892)
<b>Net loss before changes in working capital</b>		<b>(1,321)</b>	<b>(8,335)</b>
Change in trade receivables and other current assets		1,510	14,669
Change in inventories		18,347	4,022
Change in trade payables and other current liabilities		(1,402)	(11,979)
Income tax paid		(278)	(40)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>16,856</b>	<b>(1,663)</b>
<b>Investing activities</b>			
Interest received		467	901
Dividends received		-	11
Purchases of investment properties, property, plant and equipment, and other non-current assets		(14,265)	(7,032)
Additional investments in associates		(668)	(2,503)
Proceeds from disposals of investments		39,912	10,962
Net deposits in short-term deposits		94	(1,731)
Net deposits in long-term deposits		14	(2,116)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>25,554</b>	<b>(1,508)</b>

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 2015 USD'000	31 December 2014 USD'000
<b>Financing activities</b>			
Additional capital contributions from non-controlling interests		2,947	988
Loan proceeds from banks		13,793	22,783
Loan repayments to banks		(9,471)	(18,557)
Ordinary shares repurchased by the Company	16	(8,000)	(13,604)
Interest paid		(5,223)	(5,529)
Acquisition of non-controlling interests in a subsidiary		(900)	-
Capital refunded to non-controlling interests		(518)	(4,692)
<b>Net cash outflow to financing activities</b>		<b>(7,372)</b>	<b>(18,611)</b>
<b>Net changes in cash and cash equivalents for the period</b>		<b>35,038</b>	<b>(21,782)</b>
Cash and cash equivalents at the beginning of the period		21,820	53,894
Exchange differences on cash and cash equivalents		(862)	(163)
<b>Cash and cash equivalents at the end of the period</b>	14	<b>55,996</b>	<b>31,949</b>

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

At the Extraordinary General Meeting (“EGM”) held on 22 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 would make no new investments, save that it could invest in existing projects within its existing portfolio of assets. The Company would instead implement a realisation strategy whereby the Company’s existing assets would be developed (if necessary) and/or divested in a controlled, orderly and timely manner.
- Net proceeds of these realisations would 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 had ended, shareholders would be given the opportunity to reassess the strategy of the Company through another continuation resolution.
- The fees payable to the Investment Manager had been amended as discussed in Note 32 to these condensed interim consolidated financial statements.

At the EGM held on 24 November 2015, the shareholders supported the reorganisation recommendation proposed by the Board regarding extending the Cash Return Period by 12 months to 21 November 2016.

The Company will organise no later than November 2016 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 2015 were approved for issue by the Company's Board of Directors on 31 March 2016.

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 2015. 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 2015, 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 2015.

#### **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 2015.



## 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 2015: USD28.2 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 2015. 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 and Cushman & Wakefield. 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 2015.

##### 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 2015.

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 2015				Total USD'000
	Commercial USD'000	Residential and office buildings USD'000	Hospitality USD'000	Mixed use USD'000	
Revenue	-	30,384	-	-	30,384
Cost of sales	-	(24,848)	-	-	(24,848)
Gross profit	-	5,536	-	-	5,536
Net gain on disposals of investments	-	1,149	6,460	-	7,609
Finance income	-	286	73	177	536
Net (loss)/gain on fair value adjustments of investment properties and revaluations of property, plant and equipment	(20)	15,866	77	4,562	20,485
Share of (losses)/gains of associates, net	(322)	2,574	40	(719)	1,573
Impairment of assets	-	(15,470)	-	-	(15,470)
Other income	4	1,031	687	59	1,781
<b>Total (loss)/profit before unallocatable expenses</b>	(338)	10,972	7,337	4,079	22,050
Net change in fair value of financial assets at fair value through profit or loss					(173)
Selling and administration expenses					(8,905)
Finance expenses					(3,403)
Other expenses					(155)
<b>Profit before tax</b>					9,414
Income tax					2,430
<b>Net profit for the period</b>					11,844

## 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 2014				Total USD'000
	Commercial USD'000	Residential and office buildings USD'000	Hospitality USD'000	Mixed use 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)
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	5,210	199
Share of (losses)/gains of associates, net (impairment)/reversal of impairment of assets	(240)	(2,208)	34	(12)	(2,426)
Other income	-	1,154	16	295	1,465
<b>Total (loss)/profit before unallocatable expenses</b>	(221)	(8,230)	4,416	(1,765)	(5,800)
Net change 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)
<b>Loss before tax</b>					(20,632)
Income tax					(958)
<b>Net loss for the period</b>					(21,590)

## 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 2015					
	Commercial	Residential and office buildings	Hospitality	Mixed use	Cash, short- term and long-term investments	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Investment properties	4,350	284,360	-	168,180	-	456,890
Property, plant and equipment	-	594	7,829	569	-	8,992
Intangible assets	-	7	-	4	-	11
Investments in associates	17,603	27,119	4,799	1,285	-	50,806
Prepayments for acquisitions of investments	-	25,425	-	2,347	-	27,772
Inventories	-	64,945	-	5,820	-	70,765
Restricted cash	-	-	-	-	3,796	3,796
Cash and cash equivalents	-	-	-	-	55,996	55,996
Trade, tax and other receivables	31	6,116	19,101	6,544	-	31,792
Financial assets at fair value through profit or loss (*)	-	-	-	270	-	270
Short-term investments	-	-	-	-	6,856	6,856
Long-term investments	-	-	-	-	449	449
Assets classified as held for sale	-	117,837	-	-	-	117,837
Other assets	171	3,168	142	2,991	-	6,472
<b>Total assets</b>	<b>22,155</b>	<b>529,571</b>	<b>31,871</b>	<b>188,010</b>	<b>67,097</b>	<b>838,704</b>
Total assets include:						
- Additions to non-current assets (other than financial instruments and deferred tax assets)	672	7,208	812	8,917	-	17,609

## 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 2015					
	Commercial	Residential and office buildings	Hospitality	Mixed use	Cash, short- term and long-term investments	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Investment properties	4,500	291,866	-	183,088	-	479,454
Property, plant and equipment	-	1,322	7,323	618	-	9,263
Intangible assets	-	5	8	6	-	19
Investments in associates	17,925	140,517	4,759	2,004	-	165,205
Prepayments for acquisitions of investments	-	24,225	-	2,347	-	26,572
Inventories	-	85,395	-	13,516	-	98,911
Cash and cash equivalents	-	-	-	-	21,820	21,820
Trade, tax and other receivables	31	6,692	854	2,306	-	9,883
Financial assets at fair value through profit or loss (*)	-	-	-	271	-	271
Short-term investments	-	-	-	-	3,116	3,116
Long-term investments	-	-	-	-	4,296	4,296
Assets classified as held for sale	-	12,382	-	851	-	13,233
Other assets	173	4,686	79	3,029	-	7,967
<b>Total assets</b>	<b>22,629</b>	<b>567,090</b>	<b>13,023</b>	<b>208,036</b>	<b>29,232</b>	<b>840,010</b>
Total assets include:						
- Additions to non-current assets (other than financial instruments and deferred tax assets)	-	15,771	3,221	92	-	19,084

(\*) 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 2015 USD'000	30 June 2015 USD'000
Opening balance (1 July 2015/1 July 2014)	479,454	514,796
Additions during the period/year	15,366	15,519
Disposals	(38,844)	(13,100)
Deemed disposals	-	(73,084)
Transfers to inventories (Note 11)	(6,066)	(2,483)
Transfers to non-current assets classified as held for sale	-	(12,080)
Transfers from prepayments for acquisitions of investments (Note 9)	-	13,514
Net gain from fair value adjustments (Note 24)	20,408	48,960
Translation differences	(13,428)	(12,588)
Closing balance	<u>456,890</u>	<u>479,454</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.

Bank borrowings are secured by investment properties with a fair value of USD173 million (30 June 2015: USD168 million). During the period, the Group capitalised borrowing costs amounting to USD2.7 million (year ended 30 June 2015: USD4.9 million) in investment properties.

At 31 December 2015, 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 2015: 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	Adopted 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 rate (USD'000)		
<b>Residential and office buildings (*)</b>	Discounted cash flows	108,892	19% - 21.5%	N/A	N/A	N/A			<b>Change in discount rate</b>		
						-1%	0%	1%	112,105	108,892	106,048
<b>Residential and office buildings</b>	Direct comparisons	175,468	N/A	N/A	\$30 - \$5,336	<b>Change in sales price per square metre</b>			N/A		
						-10%	0%	10%			
						157,920	175,468	193,014			
<b>Mixed use (*)</b>	Discounted cash flows	980	14.5%	N/A	N/A	N/A			<b>Change in discount rate</b>		
						-1%	0%	1%	1,011	980	949
<b>Mixed use</b>	Direct comparisons	167,200	N/A	N/A	\$251 - \$3,196	<b>Change in sales price per square metre</b>			N/A		
						-10%	0%	10%			
						149,400	167,200	185,000			
<b>Commercial</b>	Direct comparisons	4,350	N/A	N/A	\$1,758	<b>Change in sales price per square metre</b>			N/A		
						-10%	0%	10%			
						3,915	4,350	4,785			

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	Adopted 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)			
<b>Residential and office buildings (*)</b>	Discounted cash flows	218,284	18% - 21.5%	N/A	N/A				<b>Change in discount rate</b>			
						-1%	0%	1%	223,602	218,284	213,584	
<b>Residential and office buildings</b>	Direct comparisons	73,582	N/A	N/A	2,440 - 6,499	<b>Change in sales price per square metre</b>			N/A			
						-10%	0%	10%	63,872	73,582	83,292	
<b>Mixed use</b>	Discounted Cash flows	99,980	14.5% - 17%	8.5%	N/A	N/A			<b>Change in discount rate</b>			
						-1%	0%	1%				
						<b>Change in cap rate</b>	-1%	0%	1%	123,468	110,759	99,107
							0%	1%	111,734	99,980	89,217	
							1%		102,431	91,452	81,375	
<b>Mixed use</b>	Direct comparisons	83,108	N/A	N/A	618 – 1,348	<b>Change in sales price per square metre</b>			N/A			
						-10%	0%	10%				
						71,978	83,108	94,238				
<b>Commercial</b>	Direct comparisons	4,500	N/A	N/A	1,818	<b>Change in sales price per square metre</b>			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 and golf course USD'000	Machinery, plant and equipment USD'000	Furniture, fixtures and office equipment USD'000	Motor vehicles USD'000	Construction in progress USD'000	Total USD'000
<b>Gross carrying amount</b>						
At 1 July 2015	12,040	274	678	867	-	13,859
Additions	21	432	17	112	757	1,339
Reclassifications	-	324	(324)	-	-	-
Revaluation gains (Note 24)	77	-	-	-	-	77
Impairment charges						
(Note 26)	(683)	(13)	(23)	(20)	(373)	(1,112)
Disposals	(216)	(8)	(14)	-	-	(238)
Translation differences	(352)	(27)	(11)	(22)	-	(412)
	<u>10,887</u>	<u>982</u>	<u>323</u>	<u>937</u>	<u>384</u>	<u>13,513</u>
<b>Depreciation</b>						
At 1 July 2015	(4,037)	(105)	(212)	(242)	-	(4,596)
Charge for the period	(168)	(79)	(22)	(57)	-	(326)
Disposals	162	8	12	-	-	182
Translation differences	187	19	6	7	-	219
	<u>(3,856)</u>	<u>(157)</u>	<u>(216)</u>	<u>(292)</u>	<u>-</u>	<u>(4,521)</u>
<b>Carrying value</b>						
At 1 July 2015	8,003	169	466	625	-	9,263
	<u>7,031</u>	<u>825</u>	<u>107</u>	<u>645</u>	<u>384</u>	<u>8,992</u>

The Group's golf course was 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.

Total impairment charges to property, plant and equipment amounted to USD1.1 million during the period ended 31 December 2015 (the year ended 30 June 2015: USD4.7 million).

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, and golf course USD'000	Machinery, plant and equipment USD'000	Furniture, fixtures and office equipment USD'000	Motor vehicles USD'000	Total USD'000
<b>Gross carrying amount</b>					
At 1 July 2014	16,409	642	734	701	18,486
Additions	106	90	4	570	770
Revaluation gains	872	-	-	-	872
Impairment charges	(4,656)	-	-	-	(4,656)
Disposals	-	-	(2)	(3)	(5)
Write-offs	-	(415)	(62)	(385)	(862)
Translation differences	(691)	(43)	4	(16)	(746)
	<u>12,040</u>	<u>274</u>	<u>678</u>	<u>867</u>	<u>13,859</u>
<b>Depreciation</b>					
At 1 July 2014	(3,242)	(277)	(186)	(348)	(4,053)
Charge for the year	(856)	(121)	(62)	(99)	(1,138)
Disposals	-	-	1	-	1
Write-offs	-	267	40	188	495
Translation differences	61	26	(5)	17	99
	<u>(4,037)</u>	<u>(105)</u>	<u>(212)</u>	<u>(242)</u>	<u>(4,596)</u>
<b>Carrying value</b>					
At 1 July 2014	<u>13,167</u>	<u>365</u>	<u>548</u>	<u>353</u>	<u>14,433</u>
At 30 June 2015	<u>8,003</u>	<u>169</u>	<u>466</u>	<u>625</u>	<u>9,263</u>

## 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	Adopted valuation technique	Valuation (USD'000)	Valuation per square metre (USD)	Sensitivities in sales price per square metre (USD'000)		
Hospitality	Exit price	5,557	\$7	<b>Change in sales price per square metre</b>		
				-10%	0%	10%
				5,001	5,557	6,113

For the comparative balance sheet date:

Segment	Adopted valuation technique	Valuation (USD'000)	Discount rate	Cap rate	Sensitivities in discount and cap rates (USD'000)		
Hospitality	Discounted cash flows	5,371	18%	15%	<b>Change in discount rate</b>		
					-1%	0%	1%
					<b>Change in cap rate</b>	-1%	0%
					5,871	5,471	5,171
					5,671	5,371	5,071
					5,571	5,271	4,971

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

	31 December 2015 USD'000	30 June 2015 USD'000
Cost	15,680	16,236
Accumulated depreciation	(1,646)	(1,559)
Net book value	14,034	14,677

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 8 SUBSIDIARIES AND ASSOCIATES

##### (a) Investments in associates

	31 December 2015 USD'000	30 June 2015 USD'000
Opening balance (1 July 2015/1 July 2014)	165,205	49,736
Additions during the period/year	668	2,503
Additions due to loss of control of a subsidiary	-	113,938
Dividends received	-	(46)
Transfers to non-current assets classified as held for sale (Note 15)	(116,640)	-
Share of gains/(losses) of associates	1,573	(926)
Closing balance	<u>50,806</u>	<u>165,205</u>

Particulars of material operating associates and their summarised financial information, extracted from their financial statements as at 31 December 2015 and 30 June 2015, are as follows:

*As at 31 December 2015*

	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 %
Aqua City Joint Stock Company (*)	Vietnam	Property	61,828	8,927	-	(255)	(128)	50
Other associates	Vietnam	Property/ Hospitality	68,691	25,682	2,050	(3,335)	(1,000)	-
			<u>130,519</u>	<u>34,609</u>	<u>2,050</u>	<u>(3,590)</u>	<u>(1,128)</u>	

*As at 30 June 2015*

	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 %
The 21st Century International Development Company Limited	Vietnam	Property	294,207	61,679	-	-	-	49
Aqua City Joint Stock Company (*)	Vietnam	Property	62,485	9,329	-	(522)	(261)	50
Other associates	Vietnam	Property/ Hospitality	71,244	26,340	6,121	(990)	(665)	-
			<u>427,936</u>	<u>97,348</u>	<u>6,121</u>	<u>(1,512)</u>	<u>(926)</u>	

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 8 SUBSIDIARIES AND ASSOCIATES (CONTINUED)

##### (a) Investments in associates (continued)

- (\*) The Group has a 50% equity interest in Aqua City Joint Stock Company 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.

Reconciliation of summarised financial information for a material associate:

	<b>Aqua City Joint Stock Company</b>	
	<b>For the period/year ended</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2015</b>	<b>2015</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Summarised financial information</b>		
Opening net assets (July 2015/July 2014)	53,156	48,672
Capital contribution during the period year	-	5,006
Loss for the period/year	(255)	(522)
<b>Total closing net assets</b>	<b>52,901</b>	<b>53,156</b>
Ownership percentage	50%	50%
<b>Net carrying value</b>	<b>26,451</b>	<b>26,578</b>

## 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 2015 and 30 June 2015:

Name	Country of incorporation and place of business	31 December 2015		30 June 2015		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	
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
Dong Binh Duong Urban Development Co. Limited	Vietnam	70%	30%	70%	30%	Property investment
Nam Phat Villas and Hotel Company Limited	Vietnam	-	-	100%	-	Hospitality
Orchid House Co. Limited	Vietnam	55.6%	44.4%	55.6%	44.4%	Property investment
Vina Dai Phuoc Corporation Limited	Vietnam	54%	46%	54%	46%	Property investment
Metropolis Hanoi Company Limited (**)	Vietnam	-	-	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%	Property investment
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 because it is exposed to variable returns from its involvement with these companies and can affect those returns through its power over them.

All subsidiary undertakings are included in the consolidation. 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 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 Nam Phat Villas and Hotel Company Limited***

During the period the Group disposed of its 100% equity interest in Nam Phat Villas and Hotel Company Limited for a total consideration of USD19.8 million. The book value of the net assets at the disposal date was USD18.4 million, resulting in a gain of USD1.4 million.

##### ***Disposal of Metropolis Hanoi Company Limited***

During the period, the Group disposed of its 44.6% equity interest in Metropolis Hanoi Company Limited. The total consideration is USD31.0 million and the Group's share of the proceeds is USD16.3 million. The book value of the net assets at the disposal date was USD24.5 million, resulting in a gain of USD6.5 million for the Group which was recognised in the consolidated income statement.

## 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 2015 is USD173.0 million (30 June 2015: USD182.8 million), allocated as below:

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Prosper Big Investments Limited ("Prosper Big")	31,217	29,412
VinaCapital Danang Golf Course Limited ("Danang Golf")	13,073	12,785
Vina Dai Phuoc Corporation Limited ("Dai Phuoc Lotus")	30,658	31,291
Vina Alliance Company Limited ("Vina Square")	39,090	39,091
Others	58,993	70,242
	<u>173,031</u>	<u>182,821</u>

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

	Prosper Big		Danang Golf		Dai Phuoc Lotus		Vina Square	
	As at		As at		As at		As at	
	31.12.2015 USD'000	30.06.2015 USD'000	31.12.2015 USD'000	30.06.2015 USD'000	31.12.2015 USD'000	30.06.2015 USD'000	31.12.2015 USD'000	30.06.2015 USD'000
<b>Current</b>								
Assets	40	17	48,783	43,035	20,781	24,004	38	113
Liabilities	(76,808)	(76,765)	(74,400)	(64,403)	(15,759)	(18,121)	(65,415)	(41,161)
<b>Total current net (liabilities)/assets</b>	<u>(76,768)</u>	<u>(76,748)</u>	<u>(25,617)</u>	<u>(21,368)</u>	<u>5,022</u>	<u>5,883</u>	<u>(65,377)</u>	<u>(41,048)</u>
<b>Non-current</b>								
Assets	-	113,939	80,739	78,631	63,390	63,074	99,033	99,026
Liabilities	-	(4,541)	(30,333)	(33,624)	(466)	(4)	(4,395)	(28,634)
<b>Total non-current net assets</b>	<u>-</u>	<u>109,398</u>	<u>50,406</u>	<u>45,007</u>	<u>62,924</u>	<u>63,070</u>	<u>94,638</u>	<u>70,392</u>
Assets classified as held for sale	116,640	-	-	-	-	-	-	-
<b>Net assets</b>	<u>39,872</u>	<u>32,650</u>	<u>24,789</u>	<u>23,639</u>	<u>67,946</u>	<u>68,953</u>	<u>29,261</u>	<u>29,344</u>

## 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

	Prosper Big		Danang Golf		Dai Phuoc Lotus		Vina Square	
	Period ended		Period ended		Period ended		Period ended	
	31 December		31 December		31 December		31 December	
	2015	2014	2015	2014	2015	2014	2015	2014
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	-	-	3,524	2,120	3,301	1,673	-	-
Profit/(loss) before income tax	2,681	(6,636)	1,163	972	1,122	1,432	2,376	2,719
Income tax income/(expense)	4,541	(957)	1576	(347)	(316)	(155)	(336)	-
Post-tax profit/(loss) from								
continuing operations	7,222	(7,593)	2,739	625	806	1,277	2,040	2,719
Other comprehensive								
income/(loss)	-	(379)	(1,589)	(229)	(1,813)	(248)	(2,123)	(199)
<b>Total comprehensive</b>								
<b>    income/(loss)</b>	<b>7,222</b>	<b>(7,972)</b>	<b>1,150</b>	<b>396</b>	<b>(1,007)</b>	<b>1,029</b>	<b>(83)</b>	<b>2,520</b>
Total comprehensive								
income/(loss) allocated to non-								
controlling interests	1,805	(1,898)	201	99	(633)	473	-	1,336

###### Summarised cash flow statements

	Prosper Big		Danang Golf		Dai Phuoc Lotus		Vina Square	
	Period ended		Period ended		Period ended		Period ended	
	31 December		31 December		31 December		31 December	
	2015	2014	2015	2014	2015	2014	2015	2014
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Net cash flows from operating								
activities	23	5,426	4,431	250	1,221	1,137	196	54
Net cash flows from investing								
activities	-	(11,771)	(812)	(290)	(420)	(433)	(273)	(27)
Net cash flows from financing								
activities	-	7,209	(25)	-	(558)	(1,066)	-	-
<b>Net increase/(decrease) in</b>								
<b>    cash and cash equivalents</b>	<b>23</b>	<b>864</b>	<b>3,594</b>	<b>(40)</b>	<b>243</b>	<b>(362)</b>	<b>(77)</b>	<b>27</b>

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 2015 USD'000	30 June 2015 USD'000
Prepayments for acquisitions of investments	43,577	57,713
Transfers to investment properties (Note 6)	-	(13,514)
	<u>43,577</u>	<u>44,199</u>
Allowance for impairment	(15,805)	(17,627)
	<u>27,772</u>	<u>26,572</u>

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 2015 due to market conditions, since the dates of payment, impairment allowances of USD15.8 million (30 June 2015: USD17.6 million) have been made against the prepayments for acquisitions of investments. The relevant recoverable amounts are the fair values of the underlying properties less the costs to sell which have been estimated by independent professional qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the properties upon which these prepayments have been made.

The valuations performed by the independent valuation companies, as adopted by the Group, are prepared using the direct comparison method. All of these fair value less the costs to sell valuations are in Level 3 of the fair value hierarchy and there were no transfers between levels during the period (year ended 30 June 2015: none). As at 31 December 2015, the sales prices per square meter used ranged from USD21 to USD64 (30 June 2015: USD21 to USD60). If the sales prices of similar properties have increased/decreased, it is expected that the recoverable amounts of these prepayments would have moved up/down accordingly.

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 9 PREPAYMENTS FOR ACQUISITIONS OF INVESTMENTS (CONTINUED)

Management's view is that all of the Group's prepayments for acquisitions of investments are in Level 3 of the fair value hierarchy. Movements in the balance during the period/year were as follows:

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Opening balance (1 July 2015/1 July 2014)	26,572	41,148
Additions	236	293
Reversal of impairment/(impairment)	1,822	(622)
Written-off	-	(150)
Translation differences	(858)	(583)
Transfers to investment properties (Note 6)	-	(13,514)
	<u>27,772</u>	<u>26,572</u>

#### 10 DEFERRED TAX ASSETS

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Opening balance (1 July 2015/1 July 2014)	6,572	7,820
Net change in the period/year (*)	(1,550)	(1,248)
	<u>5,022</u>	<u>6,572</u>
Deferred tax assets to be recovered after more than 12 months	4,872	6,417
Deferred tax assets to be recovered within 12 months	150	155
	<u>5,022</u>	<u>6,572</u>

(\*) The net change mainly arose from changes for tax provisions on fair value adjustments of investment properties during the period/year.

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 11 INVENTORIES

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Opening balance (1 July 2015/1 July 2014)	98,911	104,869
Additions during the period/year	6,500	8,124
Transfers from investment properties (Note 6)	6,066	2,483
Transfers to cost of sales	(22,405)	(13,048)
Write-down on inventories (Note 26)	(16,059)	(2,402)
Translation differences	(2,248)	(1,115)
	<u>70,765</u>	<u>98,911</u>

#### 12 TRADE AND OTHER RECEIVABLES

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Trade receivables	3,239	3,061
Receivables from disposals of subsidiaries (*)	22,451	185
Interest receivables	21	14
Prepayments to suppliers	622	840
Short-term prepaid expenses	412	703
Advances to employees	28	65
Other receivables	699	534
	<u>27,472</u>	<u>5,402</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)

#### 13 RESTRICTED CASH

The balance represents property buyers' deposits. They are held in the accounts of several subsidiaries of the Group. These funds are not available for use until the terms of the relevant property sales agreements have been fulfilled.

In cases where sales of properties have not yet been finalised pending the completion of certain conditions set out in the relevant sales and purchase agreements, property buyers' deposits which are placed in third party escrow bank accounts are not part of the Group's assets and are therefore not included in either restricted cash or cash and cash equivalents in the balance sheet.

#### 14 CASH AND CASH EQUIVALENTS

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Cash on hand	66	39
Cash at banks	39,306	7,198
Cash equivalents	16,624	14,583
	<hr/>	<hr/>
	55,996	21,820
	<hr/> <hr/>	<hr/> <hr/>

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

At 31 December 2015, cash and cash equivalents held at the Company level amounted to USD32.0 million (30 June 2015: USD5.7 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 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)

#### 15 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	31 December 2015				
	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 Company USD'000
The 21st Century International Development Company Limited	116,640	-	116,640	31,217	85,423
Vinh Thai Parcel 4	1,197	-	1,197	560	637
	<u>117,837</u>	<u>-</u>	<u>117,837</u>	<u>31,777</u>	<u>86,060</u>

The assets and liabilities relating to the interest in The 21st Century International Development Company Limited and Parcel 4 of Vinh Thai Urban Development Corporation Limited have been presented as held for sale following the signing of the relevant 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 and their movements during the period/year are as follows:

	1 July 2015 USD'000	Transfers in USD'000	Disposal USD'000	Impairment USD'000	31 December 2015 USD'000
<b>Assets classified as held for sale</b>					
Available for sales financial assets	851	-	(851)	-	-
Investment properties	12,080	-	(10,762)	(121)	1,197
Trade and other receivables	172	-	(172)	-	-
Cash and cash equivalents	130	-	(130)	-	-
Investment in associates	-	116,640	-	-	116,640
	<u>13,233</u>	<u>116,640</u>	<u>(11,915)</u>	<u>(121)</u>	<u>117,837</u>
<b>Liabilities classified as held for sale</b>					
Accruals and other current liabilities	17	-	(17)	-	-
Trade and other payables	501	-	(501)	-	-
	<u>518</u>	<u>-</u>	<u>(518)</u>	<u>-</u>	<u>-</u>
<b>Net assets classified as held for sale</b>	<u>12,715</u>	<u>116,640</u>	<u>(11,397)</u>	<u>(121)</u>	<u>117,837</u>



VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

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

For the comparative year:

	30 June 2015				
	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
Vinh Thai Parcel 4	1,364	-	1,364	638	726
Hoi An South	11,018	518	10,500	-	10,500
Riverview project	851	-	851	525	326
	<u>13,233</u>	<u>518</u>	<u>12,715</u>	<u>1,163</u>	<u>11,552</u>
		<b>1 July 2014</b>	<b>Transfers in</b>	<b>Disposal</b>	<b>30 June 2015</b>
		<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>Assets classified as held for sale</b>					
Available for sales financial assets		-	851	-	851
Investment properties		-	12,080	-	12,080
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	172	(2,048)	172
Prepayments for acquisitions of investments		16,355	-	(16,355)	-
Cash and cash equivalent		526	130	(526)	130
		<u>50,806</u>	<u>13,233</u>	<u>(50,806)</u>	<u>13,233</u>
<b>Liabilities classified as held for sale</b>					
Borrowings and debts		15,203	-	(15,203)	-
Accruals and other current liabilities		-	17	-	17
Trade and other payables		4,425	760	(4,684)	501
		<u>19,628</u>	<u>777</u>	<u>(19,887)</u>	<u>518</u>
<b>Net assets classified as held for sale</b>		<b>31,178</b>	<b>12,456</b>	<b>(30,919)</b>	<b>12,715</b>

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 16 SHARE CAPITAL

	31 December 2015		30 June 2015	
	Number of shares	USD'000	Number of shares	USD'000
<b>Authorised:</b>				
Ordinary shares of USD0.01 each	500,000,000	5,000	500,000,000	5,000
<b>Issued and fully paid:</b>				
Opening balance (1 July 2015/1 July 2014)	430,132,220	4,301	458,727,080	4,587
Shares purchased and cancelled	(13,344,954)	(133)	(28,594,860)	(286)
Closing balance	416,787,266	4,168	430,132,220	4,301

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 2015, there were two investors that held more than 10% of the ordinary shares of the Company (30 June 2015: two).

During the period, the Company repurchased and cancelled 13,344,954 of its ordinary shares (year ended 30 June 2015: 28,594,860 shares) for total cash consideration of USD8.0 million (year ended 30 June 2015: USD15.9 million) at an average cost USD0.6 per share (year ended 30 June 2015: USD0.59 per share). The difference between the cost of the shares repurchased and their net asset value has been recorded in equity reserve.

#### 17 ADDITIONAL PAID-IN CAPITAL

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

	31 December 2015 USD'000	30 June 2015 USD'000
Opening balance (1 July 2015/1 July 2014)	521,088	546,992
Shares repurchased and cancelled (Note 16)	(11,978)	(25,904)
Closing balance	509,110	521,088

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 18 BORROWINGS AND DEBTS

	31 December 2015 USD'000	30 June 2015 USD'000
<b>Long-term borrowings:</b>		
Bank borrowings	58,050	62,251
Loans from non-controlling interests	772	779
Zero dividend preference shares	-	25,951
Less:		
Current portion of long-term bank borrowings and debts	(1,652)	(3,738)
	<u>57,170</u>	<u>85,243</u>
<b>Short-term borrowings:</b>		
Bank borrowings	11,773	4,025
Loans from non-controlling interests	-	1,219
Zero dividend preference shares	25,607	-
Current portion of long-term bank borrowings	1,652	3,738
	<u>39,032</u>	<u>8,982</u>
<b>Total borrowings and debts</b>	<b><u>96,202</u></b>	<b><u>94,225</u></b>

#### (a) Borrowings

Borrowings mature on a range of dates until January 2027 and bear average annual interest rates of 10.1% for amounts in VND and 5.8% for amounts in USD (30 June 2015: 10.6% for amounts in VND and 1.5% for amounts in USD). USD0.6 million of the Group's borrowings bears fixed interest rates, while the remaining is 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:

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
6 months or less	12,599	5,232
6 to 12 months	826	3,750
1 to 5 years	48,796	48,332
Over 5 years	8,374	10,960
	<u>70,595</u>	<u>68,274</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 USD57.2 million (30 June 2015: USD59.3 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:

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
VND	60,495	67,055
USD	10,100	1,219
	<u>70,595</u>	<u>68,274</u>

During the period, the Group's subsidiaries borrowed USD13.8 million (six months ended 31 December 2014: USD22.8 million) from banks to finance working capital and property development activities.

##### (b) Zero dividend preference shares

The fair value of the ZDP Shares as at 31 December 2015 is USD26 million (30 June 2015: USD27 million). Level 1 fair value based on market quotes on 31 December 2015.

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 19 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 2015, the fair value of the hedging derivative was USD4.1 million (30 June 2015: USD2.4 million).

The ineffective portion recognised in the profit or loss that arises from the fair value hedge amounts to a loss of USD0.2 million (six months ended 31 December 2014: USD67 thousand).

#### 20 DEFERRED TAX LIABILITIES

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Opening balance (1 July 2015/1 July 2014)	28,184	21,755
Net change during the period/year from fair value adjustments of investment properties and property, plant and equipment	552	6,429
Impact of change in tax rate	(4,541)	-
Closing balance	<u>24,195</u>	<u>28,184</u>
Deferred tax liabilities to be recovered after more than 12 months	12,097	16,269
Deferred tax liabilities to be recovered within 12 months	12,098	11,915
	<u>24,195</u>	<u>28,184</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)

#### 21 CURRENT TRADE AND OTHER PAYABLES

	<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
Trade payables	727	1,016
Payables for property acquisitions and land compensation	44,439	16,693
Compensation to a co-investor on disposal of an investment	4,170	4,170
Proceeds payables to co-investor on disposal of an investment	9,196	-
Deposits from property buyers	17,373	5,293
Deposits from customers of residential projects	34,049	41,853
Interest payables	634	478
Other accrued liabilities	509	651
Other payables	2,277	3,049
	<u>113,374</u>	<u>73,203</u>

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

#### 22 REVENUE

	<b>Six months ended</b>	
	<b>31 December 2015 USD'000</b>	<b>31 December 2014 USD'000</b>
Sales of residential projects	<u>30,384</u>	<u>8,645</u>

VINALAND LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

23 COST OF SALES

	<u>Six months ended</u>	
	31 December 2015 USD'000	31 December 2014 USD'000
Residential projects	24,848	8,460
	<u>          </u>	<u>          </u>

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

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

	<u>Six months ended</u>	
	31 December 2015 USD'000	31 December 2014 USD'000
<b>Investment properties</b>		
<i>By real estate sector:</i>		
- Commercial	(20)	18
- Residential and office buildings	15,866	(5,208)
- Mixed use	4,562	5,210
	<u>          </u>	<u>          </u>
	20,408	20
<b>Property, plant and equipment</b>		
Hospitality	77	179
	<u>          </u>	<u>          </u>
Net gain on fair value adjustments of investment properties and revaluations of property, plant and equipment	20,485	199
	<u>          </u>	<u>          </u>

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 25 SELLING AND ADMINISTRATION EXPENSES

	<u>Six months ended</u>	
	<u>31 December 2015 USD'000</u>	<u>31 December 2014 USD'000</u>
Management fees (Note 32)	2,968	3,671
Professional fees (*)	2,307	2,260
Depreciation and amortisation (*)	326	287
General and administration expenses (*)	2,190	1,426
Staff costs (*)	764	1,206
Outside service costs (*)	350	942
	<u>8,905</u>	<u>9,792</u>

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

#### 26 IMPAIRMENT OF ASSETS

	<u>Six months ended</u>	
	<u>31 December 2015 USD'000</u>	<u>31 December 2014 USD'000</u>
Reversal of impairment of prepayments for acquisitions of investments (Note 9)	(1,822)	(18)
Impairment of property, plant and equipment (Note 7)	1,112	-
Write-down on inventories (Note 11)	16,059	2,739
Impairment of non-current assets classified as held for sale (Note 15)	121	-
	<u>15,470</u>	<u>2,721</u>

#### 27 FINANCIAL EXPENSE

	<u>Six months ended</u>	
	<u>31 December 2015 USD'000</u>	<u>31 December 2014 USD'000</u>
Realised foreign exchange losses	29	13
Unrealised foreign exchange losses	855	163
Interest expense	2,519	3,158
Loss on amortisation of realisation fees	-	920
	<u>3,403</u>	<u>4,254</u>



## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 28 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 USD9 thousand has been made for corporate income tax payable by the Vietnamese subsidiaries for the period (period from 1 July 2014 to 31 December 2014: USD42 thousand).

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 2015 USD'000	31 December 2014 USD'000
Group's gain/(loss) before tax	9,414	(20,632)
Group's gain multiplied by applicable tax rate (0%)	-	-
Current income tax expense of subsidiaries	(9)	(42)
Deferred income tax (*)	2,439	(916)
Income tax	<u>2,430</u>	<u>(958)</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)

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

(a) Basic

	<u>Six months ended</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2015</u>	<u>2014</u>
Net income/(loss) attributable to owners of the Company from continuing and total operations (USD'000)	5,966	(15,321)
Weighted average number of ordinary shares in issue	428,515,232	452,219,865
Basic earnings/(loss) per share from continuing and total operations (USD per share)	0.01	(0.03)

(b) Diluted

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

(c) Net asset value per share

	<u>31 December</u>	<u>30 June</u>
	<u>2015</u>	<u>2015</u>
Net asset value (USD'000)	383,646	391,191
Number of outstanding ordinary shares in issue	416,787,266	430,132,220
Net asset value per share (USD/share)	0.92	0.91

#### 30 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)

#### 31 COMMITMENTS

As at 31 December 2015, the Group was committed under lease agreements to paying the following future amounts:

	31 December 2015 USD'000	30 June 2015 USD'000
Within one year	89	179
From two to five years	337	483
Over five years	2,355	5,173
	<u>2,781</u>	<u>5,835</u>

As at 31 December 2015, the Group was also committed under construction agreements to pay USD15 million (30 June 2015: USD18.2 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 USD29 million (30 June 2015: USD38.5 million) will be used to fund these projects over the next three years.

#### 32 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 this agreement the management fee from 21 November 2012 was fixed at USD8.25 million for the subsequent 12 months, USD7.5 million for the next 12 months and USD6.5 million for the next 12 months.

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.

Total management fees for the period amounted to USD2,967,930 (six months ended 31 December 2014: USD3,671,233), with USD396,393 (30 June 2015: USD593,366) 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)

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

##### **Performance fees**

Under the Former Management Agreement prior to 21 November 2012, the Investment Manager was also entitled to a performance fee equal to 20% of the annual increase in net asset value over the higher of realised returns over an annualised hurdle rate of 8% (30 June 2012: hurdle rate 8%) and a high-water-mark. Under this arrangement, no performance fee was charged for the year (30 June 2015: nil), but USD28,218,000 (30 June 2015: USD28,218,000) of performance fees had been accrued as payable, which had been earned during prior years. On 21 November 2012, under the Amended Management Agreement, the Investment Manager's entitlement to the accrued performance fee and any future performance fees under the Former Management Agreement were cancelled and a new realisation fee, equivalent to the amount of accrued performance fees due and outstanding to the Investment Manager at 20 November 2012, was introduced.

##### **Realisation fees**

In accordance with the Amended Management Agreement and Seconded 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 which were signed prior to 21 November 2015 and the proceeds of which are to be received by 21 November 2016. Taking into account the effect of discounting an amount of USD28,218,000 (30 June 2015: USD28,218,000) has been accrued as a current liability for realisation fees payable to the Investment Manager as at 31 December 2015.

##### **Disposal fees**

In accordance with the Seconded Amended Management Agreement, the Investment Manager is entitled to receive a disposal fee equal to 2.8% of the distributable proceeds arising from the realisation of those assets which are disposed of after 21 November 2015. No disposal fee has been accrued for the period as no liability arises until such time as a decision is made to distribute the proceeds to shareholders.

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 32 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:

			<b>31 December 2015 USD'000</b>	<b>30 June 2015 USD'000</b>
<b>Current</b>				
VinaCapital Investment Management Ltd.	Investment Manager	Realisation fees	28,218	28,218
		Management fees	396	676
		Development fees and advances for real estate projects	824	1,141
VinaCapital Vietnam Opportunity Fund Limited ("VOF")	Under common management	Payments on behalf	959	959
		Proceeds payable on disposal of an investment	5,545	-
		Loans	978	-
		Interest	56	-
VinaCapital Corporate Finance Vietnam Ltd.	Affiliate of Investment Manager	Loans	2,227	2,296
		Interest	619	2,002
			<u>39,822</u>	<u>35,292</u>

As at 31 December 2015 and 30 June 2015, receivables from related parties mainly comprise of amounts due from VOF as advances to jointly invested real estate projects.

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

	<b>As at</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	Number of shares	
Vietnam Master Holding 2 Limited <sup>(*)</sup>	36,216,326	36,216,326
VinaCapital Group Limited	993,333	993,333
VinaCapital Investment Management Limited	79,250	79,250
	<u>37,288,909</u>	<u>37,288,909</u>

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

## VINALAND LIMITED AND ITS SUBSIDIARIES

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

#### 33 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 2015. 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)

#### 33 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 2015:

<b>As at 31 December 2015</b>	<b>Level 1 USD'000</b>	<b>Level 2 USD'000</b>	<b>Level 3 USD'000</b>	<b>Total USD'000</b>
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	270	-	<b>270</b>
- Derivatives	-	1	-	<b>1</b>
Financial liabilities				
- Derivatives	-	(4,131)	-	<b>(4,131)</b>
	=====	=====	=====	=====
<b>As at 30 June 2015</b>	<b>Level 1 USD'000</b>	<b>Level 2 USD'000</b>	<b>Level 3 USD'000</b>	<b>Total USD'000</b>
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	271	-	<b>271</b>
- Derivatives	-	12	-	<b>12</b>
Financial liabilities				
- Derivatives	-	(2,405)	-	<b>(2,405)</b>
	=====	=====	=====	=====

There were no significant transfers between levels during the period (year ended 30 June 2015: none).