

## VinaCapital Vietnam Opportunity Fund Limited

### Audited financial results for the twelve months ended 30 June 2010

VinaCapital Vietnam Opportunity Fund Limited ("VOF" or "the Company"), an investment company focused on Vietnam, today announces its full year results for the twelve months ended 30 June 2010 ("the Period").

#### Financial highlights:

- Net profit attributable to shareholders for the period of USD105.0 million (2009: USD6.8 million).
- Earnings per share of USD0.32 (2009: USD0.02).
- Net Asset Value ("NAV") of USD783 million (2009: USD682 million), and NAV per share of USD2.41 (2009: USD2.10).
- No debt at the fund level.

#### Performance highlights:

- Increase in NAV of 14.8 percent (2009: 1.9 percent).
- IPOs or listings of 12 holdings in the portfolio during the period.
- Excellent performance in the capital markets segment of our portfolio, which saw an increase of 26.4 percent, versus 5.8 percent for the benchmark Vietnam Index (in USD terms).
- Acquisition of minority stakes in Prime Group, Hoan My Medical Corporation, and An Giang Plant Protection JSC.

Commenting, Andy Ho, VinaCapital Managing Director & Head of Investment said:

"We are pleased with our progress in the period, which saw us outperform our peers in the Vietnam market and achieve a significant increase in net profits. Our strategic approach is one of the key contributing factors to this, which has this year consisted of finding exits from holdings with low liquidity while focusing new investments in private equity. We have also been able to capitalise on the encouraging deal environment, which we are optimistic will continue into 2011. Not only have many of our existing portfolio companies listed or are seeking listings, but many other SMEs are looking for strategic investors as they prepare to IPO. Finally, we are constantly seeking ways in which to maximise returns to shareholders and narrow our discount, which is why shortly after the period-end we announced a new distribution policy."

#### Notes to Editors:

VinaCapital Group is a leading asset management, investment banking and real estate consulting firm with unrivalled experience in the Vietnamese market. VinaCapital Group was founded in 2003 and has grown from a single USD10 million fund to a diversified investment firm with over USD1.8 billion in assets under management as of July 2010.

VinaCapital manages three closed-end funds trading on the London Stock Exchange's Alternative Investment Market (AIM). These are:

- VinaCapital Vietnam Opportunity Fund (VOF), the largest diversified fund for investment in Vietnam;
- VinaLand Limited (VNL), the top performing Vietnam fund for the past three years according to LCF Edmond de Rothschild; and
- Vietnam Infrastructure Limited (VNI), the first fund for investment in Vietnam's infrastructure sector.

VinaCapital also co-manages the DFJ VinaCapital technology venture capital fund with Draper Fisher Jurvetson. More information is available at [www.vinacapital.com](http://www.vinacapital.com).

More information on VinaCapital Vietnam Opportunity Fund Limited is available at [www.vinacapital.com/vof](http://www.vinacapital.com/vof)

**Enquiries:**

Michael L. Gray  
VinaCapital Investment Management Limited  
Communications/Investor Relations  
+84 8 821 9930  
michael.gray@vinacapital.com

Philip Secrett  
Grant Thornton Corporate Finance, Nominated Adviser  
+44 20 7383 5100  
philip.j.secrett@uk.gt.com

Hiroshi Funaki +44 20 7845 5960  
LCF Edmond de Rothschild Securities, Broker  
funds@lcf.co.uk

Alastair Hetherington  
Financial Dynamics, Public Relations (Hong Kong)  
+852 3716 9802  
alastair.hetherington@fd.com

Andrew Walton  
Financial Dynamics, Public Relations (London)  
+44 20 7269 7204  
andrew.walton@fd.com

**Chairman's statement**

Dear Shareholders,

We herein present the annual report of the VinaCapital Vietnam Opportunity Fund Limited (AIM: VOF) for the year ended 30 June 2010.

In the first half of 2010, Vietnam's economy grew at a healthy 6.2 percent annualised, buoyed by strong domestic demand and 2009's effective government stimulus policies. Vietnam's rapid recovery from the global financial crisis was impressive evidence of the depth of the country's economic growth trajectory.

Vietnam's GDP is forecast to grow at over 6.5 percent in 2010, and at 7 percent or more in 2011. The main challenges for the economy remain a weak balance of trade and the threat of renewed inflation.

VOF outperformed its peers in the Vietnam market in FY2010, led by the capital markets portfolio that was buoyed by the IPO of 12 holdings. Eximbank, DIC Corp and Quoc Cuong Gia Lai, among others, all saw a strong run-up in share price prior to listing during the year – testament to the success of VOF's strategy of focusing new investments in PE and OTC assets that are within 12-18 months of an IPO.

New investments during the year included acquiring significant stakes in private companies Hoan My Medical Group and Prime Group, and increasing our stake in OTC holding An Giang Plant Protection JSC. Each is a sector-leading company that exhibits strong management and earnings growth potential, with the ability to generate a listing or trade exit within 24 months.

VOF's NAV at the end of June 2010 was USD783 million, or USD2.41 per share. This was an increase of 14.8 percent from the end of June 2009, when VOF had an NAV of USD682 million, or USD2.10 per share. VOF's share price at the end of June 2010 was USD1.40, down 2.1 percent from USD1.43 at the end of June 2009.

The share price discount was therefore 41.9 percent at 30 June 2010. This is a disappointing result that spurred the Board to announce a distribution policy in October 2010, with the chief aim of reducing the discount. The Board believes the distribution policy, consisting of tenders for shares, will reduce the discount effectively – but we remain cognizant that any strategy must endure and not result in only a short-term improvement. Ultimately, the investment success of the manager will be the best proof to the market of the value and promise of the VOF portfolio.

The VOF management team, led by managing director Andy Ho and deputy managing directors Cuong Nguyen and Loan Dang, remains the most experienced and dynamic investment team in Vietnam. This team has access to almost all significant deals in the Vietnamese marketplace, and has built a tightly knit group of young professionals who cover every market sector.

The outlook for 2011 in Vietnam is largely positive, particularly given the low stock market valuations and continued window for IPOs. In the interests of our shareholders, the Board will continue to monitor fund management actions with a focus on reducing the share price discount. The last two years have been challenging for emerging market investors. VOF shareholders can be confident that the Board and investment manager will work diligently to ensure a strong performance as the markets continue to recover.

I would like to finish by thanking Dr. Jonathan Choi for his service as a director to the Company. Dr. Choi stepped down from his position as a director during the year to focus on his other commitments with Sun Wah Group. The Board appreciates the many contributions Dr. Choi made to the Company during his tenure, and would like to wish him all the best for the future.

Thank you for your continued support.

William Vanderfelt  
 Chairman  
 VinaCapital Vietnam Opportunity Fund Limited  
 | 10 December 2010

## Consolidated Statement of Financial Position

	Note	30 June 2010	30 June 2009
		USD'000	USD'000
<b>ASSETS</b>			
<b>Non-current</b>			
Investment properties	7	6,700	6,906
Property, plant and equipment		-	321
Investments in associates	8	194,688	148,435
Long-term loan receivables from related parties	27	47,718	58,615
Other long-term financial assets	9	11,661	15,314
Other long-term investments	10	6,916	2,331
Prepayments for operating lease assets		-	159
Other assets		104	107

Non-current assets		<b>267,787</b>	232,188
<b>Current</b>			
Inventories		<b>2,437</b>	2,071
Trade and other receivables	11	<b>6,045</b>	8,012
Receivables from related parties	27	<b>11,564</b>	15,478
Financial assets at fair value through Statement of Income	12	<b>455,526</b>	352,389
Short-term investments		<b>428</b>	452
Cash and cash equivalents	14	<b>50,033</b>	69,691
Current assets		<b>526,033</b>	448,093
Assets classified as held for sale	15	-	37,742
<b>Total assets</b>		<b>793,820</b>	718,023

	Note	30 June 2010	30 June 2009
		USD'000	USD'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the parent:</b>			
Share capital	16	<b>3,246</b>	3,246
Additional paid-in capital		<b>722,064</b>	722,064
Revaluation reserve		<b>21,193</b>	25,958
Translation reserve		<b>(3,762)</b>	(2,088)
Retained earnings		<b>39,760</b>	(67,268)
		<b>782,501</b>	681,912
Non-controlling interests		<b>1,427</b>	13,676

<b>Total equity</b>		<b>783,928</b>	695,588
<b>LIABILITIES</b>			
<b>Non-current</b>			
Deferred tax liabilities		<b>101</b>	-
Other long-term liabilities		-	484
<b>Non-current liabilities</b>		<b>101</b>	484
<b>Current</b>			
Trade and other payables	17	<b>4,089</b>	8,167
Payables to related parties	27	<b>5,702</b>	3,118
<b>Current liabilities</b>		<b>9,791</b>	11,285
Liabilities classified as held for sale	15	-	10,666
<b>Total liabilities</b>		<b>9,892</b>	22,435
<b>Total equity and liabilities</b>		<b>793,820</b>	718,023
<b>Net assets value per share attributable to equity shareholders of the parent (USD per share)</b>	24	<b>2.41</b>	2.10

## Consolidated Statement of Changes in Equity

	Equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Revaluation reserve	Translation reserve	Retained earnings	Total earnings attributable to owners of the parent		
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>1 July 2008</b>	3,246	722,064	18,463	(846)	(74,050)	668,877	34,117	702,994
Acquisition of subsidiaries	-	-	-	-	-	-	(16,153)	(16,153)
Dividend distribution to non-controlling shareholder	-	-	-	-	-	-	(119)	(119)

Redemption of non-controlling interest	-	-	-	-	-	-	(201)	(201)
Profit/(loss) for the year ended								
30 June 2009	-	-	-	-	6,782	6,782	(3,684)	3,098
Other comprehensive income								
- Currency translation	-	-	-	(1,242)	-	(1,242)	(284)	(1,526)
- Share of associates' revaluation gains recognised directly in other comprehensive income (Note 8)	-	-	7,495	-	-	7,495	-	7,495
Total other comprehensive income			7,495	(1,242)	-	6,253	(284)	5,969
<b>Total comprehensive income</b>	-	-	<b>7,495</b>	<b>(1,242)</b>	<b>6,782</b>	<b>13,035</b>	<b>(3,968)</b>	<b>9,067</b>
<b>30 June 2009</b>	<b>3,246</b>	<b>722,064</b>	<b>25,958</b>	<b>(2,088)</b>	<b>(67,268)</b>	<b>681,912</b>	<b>13,676</b>	<b>695,588</b>
<b>1 July 2009</b>	<b>3,246</b>	<b>722,064</b>	<b>25,958</b>	<b>(2,088)</b>	<b>(67,268)</b>	<b>681,912</b>	<b>13,676</b>	<b>695,588</b>
Disposal of associate	-	-	(2,403)	-	2,403	-	-	-
Disposal of assets and liabilities held for sale	-	-	-	-	-	-	(7,978)	(7,978)
Redemption of non-controlling interest (Note 6)	-	-	-	-	-	-	(4,741)	(4,741)
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	(69)	(69)	402	333
Dividend distribution to non-controlling shareholder	-	-	-	-	-	-	(131)	(131)
Profit for the year ended								
30 June 2010	-	-	-	-	104,694	104,694	311	105,005
Other comprehensive income								
- Currency translation	-	-	-	(1,674)	-	(1,674)	(112)	(1,786)
- Share of associates' revaluation losses recognised directly in other comprehensive income (Note 8)	-	-	(2,362)	-	-	(2,362)	-	(2,362)
Total other comprehensive income	-	-	(2,362)	(1,674)	-	(4,036)	(112)	(4,148)
<b>Total comprehensive income</b>	-	-	<b>(2,362)</b>	<b>(1,674)</b>	<b>104,694</b>	<b>100,658</b>	<b>199</b>	<b>100,857</b>
<b>30 June 2010</b>	<b>3,246</b>	<b>722,064</b>	<b>21,193</b>	<b>(3,762)</b>	<b>39,760</b>	<b>782,501</b>	<b>1,427</b>	<b>783,928</b>

## Consolidated Statement of Income

	Notes	Year ended	
		30 June 2010	30 June 2009
		USD'000	USD'000
Revenue		9,333	8,980
Cost of sales		(7,673)	(7,688)
<b>Gross profit</b>		<b>1,660</b>	<b>1,292</b>
Net changes in fair value of financial assets at fair value through Statement of Income	18	96,895	63,439
Selling, general and administration expenses	19	(21,374)	(18,181)
Net losses from fair value adjustments of investment properties		(72)	(12,111)
Other income	20	2,633	968
Negative goodwill/(Goodwill written-off)		-	2,779
Other expenses	21	(1,600)	(20,334)
		<b>76,482</b>	<b>16,560</b>
<b>Operating profits</b>		<b>78,142</b>	<b>17,852</b>
Finance income	22	14,475	23,221
Finance costs	22	(2,668)	(2,808)
Finance income - net		<b>11,807</b>	<b>20,413</b>
Share of profits/(losses) of associates	8	15,267	(35,059)
		<b>27,074</b>	<b>(14,646)</b>
<b>Profits before tax for the year from continuing and total operations</b>		<b>105,216</b>	<b>3,206</b>
Withholding taxes imposed on investment income	23	(211)	(108)
<b>Net profits for the year from continuing and total operations</b>		<b>105,005</b>	<b>3,098</b>

Attributable to equity shareholders of the parent		<b>104,694</b>	6,782
Attributable to non-controlling interests		<b>311</b>	(3,684)
		<b>105,005</b>	3,098
<b>Earnings per share – basic and diluted (USD per share)</b>	24	<b>0.32</b>	0.02

## Consolidated Statement of Comprehensive Income

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
<b>Profits for the year</b>	<b>105,005</b>	3,098
<b>Other comprehensive income</b>		
– Share in other comprehensive income of associates	<b>(2,362)</b>	7,495
– Exchange differences on translating foreign operations	<b>(1,786)</b>	(1,526)
<b>Other comprehensive (loss)/income for the year</b>	<b>(4,148)</b>	5,969
<b>Total comprehensive income for the year</b>	<b>100,857</b>	9,067
Attributable to equity shareholders of the parent	<b>100,658</b>	13,035
Attributable to non-controlling interests	<b>199</b>	(3,968)
	<b>100,857</b>	9,067

## Consolidated Statement of Cash Flows

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000



**Operating activities**

	<b>105,216</b>	3,206
Net profits for the year before tax		
Adjustments:		
Depreciation and amortisation	<b>355</b>	453
Unrealised net gain from revaluation of financial assets at fair value through Statement of Income	<b>(61,064)</b>	(46,225)
Net (gain)/loss from realisation of financial assets at fair value through Statement of Income	<b>(35,831)</b>	(17,214)
Gain/loss on disposal of property, plant and equipment	<b>8</b>	3,540
Losses on revaluation of investment properties	<b>72</b>	12,111
Negative goodwill on acquisition of non-controlling interest/goodwill written-off	<b>-</b>	(2,779)
Gain/loss on disposal of investment	<b>(1,035)</b>	-
Share of (profits)/losses of associates	<b>(15,267)</b>	35,059
Allowance for impairment of assets	<b>1,487</b>	16,442
Unrealised foreign exchange losses	<b>252</b>	222
Interest expenses	<b>265</b>	597
Dividend income	<b>(9,938)</b>	(16,870)
Interest income	<b>(3,825)</b>	(6,299)
<b>Net losses before changes in working capital</b>	<b>(19,305)</b>	(17,757)
Change in trade receivables and other assets	<b>(2,609)</b>	(6,470)
Change in inventories	<b>(366)</b>	1,184
Change in trade payables and other liabilities	<b>3,307</b>	(7,691)
Cash and cash equivalents included in held for sale assets	<b>-</b>	(284)
Withholding taxes imposed on investment income paid	<b>(211)</b>	(108)
<b>Cash flow from operating activities</b>	<b>(19,184)</b>	(31,126)

**Year ended****30 June 2010**      30 June 2009**USD'000**              USD'000**Investing activities**

Interest received	<b>3,266</b>	6,308
Dividends received	<b>11,479</b>	17,662

Purchases of investment property, plant, equipment and other non-current assets	(345)	(8,894)
Acquisitions of non-controlling interests in associates	-	(13,340)
Acquisitions of financial assets	(124,643)	(27,884)
Acquisitions of other long-term investments	(1,700)	(2,943)
Proceeds from disposals of financial assets	114,334	106,102
Additional investments in associates	(17,650)	(1,827)
Proceeds from disposals of investments and property, plant, equipment	18,562	3,087
Proceeds from divestments of short-term investments	24	1,354
Loans provided to associates, net	1,114	(7,938)
<b>Cash flow from investing activities</b>	<b>4,441</b>	<b>71,687</b>
<b>Financing activities</b>		
Interest paid	(2)	(597)
Proceeds from bank loans	-	6,556
Dividends paid to non-controlling shareholders	(131)	(119)
Capital distributions to non-controlling shareholders	(4,782)	(201)
Loan repayments	-	(795)
<b>Cash flow from financing activities</b>	<b>(4,915)</b>	<b>4,844</b>
<b>Net change in cash and cash equivalents</b>	<b>(19,658)</b>	<b>45,405</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>69,691</b>	<b>24,286</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>50,033</b>	<b>69,691</b>

## Notes to the Consolidated Financial Statements

### 1 General information

VinaCapital Vietnam Opportunity Fund 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 undertake various forms of investment primarily in Vietnam, but also in Cambodia, Laos and Southern China. The Company is listed on the AIM market of the London Stock Exchange under the ticker symbol VOF.

The consolidated financial statements for the year ended 30 June 2010 were authorised for issue by the Company’s Board of Directors on ~~8~~9 December 2010.

## **2 Statement of compliance with IFRS and adoption of new and amended standards and interpretations**

### **2.1 Statement of compliance with IFRS**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB)

### **2.2 Changes in accounting policies**

#### **2.2.1 Overall considerations**

The Group has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2009:

- IAS 1 Presentation of Financial Statements (Revised 2007)
- IFRS 8 Operating Segments
- IFRS 3 Business Combinations (Revised 2008)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- Amendments to IFRS 7 Financial Instruments: Disclosures – improving disclosures about financial instruments

#### **2.2.2 Adoptions of revised and amended standards**

##### **IAS 1 Presentation of Financial Statements (Revised 2007)**

The adoption of IAS 1 (Revised 2007) made certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gave rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses was unchanged. However, some items that were recognised directly in equity were subsequently recognised in the Consolidated Statement of Comprehensive Income directly, for example revaluations of property, plant and equipment and exchange differences on translation of foreign operations. IAS 1 affected the presentation of changes in owners' equity and introduced a "Statement of Comprehensive Income".

IAS 1 (revised 2007) requires an additional comparative statement of financial position to be presented whenever an accounting policy is applied retrospectively. This applies in the current year as IAS 1 (revised 2007) is applied for the first time, and application is retrospective. The comparative Consolidated Statement of Financial Position is unchanged from when it was previously reported as at 30 June 2008 and the Management consider the additional comparative is not required as they are not expected to have material impact on the Group's Consolidated Statement of Financial Position.

##### **IFRS 8 Operating Segments**

This standard has been applied retrospectively and the adoption of IFRS 8 has not affected the identified operating segments for the Group. However, reported segment results are based on internal management reporting information that is regularly reviewed by the Investment Manager. In the previous annual consolidated financial statements, segments were identified by reference to the way the Investment Manager manages and monitors the risks and returns of the Group. As the change in accounting policy only results in additional disclosures, there is no impact on the historic, current or future earnings per share ratio.

##### **IFRS 3 Business Combinations (Revised 2008)**

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and has been applied prospectively. The new standard introduced changes to the accounting requirements for business combinations, but still requires use of the purchase method with

some the significant changes. For example, all acquisition related costs are expensed in the period in which the costs are incurred rather than included in the cost of investment. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All payments to purchase a business are recorded at fair value at the acquisition date. Some changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date, where the changes in fair value of contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured, contingent consideration classified as an asset or a liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognised either in Statement of Income or in other comprehensive income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

The Group have applied IFRS 3 (Revised 2008) prospectively to all business combinations from 1 July 2009.

### **IAS 27 Consolidated and Separate Financial Statements (Revised 2008)**

The revised standard introduced changes in accounting for additional acquisition interests in subsidiaries. Where the Group increases and decreases its interest in subsidiaries but there is no change in control, the effects of all transactions between the Group with non-controlling interest no longer result in goodwill on any gains or losses, but are recorded in equity. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the Consolidated Statement of Income.

The revaluation surpluses of disposed subsidiaries previously recognised in equity are transferred directly to retained earnings when control is lost. The Group applied IAS 27 (Revised 2008) prospectively to transactions with non-controlling interests and disposals of subsidiaries from 1 July 2009.

### **Adoption of IFRS 7 Financial Instruments: Disclosures – improving disclosures about financial instruments**

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurement by level of a fair value measurement hierarchy to be disclosed in the consolidated financial statements. As the changes in accounting policy only result in additional disclosures, there is no impact on the historic, current or future earnings per share ratio.

### **2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group**

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

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

### **IFRS 9 Financial Instruments (effective from 1 January 2013)**

The IASB aims to rewrite IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety by the end of 2010, with the replacement standards to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate IASB project team is dealing with derecognition.

### **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010)**

This interpretation clarifies the requirements of International Financial Reporting Standards (IFRSs) when the Group negotiates the terms of a financial liability with its creditor and the creditor agrees to accept the Group's shares or other equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies that:

- equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability.
- equity instruments issued are measured at their fair value. If the fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.
- the difference between carrying amount of the financial liability extinguished and the initial measurement amount of the equity measurements issued is included in the Statement of Income for the period.

The Group will adopt IFRIC 19 from the effective date of the standard.

### **IAS 24 Related Party Disclosures (effective from 1 January 2011)**

The IASB issued a revised version of IAS 4 Related Party Disclosures (IAS 24 (2009)) on 4 November 2009 which supersedes IAS 24 (2003).

The changes introduced by IAS 4 (2009) relate mainly to the related party disclosure requirements for government-related entities and the definition of a related party.

In respect of definition of a related party, the amendments have been made in order to clarify its meaning and to eliminate previous inconsistencies. The changes include:

- It has been clarified that, where a company has a subsidiary and an associate, for the purposes of the associate's separate or individual financial statements, the subsidiary is regarded as a related party of the associate as well as the company itself;
- The definition of a related party has been amended such that in the circumstances in the bullet point above, for the purposes of the subsidiary's separate or individual financial statements, the associate is a related party;
- An inconsistency has been removed in order that, when considering investments held by individuals rather than entities, two associates are not regarded as being related parties simply because one person has significant influence over one entity, and a close family member of that person has significant influence over another entity;
- The criteria for investments held by key management personnel have been changed, so that where the key management personnel of a company have control or joint control over other entities, disclosures are required in both the financial statements of the Company and the financial statements of the other entities;
- In any circumstances where a company has joint control over a second entity, and joint control or significant influence over a third entity, then the second and third entities are regarded as being related to each other.

In addition, other amendments have been made to the definition of a related party which clarify that:

- References to an associate and a joint venture include their subsidiaries; and
- Two entities are not related parties by virtue of a member of key management personnel of one entity having significant influence over another entity.

The definition of a 'close member of the family' has also been amended to state that these 'include' a person's spouse or domestic partner and children, rather than 'may include'. The Group selects to adopt IAS 24 from the effective date of the standard.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

### **Annual Improvements 2009**

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

The IASB has issued *Improvements for International Financial Reporting Standards 2009*. Most of these amendments become effective in annual periods beginning on or after 1 July 2009 or 1 January 2010. The Group expects the amendments to IAS 17 *Leases* to be relevant to the Group's accounting policies. This standard is effective for periods beginning on or after 1 January 2010 therefore will apply to the Group's subsequent consolidated financial statements. Prior to the amendment IAS 17 generally required a lease of land to be classified as an operating lease. The amendment now requires that leases of land are classified as finance lease or operating lease applying the general principles of IAS 17. The Group will need to reassess the classification of the land elements of its unexpired leases for the effective period on the basis of information existing at the inception of those leases. Any newly classified finance leases are recognised retrospectively. Preliminary assessments indicate that the effect on the Group's consolidated financial statements will not be significant.

### **Annual Improvements 2010**

The IASB has issued *Improvements for International Financial Reporting Standards 2010*. These amendments become effective for annual periods beginning on or after 1 July 2010 or 1 January 2011. The Group expects the amendments to IFRS 3 *Business Combinations*, IFRS 7 *Financial instruments: Disclosure*, IAS 1 *Presentation of Financial Statements*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, and IAS 28 *Investments in Associates* will be relevant to the accounting policies however preliminary assessments indicate that the effect on the Group's consolidated financial statements will not be significant.

IFRS 3 *Business Combinations* is effective for the periods beginning on or after 1 July 2010 therefore will apply to subsequent financial statements. In respect of transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, the improvements clarify that contingent consideration balances arising from business combinations that occurred before an entity's date of adoption of IFRS 3 (Revised 2008) shall not be adjusted on the adoption date. Guidance is also provided on the subsequent accounting for such contingent balances. In respect of measurement of non-controlling interest ("NCI"), the choice of measuring NCI either at fair value or at the proportionate share in the recognised amounts of an acquiree's identifiable assets, is now limited to NCI that are present ownership instruments and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. This clarifies that all other components of NCI shall be measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

IFRS 7 *Financial instruments: Disclosure* is effective for the periods beginning on or after 1 January 2011 therefore will be disclosed in the accounting policies of the Group's subsequent financial statements. This clarifies the disclosure requirement of the standards to remove inconsistencies, duplicative disclosure requirements and specific disclosures that may be misleading.

IAS 1 *Presentation of Financial Statements* is effective for the periods beginning on or after 1 January 2011 therefore will be disclosed in the accounting policies of the Group's subsequent financial statements. This clarifies that entities may present the required reconciliations for each component of other comprehensive income either in the Consolidated Statement of Changes in Equity or in the notes to financial statements.

IAS 21 *The Effects of Changes in Foreign Exchange Rates* and IAS 28 *Investments in Associates* are effective for the periods beginning on or after 1 July 2010 therefore will apply to the Group's subsequent financial statements. These amend the transition requirements to apply certain consequential amendments arising from the IAS 27 (2008) amendments prospectively, to be consistent with the related IAS 27 transition requirement.

### **3 Summary of significant accounting policies**

#### **3.1 Presentation of consolidated financial statements**

The consolidated financial statements are presented in United States Dollars (USD) and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements have been prepared using the historical cost convention, as modified by the revaluation of investment property, leasehold land and certain financial assets and financial liabilities, the measurement bases of which are described in the accounting policies below.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements.

#### **3.2 Basis of consolidation**

The consolidated financial statements of the Group for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

#### **3.3 Subsidiaries**

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable, along with contractual arrangements, are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that the control ceases. The majority of the Group's subsidiaries have a reporting date of 30 June. For those subsidiaries with a different reporting date, the Group consolidate management information which is subject to audit for the period to 30 June.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. Some changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date, where the changes in fair value of contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured, contingent consideration classified as an asset or a liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognised either in Statement of Income or in other comprehensive income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate.

On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value amounts, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Goodwill

represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Gain on bargain purchase is immediately allocated to the Statement of Income as at the acquisition date. All acquisition related costs are expensed in the period in which the costs are incurred and not included in the cost of investment.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses (unless losses provide evidence of impairment) are eliminated on consolidation.

A non-controlling interest represents the portion of the Statement of Income and net assets of a subsidiary attributable to an equity interest that is not owned by the Group. It is based upon the non-controlling interest's share of post-acquisition fair values of the subsidiary's identifiable assets and liabilities. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

### **3.4 Associate entities**

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% to 50% of voting rights, but which are neither subsidiaries nor investments in joint ventures. In the consolidated financial statements, investments in associates are initially recorded at cost and subsequently accounted for using the equity method.

Under the equity method, the Group's interest in an associate entity is initially carried at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the associate entities after the date of acquisition and any changes in the associate entities' other comprehensive income less any identified impairment loss, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The Consolidated Statement of Income includes the Group's share of the post-acquisition, post-tax results of the associate entities for the year, including any impairment loss on goodwill relating to the investments in the associate recognised for the year.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported within "Share of profits/(losses) of associates" in the Consolidated Statement of Income. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Adjustments to the carrying value of the associate are necessary for changes in the associate's other comprehensive income that have not been recognised in their Statement of Income, primarily those arising on the revaluation of plant, property and equipment. The Group's share of this change is recognised directly in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has legal or constructive obligations, or made payments, on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the investment.



Goodwill is included within the carrying amount of an investment and is assessed for impairment as part of the investment. After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. At each reporting date, the Group determines whether there is any objective evidence that an investment in an associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associate and its respective carrying amount.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in an associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **3.5 Functional and presentation currency**

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

### **3.6 Foreign currency translation**

In the individual financial statements of the consolidated entities, transactions arising in currencies other than the functional currency of the individual entity are translated at exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated in currencies other than the functional currency of the individual entity are translated at the exchange rates in effect at the reporting date. Translation gains and losses and expenses relating to foreign exchange transactions are recorded in the consolidated Statement of Income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated at the reporting date). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the consolidated financial statements all separate financial statements of subsidiaries where the functional currency is different from the Group's presentation currency, are converted into USD. Assets and liabilities are translated into USD at the closing rate of the reporting date. Income and expenses are converted into the Group's presentation currency at the average rates over the reporting period where these rates are approximate the exchange rates at the dates of the transactions or at the exchange rates at the dates of the transactions where such rates fluctuate significantly. Any differences arising from this translation are charged to the currency translation reserve in other comprehensive income.

### **3.7 Revenue recognition**

#### ***Sale of goods***

Revenue from sale of goods is recognised in the Consolidated Statement of Income when the significant risks and rewards of ownership of goods have passed to the buyer.

#### ***Interest income***

Interest income is recognised on the effective interest rate basis.

#### ***Dividend income***

Dividend income is recorded when the Group's right to receive the dividend is established.

### **3.8 Expense recognition**

#### ***Borrowing costs***

Borrowing costs, comprising interest and related costs, are recognised as an expense in the period in which they are incurred, except for borrowing costs relating to qualifying assets that need a substantial period of time to get ready for their intended use or sale to the extent that they are directly attributable to the acquisition, production or construction of such assets.

#### ***Operating lease payments***

Payments made under operating leases are recognised in the consolidated Statement of Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Income as an integral part of the total lease expense.

### **3.9 Intangible assets**

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is recognised in the Consolidated Statement of Income as an expense when incurred.

#### ***Amortisation***

Amortisation is charged to the Consolidated Statement of Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	3 to 5 years
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### **3.10 Goodwill**

Goodwill represents the excess of the cost of acquisition of subsidiary companies and associated companies over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill is recognised at cost less any accumulated impairment losses. The carrying value of goodwill is subject to an annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the Consolidated Statement of Income when the results of such a review indicate that the carrying value of goodwill is impaired (see accounting policy 3.14).

Negative goodwill represents the excess of the Group's interest in the fair value of identifiable net assets and liabilities, and contingent liabilities over costs of acquisition. It is recognised directly in the Statement of Income at the date of acquisition.

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

### **3.11 Investment properties**

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

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

Investment properties are stated at fair value. Two independent valuation companies, with appropriately recognised professional qualifications and recent experience in the location and category being valued undertake a valuation of every property each year. On the valuation date, the fair value is estimated assuming there is an agreement between a willing buyer and a willing seller on an arm's length transaction after proper marketing; wherein the parties have each acted knowledgeably, prudently and without compulsion. The valuations 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. Valuations are reviewed by the Valuation Committee and approved by the Group's Board of Directors. Discount rates in the range from 13% to 16% are considered appropriate for properties in different locations. Where the Valuation Committee considers the discount rate applied by the independent valuers to be too low or if there are factors that the external independent valuers have not considered in their determination of a property's fair value, they will adjust the discount rate upwards in the discounted cash flow projections, whereby decreasing the property's net present valuation. Gains and losses from changes in fair value are recognised in Statement of Income.

## **Leases**

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, unless they are treated as investment properties (see accounting policy 3.11). Where the Group has the use of an asset held under an operating lease, payments made under the lease are charged to the Statement of Income on a straight line basis over the term of the lease. Prepayments for operating leases represent property held under operating leases where a portion, or all, of the lease payments have been paid in advance, and the properties cannot be classified as an investment property.

### **3.12 Financial assets**

Financial assets are divided into the following categories: loans and receivables, financial assets at fair value through Statement of Income, and held-to-maturity financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired. Where allowed and appropriate management reclassifies its financial assets at each reporting date. The designation of financial assets is based on the investment strategy set out in the Group's Admission Document to the London Stock Exchange's Alternative Investment Market, dated 24 September 2003.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expires or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised based on the classification of the financial assets.

The Group's financial assets consist primarily of listed and unlisted equities, bonds, loans and receivables and prepayments for acquisitions of investments.

#### ***Loans and receivables***

All loans and receivables, except trustee loans classified as financial assets at fair value through Statement of Income, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the Consolidated Statement of Income.

Discounting, however, is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment when they are overdue or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and other available features of shared credit risk characteristics. The percentage of the write-down is then based on recent historical counterparty default rates for each identified group. Impairment of trade and other receivables are presented within "other expenses".

### ***Financial assets at fair value through Statement of Income***

Financial assets at fair value through Statement of Income include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through Statement of Income upon initial recognition. Other financial assets at fair value through Statement of Income held by the Group include listed and unlisted securities, bonds and trustee loans.

Purchase or sale of financial assets is recognised using trade date accounting. The trade date is the date that an entity commits itself to purchase or sell an asset.

Financial assets at fair value through Statement of Income include trustee loans to banks and other parties where the Group receives interest and other income on the loans calculated based on the proceeds from the sales of specific assets held by the counterparties. Fair value is determined based on the expected future discounted cash flows from each loan.

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

### ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities other than loans and receivables. Investments are classified as held-to-maturity if the Group has the objective intention and ability to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method. In addition, if there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in the Consolidated Statement of Income.

### ***Prepayments for acquisitions of investments***

Those payments made by the Group to property vendors for land clearance and other related costs, and professional fees directly attributed to the projects, 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, are treated as prepayments. Such prepayments are measured initially at cost until such time as the approval is obtained or conditions are met, at which point they are transferred to investment properties and accounted for accordingly. The prepayments are presented within other long-term financial assets.

## **3.13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

### **3.14 Impairment of assets**

The Group's goodwill, intangible assets, other long-term investments, operating lease prepayments, investment properties, and interests in associates are subject to impairment testing.

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

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

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease, but only to the extent of the revaluation surplus for that same asset according to that policy. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate at the financial asset's original effective interest rate that reflects current market assessments of the time value of money and the risks specific to the assets.

### **3.15 Taxation**

#### ***Income tax***

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the Consolidated Statement of Income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income.

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

Current tax and deferred tax that relates to items recognised in other comprehensive income is recognised in other comprehensive income, and current tax and deferred tax that relates to items recognised directly in equity is recognised directly in equity.

### ***Withholding taxes imposed on investment income***

The Group currently incurs withholding taxes imposed by local jurisdictions on investment income. Such income is recorded gross of withholding taxes in the Consolidated Statement of Income.

### **3.16 Cash and cash equivalents**

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

### **3.17 Non-current assets and liabilities classified as held for sale**

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if the carrying amount will principally be recovered through sale, they are available for immediate sale in their present condition subject only to terms that are usual and customary for sale of such assets and sale is highly probable at the reporting date, the assets are classified as "held for sale" and presented separately in the Consolidated Statement of Financial Position in accordance to IFRS 5 "Non-current assets held for sale and discontinued operations".

Liabilities are classified as "held for sale" and presented as such in the Consolidated Statement of Financial Position if they are directly associated with a disposal group.

Assets classified as "held for sale" are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair values less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. No assets classified as "held for sale" are subject to depreciation or amortisation, subsequent to their classification as "held for sale".

### **3.18 Equity**

Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuance of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserve represents the surplus arising on the revaluation of the Group associate hotels.

Currency translation differences on net investments in foreign operations are included in the translation reserve.

Retained earnings include all current and prior period results as disclosed in the Consolidated Statement of Changes in Equity.

### **3.19 Financial liabilities**

The Group's financial liabilities include trade and other payables, borrowings and other liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in finance costs in the Consolidated Statement of Income.

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

Borrowings are raised for support of long-term funding of the Group's investments and are recognised at fair value plus direct transaction costs on initial recognition and thereafter at amortised cost under the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### **3.20 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations are likely to lead to an outflow of economic resources from the Group that can be reliably estimated. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Provisions are not recognised for future operating losses.

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

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

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

A contingent asset is a possible asset that arises from past events, that's existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses their existence when inflows of economic benefits are probable, but not virtually certain.

### **3.21 Related parties**

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

1. directly or indirectly, a party controls, is controlled by, or is under common control with the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
2. a party is a jointly-controlled entity;
3. a party is an associate;
4. a party is a member of the key management personnel of the Group; or
5. a party is a close family member of the above categories.

### **3.22 Segment analysis**

An operating segment is a component of the Group:

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

### **3.23 Earnings per share and net asset value per share**

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

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

#### **4 Critical accounting estimates and judgements**

When preparing the 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 the Company's management, and may not equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

##### ***Fair value of investment properties and hotels***

The investment properties and hotels of the Group are stated at fair value in accordance with accounting policy 3.11. The fair values of investment properties, leasehold land and buildings have been determined by independent professional valuers including: CB Richard Ellis, Savills, Jones Lang LaSalle, Colliers, Sallmanns and HVS. These valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Valuations are reviewed by the Valuation Committee and approved by the Board of Directors. Discount rates in the range from 13% to 16% are considered appropriate for properties in different locations. Where the Valuation Committee considers the discount rate applied by the independent valuers to be too low or if there are factors that the external independent valuers have not considered in their determination of a property's fair value, they will adjust the discount rate and other assumptions in the discounted cash flow projections, whereby decreasing the property's valuation. 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 date of the transactions that occurred at those prices;
- (iii) recent developments and changes in laws and regulations that might affect zoning and/or the Group's ability to exercise its rights in respect to properties and therefore fully realise the estimated values of such properties; and
- (iv) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of external evidence such as current market rents and sales prices for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

##### ***Fair value of financial assets***

Listed securities are quoted at the bid price at each reporting date. For unlisted securities which are traded in an active market, the fair value is the average quoted bid price obtained from a minimum sample of three reputable securities companies at the reporting date.

The fair value of financial assets that are not traded in an active market (for example, unlisted securities where market prices are not readily available) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Independent valuations are also obtained from appropriately qualified independent valuation firms to evaluate and adjust valuations. The outcomes may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

##### ***Impairment***



### *Other assets*

The Group's goodwill, intangible assets, operating lease prepayments, other assets and interests in associates are subject to impairment testing in accordance with the accounting policy 3.14.

### *Trade and other receivables*

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

### *Impairment of investment properties and hotels*

Whenever there is an indication of impairment of an investment property, leasehold land and buildings, the Valuation Committee and Group's management will assess the need for an impairment adjustment. The estimation of impairment adjustments is based on the same principles used to adjust the periodic independent valuations as mentioned above.

### *Business combinations*

On initial recognition, the assets and liabilities of the acquired business are included in the Consolidated Statement of Financial Position at their fair values. In measuring fair value management uses estimates about future cash flows and discount rates or independent valuation for investment properties and hotels.

## **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 segment by investment portfolio include capital markets, real estate (real estate and hospitality), private equity and cash (including cash and cash equivalents, bonds, and term deposits) sectors.

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

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

### **Consolidated Statement of Income**

	Year ended 30 June 2010				Total
	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash USD'000	USD'000
Revenue	-	-	9,333	-	<b>9,333</b>
Finance income	12,857	209	241	1,168	<b>14,475</b>
Share of profits of associates	-	12,978	2,289	-	<b>15,267</b>
Other income	2,426	203	4	-	<b>2,633</b>
Net loss from fair value adjustments of investment properties	-	(72)	-	-	<b>(72)</b>
Net changes in fair value of financial assets at fair value through Statement of Income					
– Listed and unlisted securities	96,495	-	-	-	<b>96,495</b>
– Corporate bonds	400	-	-	-	<b>400</b>
	<b>112,178</b>	<b>13,318</b>	<b>11,867</b>	<b>1,168</b>	<b>138,531</b>
Cost of sales					<b>(7,673)</b>
Selling, general and administration expenses					<b>(21,374)</b>
Other expenses					<b>(1,600)</b>
Finance costs					<b>(2,668)</b>
<b>Profit before tax</b>					<b>105,216</b>

Withholding taxes imposed on investment income	(211)
<b>Net profit for the year</b>	<b>105,005</b>

For the comparative year:

	Year ended 30 June 2009				Total USD'000
	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash USD'000	
Revenue	-	-	8,980	-	8,980
Finance income	21,957	131	61	1,072	23,221
Share of profits/(losses) of associates	-	(36,239)	1,180	-	(35,059)
Other income	813	2,828	106	-	3,747
Net gain from fair value adjustments of investment properties	-	(12,111)	-	-	(12,111)
Net changes in fair value of financial assets at fair value through Statement of Income					
– Listed and unlisted securities	63,430	-	-	-	63,430
– Corporate bonds	9	-	-	-	9
	86,209	(45,391)	10,327	1,072	52,217
Cost of sales					(7,688)
Selling, general and administration expenses					(18,181)
Other expenses					(20,334)
Finance costs					(2,808)
Profit before tax					3,206
Withholding taxes imposed on investment income					(108)
<b>Net profit for the year</b>					<b>3,098</b>

### Consolidated Statement of Financial Position

	As at 30 June 2010				Total USD'000
	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash, corporate bonds and short-term investments USD'000	
<b>Total assets</b>					
Financial assets at fair value through Statement of Income					
– Consumer staples	101,608	-	-	-	101,608
– Construction	70,471	-	-	-	70,471
– Financial services	68,626	-	-	-	68,626
– Rubber and fertiliser	27,655	-	-	-	27,655
– Energy, minerals and petroleum	34,853	-	-	-	34,853
– Pharmaceuticals	9,454	-	-	-	9,454
– Real estate	100,199	-	-	-	100,199
– Other securities	36,784	-	-	-	36,784
– Corporate bonds	-	-	-	5,876	5,876
Investment properties	-	6,700	-	-	6,700
Investments in associates	-	170,415	24,273	-	194,688
Long-term loan receivables from related parties	-	47,718	-	-	47,718
Other long-term financial assets	-	11,661	-	-	11,661
Other long-term investments	-	3,216	3,700	-	6,916
Other long-term assets	-	2	102	-	104
Cash and cash equivalents	-	-	-	50,033	50,033
Short-term investments	-	-	428	-	428
Inventories	-	-	2,437	-	2,437
Other current assets	2,342	11,968	3,299	-	17,609
	451,992	251,680	34,239	55,909	793,820

In comparison with the last year end:

	As at 30 June 2009				Total
	Capital markets	Real estate	Private equity	Cash, corporate bonds and short-term	

	USD'000	USD'000	USD'000	investments USD'000	USD'000
<b>Total assets</b>					
Financial assets at fair value through Statement of Income					
– Consumer staples	50,954	-	-	-	50,954
– Construction	58,390	-	-	-	58,390
– Financial services	100,526	-	-	-	100,526
– Rubber and fertiliser	30,162	-	-	-	30,162
– Energy, minerals and petroleum	14,604	-	-	-	14,604
– Pharmaceuticals	4,551	-	-	-	4,551
– Post office and telecommunications	1,420	-	-	-	1,420
– Real estate	67,969	-	-	-	67,969
– Other securities	21,766	-	-	-	21,766
– Corporate bonds	-	-	-	2,047	2,047
Investment properties	-	6,906	-	-	6,906
Property, plant and equipment	-	-	321	-	321
Investments in associates	-	139,101	9,334	-	148,435
Long-term loan receivables from related parties	-	58,615	-	-	58,615
Other long-term financial assets	-	14,144	1,170	-	15,314
Other long-term investments	-	327	2,004	-	2,331
Prepayments for operating lease assets	-	159	-	-	159
Deferred tax assets	-	-	90	-	90
Intangible assets	-	-	17	-	17
Cash and cash equivalents	-	-	-	69,691	69,691
Short-term investments	-	-	-	452	452
Inventories	-	-	2,071	-	2,071
Assets classified as held for sale	-	37,742	-	-	37,742
Other current assets	6,277	15,547	1,666	-	23,490
	356,619	272,541	16,673	72,190	718,023

The Group's revenues, investment income and non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are divided into the following geographical areas:

	Year ended 30 June 2010		Year ended 30 June 2009	
	Revenue and income USD'000	Non-current assets USD'000	Revenue and income USD'000	Non-current assets USD'000
Vietnam	118,542	13,630	89,621	9,254
Other countries	2,089	-	(6,092)	-
<b>Total</b>	<b>120,631</b>	<b>13,630</b>	<b>83,529</b>	<b>9,254</b>

Revenues and investment income includes revenue, financial income, net gain or loss on fair value adjustments of investment properties and financial assets at fair value through Statement of Income, have been identified on the basis of the operation and investment location. Non-current assets are allocated based on their physical location.

## 6 Subsidiaries

### **Acquisition of non-controlling interest in PA Investment Opportunity II Limited**

As at 30 June 2009, the Group held a beneficial interest of 66.4% in PA Investment Opportunity II Limited, a subsidiary incorporated in BVI. The principal activity of this company is to invest in listed and unlisted companies. On 3 February 2010, PA Investment Opportunity II Limited redeemed the non-controlling interest of 33.6% for USD4.7 million, which was settled in cash. The consideration paid was equal to the carrying value of this interest and has been reflected in the Consolidated Statement of Changes in Equity. As a result, the Group's beneficial ownership in PA Investment Opportunity II Limited is 100% as at 30 June 2010.

### **Disposal of 50% interest in VOF PE Holding 1 Limited**

As at 30 June 2009, the Group held 100% interest in VOF PE Holding 1 Limited, a subsidiary incorporated in BVI. During the year, the Group disposed of 50% interest in VOF PE Holding 1 Limited and the consideration received was equal to the carrying value of the holding interest. The

Group continue to treat VOF PE Holding 1 Limited as a subsidiary as it has control of the operating and financial policies of the entity.

**Particulars of principal subsidiaries of the Group as of 30 June 2010:**

Name	Place of incorporation /operations	Contributed share capital (USD)	Percentage interest held by the Group	Principal activities
Asia Value Investment Ltd.	BVI	1,800,000	100%	Investment
Vietnam Enterprise Ltd.	BVI	61,460,000	100%	Investment
Vietnam Investment Property Ltd.	BVI	8,500,000	100%	Investment
Vietnam Investment Property Holdings Ltd.	BVI	10,600,000	100%	Investment
Vietnam Investment Ltd.	BVI	18,800,000	100%	Investment
Vietnam Ventures Ltd.	BVI	7,100,000	100%	Investment
VOF Investment Ltd.	BVI	641,000,000	100%	Investment
Vina QSR Limited	BVI	1,610,000	100%	Investment
Indochina Building Supplies Pte. Ltd.	Singapore	3,384,000	100%	Building materials
American Home Limited	Vietnam	23,400,000	75%	Building materials
Indotel Limited	Singapore	3,480,000	100%	Hospitality
BI VI Investments Corporation	Vietnam	23,400,000	100%	Investment
Pegasus Leisure Limited	BVI	2,475,000	100%	Property
Saigon Water Park Co. Ltd.	Vietnam	3,536,000	100%	Property
PA Investment Opportunity II Limited	BVI	17,721,862	100%	Investment
VOF PE Holding 1 Limited	BVI	360,075	50%	Investment
VOF PE Holding 2 Limited	BVI	10,100,000	100%	Investment
DTL Education Holding Ltd.	BVI	15,000,000	100%	Investment
Vinasugar Holding Ltd.	BVI	-	100%	Investment
Vietnam Master Holding 2 Ltd.	BVI	-	100%	Investment
Allright Assets Ltd.	BVI	-	100%	Investment
VinaLand Heritage Ltd.	BVI	-	100%	Investment

**7 Investment properties**

	30 June 2010	30 June 2009
	USD'000	USD'000
Opening balance	6,906	38,192
Additions during the year	201	8,138
Classified as assets held for sale	-	(26,658)
Net losses on fair value adjustments of investment properties <sup>(*)</sup>	(72)	(12,111)
Translation differences	(335)	(655)
Closing balance	6,700	6,906

<sup>(\*)</sup> The net losses on fair value adjustments of investment properties relates to the revaluation of leasehold land of the Group's subsidiaries during the year as described in Note 4.

**8 Investments in associates**

	30 June 2010	30 June 2009
	USD'000	USD'000
Opening balance	148,435	175,885
Additions <sup>(*)</sup>	17,650	3,735
Share of profits/(losses) of associates <sup>(*)</sup>	15,267	(35,059)
Share of associates' change in revaluation reserves	(2,363)	7,495

Reclassified as held for sale	-	(4,059)
Transferred from other long-term financial assets	<b>3,000</b>	-
Transferred from long-term loan receivables from related parties (Note 27)	<b>16,330</b>	2,032
Transferred from receivables from related parties	<b>975</b>	-
Dividends received	<b>(1,534)</b>	(1,400)
Disposals	<b>(2,543)</b>	-
Written-off	<b>(312)</b>	-
Translation differences	<b>(217)</b>	(194)
Closing balance	<b>194,688</b>	148,435

(<sup>c</sup>) Included in additions and share of profits/(losses) of associates are additions in related parties and share of profits/(losses) from related parties amounting to USD3.8 million and USD16.1 million respectively (Note 27).

#### ***Acquisition of associate interest in Hoan My Medical Corporation JSC***

In September 2009, the Group acquired a 28.88% interest in Hoan My Medical Corporation JSC, a general medical group operating throughout Vietnam. The acquisition resulted an intangible asset in the form of a brand name valued at USD4.6 million.

#### ***Acquisition of further interest in Thang Loi Textile and Garment JSC***

In July 2009, the Group acquired a further 19% interest in Thang Loi Textile & Garment JSC bringing its total interest to 49%. The consideration of USD1 million was approximately equal to the fair value of the share of net assets acquired and transferred from receivables from related parties.

#### ***Acquisition of associate interest in Phu Hoi City Company Limited (Licogi 16 project)***

The Group had previously paid a deposit of USD3 million in respect of this project which was classified as a prepayment for acquisitions of investments at 30 June 2009. In addition to 7.5% interest in the project held by the Group through the investment licence, in September 2009, the Group acquired a further 10% interest from a local partner which resulted in the deposit of USD1.7 million being reclassified to represent part of the consideration of USD5.3 million. This brings the Group's total interest in the project to 17.5% at the reporting date. The Group has significant influence over this entity through their representation in the project's Board of Management, therefore it is accounted for as an associate.

#### ***Acquisition of associate interest in Vina Alliance Limited (Vinataba project)***

During the year, the Group made further contribution in Vina Alliance Company for USD1.3 million to maintain the holding percentage of 12.25%.

The Group had previously paid a deposit of USD192,500 in respect of this project which was classified as long term loan receivables from related parties at 30 June 2009. In October 2009, the Group and VinaLand Limited, a related party, acquired a further 13% interest which resulted in the deposit of USD 192,500 being reclassified to represent part of the consideration of USD1.8 million including a gain bargain on purchase of USD1.2million. This brings the Group's total interest in the project to 15.5% at the reporting date. The Group has significant influence over this entity through their representation in the project's Board of Management therefore it will be accounted for as an associate.

#### ***Acquisition of further interest in International School Ho Chi Minh***

During the year, the Group acquired a further interest in International School HCMC for USD2.1 million. The Group continues to exercise significant influence over this entity.

#### ***Disposal of associate interest in T.D Company***

During the year, the Group disposed its 30% equity interest in T.D Company for the selling price of USD3.5 million. The fair value of the net assets as the disposal date was USD2.5 million resulting in a gain on disposal of USD1 million as disclosed in Note 20. The Group no longer has significant influence over this entity.

Particulars of significant operating associates and their summarised financial information, extracted from their statutory audited/reviewed and/or management accounts as at 30 June 2010 are as follows:

	Incorpor- ation/ operation	Direct & indirect equity interest held	Principal activity	Assets	Liabilities	Income	Net profit/ (loss)
		%		USD'000	USD'000	USD'000	USD'000
S.E.M Thong Nhat Hotel Metropole <sup>(1)</sup>	Vietnam	50	Hospitality	57,684	14,999	27,449	13,415
Thang Loi Textile & Garment JSC	Vietnam	49	Textile & Garment	9,923	7,605	2,803	1,446
Hung Vuong Corporation VinaCapital Commercial Center Limited. (Phase I: 12.75%, Phase II: 25%)	Vietnam	40.91	Property	41,184	25,457	8,421	1,265
Pho Viet Joint Stock Co.	BVI	37.75	Property	54,249	7,697	1,624	1,604
	Vietnam	32.5	Food & Beverage	3,429	2,013	6,728	16
Phong Phu Investment Development Ltd.	Vietnam	30	Investment	32,550	23,064	82	27
House & Urban Development Financial Investment Co.	Vietnam	30	Property	28,634	16,819	1	170
Hoan My Medical Corporation JSC	Vietnam	28.8	Medical	40,260	17,222	16,485	2,834
Vietnam Property Holding Ltd.	BVI	25	Property	109,272	81,066	243	(2,878)
Prosper Big Ltd.	BVI	25	Property	113,020	56,250	216	25,507
VinaCapital Danang Resorts Ltd.	BVI	25	Property	75,923	48,662	540	(3,560)
Roxy Assets Ltd.	BVI	25	Hospitality	25,110	29,527	6,356	(3,023)
Maplecity Investment Limited	BVI	25	Hospitality	56,381	29,816	7,227	(72)
Standbrook Global Ltd.	BVI	25	Property	26,055	32,650	-	(1,261)
VinaLand Espero Limited	BVI	25	Property	100,156	69,690	78	16,846
Sunbird Group Ltd.	BVI	25	Property	12,976	15,997	1	(223)

  

	Incorpor- ation/ operation	Direct & indirect equity interest held	Principal activity	Assets	Liabilities	Income	Net profit/ (loss)
		%		USD'000	USD'000	USD'000	USD'000
Pacific Alliance Land Ltd.	BVI	25	Property	102,470	39,525	683	23,468
Cypress Assets Ltd.	BVI	23	Hospitality	43,078	80,770	852	(9,418)
Kinh Do Property JSC	Vietnam	23	Property	34,597	3,020	1,609	5,603
Saigon Golf JSC	Vietnam	20	Property	7,333	5	266	72
Vina Dai Phuoc Corporation <sup>(2)</sup>	BVI	18	Property	105,349	16,875	268	21,134
Phu Hoi City Company Limited <sup>(2)</sup>	Vietnam	17.5	Property	42,290	15,750	3	(9,614)
Vina Alliance Limited <sup>(2)</sup>	Vietnam	15.5	Property	102,383	229	22,869	22,524

<sup>(1)</sup> At the reporting date, the Group effectively has a 50% equity interest in SEM Thong Nhat Hotel Metropole (via the 100% equity holding in Indotel Limited – Note 6) but does not have control or joint control due to its limited representation on its Board. Therefore, it is considered appropriate to treat the interest as an associate holding.

<sup>(2)</sup> The Group holds 18%, 17.5% and 15.5% interest in Vina Dai Phuoc Corporation, Phu Hoi City Company Limited (Licogi 16 project), and Vina Alliance Limited (Vinataba project), respectively.

These entities are subsidiaries of VinaLand Limited, however the Group has significant influence since it has the power to participate in the financial and operating policies of the entities, and are therefore treated as associates in the Group consolidated financial statements.

## 9 Other long-term financial assets

	<b>30 June 2010</b>	30 June 2009
	<b>USD'000</b>	USD'000
Prepayments for acquisitions of investments <sup>(*)</sup>	<b>10,491</b>	14,144
Loan to a non-controlling shareholder	<b>1,170</b>	1,170
	<b>11,661</b>	15,314

<sup>(\*)</sup> Included in the movement during the year is USD3 million transferred to investment in associates.

These prepayments pertain to payments 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.

## 10 Other long-term investments

	<b>30 June 2010</b>	30 June 2009
	<b>USD'000</b>	USD'000
Indochina Industries Food Pte. Ltd.	<b>13,100</b>	11,400
Others	<b>3,415</b>	530
	<b>16,515</b>	11,930
Allowance for impairment of assets <sup>(*)</sup>	<b>(9,599)</b>	(9,599)
	<b>6,916</b>	2,331

<sup>(\*)</sup> The amount includes an allowance for impairment of investment in Indochina Industries Food Pte. Ltd. of USD9.4 million.

## 11 Trade and other receivables

	<b>30 June 2010</b>	30 June 2009
	<b>USD'000</b>	USD'000
Trade receivables, gross	<b>2,034</b>	1,504
Receivable from matured bonds <sup>(*)</sup>	<b>3,808</b>	4,245
Interests receivable	<b>1,351</b>	1,311
Dividends receivable	<b>-</b>	779
Other receivables	<b>842</b>	772
Other current assets	<b>94</b>	138
	<b>8,129</b>	8,749
Provision for receivable write-downs	<b>(2,084)</b>	(737)
	<b>6,045</b>	8,012

As all trade and other receivables are short-term in nature, their carrying values are considered a reasonable approximation of their fair values at the reporting date.

<sup>(\*)</sup> In November 2006, the Group entered into an agreement with Mai Linh Corporation to purchase convertible bonds equal to 15% of their share capital. An agreement was reached with Mai Linh Corporation in September 2009 whereby they will pay the Group USD4.2 million before April 2010 to terminate this agreement. Since this agreement was reached only USD0.4 million has been received. At the date of approval of the consolidated financial statements, the outstanding balance was USD3.8 million. An allowance of USD1.5 million has been recognised in respect of the overdue nature of the outstanding amount.

## 12 Financial assets at fair value through Statement of Income

<b>30 June 2010</b>	30 June 2009
<b>USD'000</b>	USD'000

**Financial assets at fair value through Statement of Income:****Financial assets in Vietnam:**

Ordinary shares – listed	298,675	177,037
Ordinary shares – unlisted	115,422	157,099
Corporate bonds <sup>(*)</sup>	5,876	2,047

**Financial assets in countries other than Vietnam:**

Ordinary shares – listed	35,553	16,206
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<b>Total financial assets at fair value through Statement of Income</b>	<b>455,526</b>	<b>352,389</b>
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(\*) Corporate bonds have fixed interest rates of between 8.0% to 9.6% and mature in 2012.

During the year, the Group purchased 15,249,013 ordinary shares of VinaLand Limited for USD12,723,586 bringing the Group's total shareholding to 29,998,057 shares. As a result, the Group had a 6% interest in VinaLand Limited as at 30 June 2010.

During the year, the Group purchased 12,050,000 ordinary shares of Vietnam Infrastructure Fund Limited for USD4,535,472 bringing the Group's total shareholding to 12,050,000 shares. As a result, the Group had a 3% interest in Vietnam Infrastructure Fund Limited as at 30 June 2010.

The financial assets are denominated in the following currencies:

	30 June 2010 USD'000	30 June 2009 USD'000
Vietnam Dong	419,973	336,183
Other currencies	35,553	16,206
	<b>455,526</b>	<b>352,389</b>

The carrying amounts disclosed above are the Group's maximum possible credit risk exposure in relation to these instruments. See Note 29 for further information on the Group's exposure to financial risk.

**13 Categories of financial assets and liabilities**

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	Notes	30 June 2010 USD'000	30 June 2009 USD'000
<b>Financial assets</b>			
Financial assets held for trading (carried at fair value through Statement of Income)			
Ordinary shares – listed and unlisted	12	449,650	350,342
Corporate bonds	12	5,876	2,047
		<b>455,526</b>	<b>352,389</b>
Loans and receivables			
Trade and other receivables	9,11,27	76,988	97,419
Short-term investments		428	452
Cash and cash equivalents	14	50,033	69,691
		<b>127,449</b>	<b>167,562</b>
		<b>582,975</b>	<b>519,951</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost:			
Non-current:			
Other payables		-	484
Current:			
Trade and other payables	17,27	9,791	11,285
		<b>9,791</b>	<b>11,769</b>



The fair values of financial assets and liabilities are presented in the related notes. The Group's risk management objectives and policies for financial instruments are set out in Note 29.

#### 14 Cash and cash equivalents

	30 June 2010	30 June 2009
	USD'000	USD'000
Cash on hand	18	19
Cash in banks	25,405	58,139
Cash equivalents	24,610	11,533
	<b>50,033</b>	<b>69,691</b>

#### 15 Assets and liabilities classified as held for sale

Summary of the assets/(liabilities) held for sale at the reporting date:

	30 June 2009				
	Assets classified as held for sale	Liabilities classified as held for sale	Attributable to Net assets classified as held for sale	Non- controlling interests	Equity shareholders of the parent
	USD'000	USD'000	USD'000	USD'000	USD'000
A&B Development JSC	28,644	(10,666)	17,978	(7,978)	10,000
SRLHO	9,098	-	9,098	-	9,098
	<b>37,742</b>	<b>(10,666)</b>	<b>27,076</b>	<b>(7,978)</b>	<b>19,098</b>

There were no assets and liabilities classified as held for sale as at 30 June 2010.

#### 16 Share capital

	30 June 2010		30 June 2009	
	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	324,610,259	3,246	324,610,259	3,246
Closing balance	<b>324,610,259</b>	<b>3,246</b>	<b>324,610,259</b>	<b>3,246</b>

#### 17 Trade and other payables

	30 June 2010	30 June 2009
	USD'000	USD'000
Trade payables	1,205	1,152
Deposits received for conditional sale of assets post reporting date	760	4,412
Tax payable	-	403
Deferred income	-	1,342
Other accrued liabilities	728	411
Other payables	1,396	447
	<b>4,089</b>	<b>8,167</b>

As all trade and other payables are short-term in nature, their carrying values are considered a reasonable approximation of their fair values.

#### 18 Net changes in fair value of financial assets at fair value through Statement of Income

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
Unrealised gains in fair value of financial assets, net	61,064	46,225

Gains from realisation of financial assets during the year, net	35,831	17,214
	<b>96,895</b>	63,439

## 19 Selling, general and administration expenses

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
Management fees (Note 27)	15,372	12,935
Professional fees	2,433	1,130
General administration and selling expenses <sup>(*)</sup>	1,549	2,662
Other expenses	2,020	1,454
	<b>21,374</b>	18,181

<sup>(\*)</sup> The majority of these expenses relate to operating expenses incurred by subsidiaries of the Group.

## 20 Other income

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
Gain on disposal of investments	1,035	-
Other income	1,598	968
	<b>2,633</b>	968

## 21 Other expenses

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
Allowance for impairment of assets <sup>(*)</sup>	1,487	16,443
Written-off financial asset at fair value through Statement of Income	-	3,111
Other expenses	113	780
	<b>1,600</b>	20,334

<sup>(\*)</sup> In the prior year, this amount represented an allowance of USD9.4 million for the impairment of the long term investment in Indochina Industries Food Pte. Ltd. at the reporting date (Note 10).

## 22 Finance income and costs

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
Interest income	3,825	6,299
Dividend income	9,938	16,870
Realised gains from foreign currency exchange differences	712	52
<b>Finance income</b>	<b>14,475</b>	23,221
Realised losses on foreign currency exchange differences	(2,151)	(1,989)
Loan interest	(265)	(597)
Unrealised losses from foreign currency exchange differences	(252)	(222)
<b>Finance costs</b>	<b>(2,668)</b>	(2,808)
<b>Net finance income</b>	<b>11,807</b>	20,413

## 23 Corporate income tax

VinaCapital Vietnam Opportunity Fund Limited is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, state, corporation, capital gains or other tax 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. Some of the subsidiaries are established in Singapore and have offshore operations in Vietnam. The income from these offshore operations is also tax exempt in Singapore.

A small number of subsidiaries are established in Vietnam and are subject to corporate income tax in Vietnam, however no provision for corporate income tax has been made for these Vietnamese subsidiaries of the Group for the year ended 30 June 2010 (30 June 2009: nil). All of the Vietnamese subsidiaries are in a position where there are no corporate income taxes payable because they either have incurred losses, or have unutilised tax holidays, or have sufficient carry-forward tax losses to offset any taxable income.

Under the laws of Vietnam, tax losses can be carried forward to offset against future taxable income for five years from the year the loss was incurred. The unrecognised deferred tax assets for the year of USD326,318 (30 June 2009: USD493,045) relate to the current year's losses of Vietnamese subsidiaries, which can be carried forward but no asset has been recorded for these tax losses due to uncertainty over of their recoverability.

The relationship between the expected income tax expense based on the applicable income tax rate (stated below) and the tax expenses actually recognised in the consolidated Statement of Income can be reconciled as follows:

	<b>30 June 2010</b>	30 June 2009
	<b>USD'000</b>	USD'000
Group profits before tax	<b>105,216</b>	3,206
Group profit multiplied by applicable tax rate (0%)	-	-
Income tax on Vietnamese subsidiaries	-	-
Withholding taxes imposed on investment income	<b>(211)</b>	(108)
<b>Tax expenses</b>	<b>(211)</b>	(108)

## 24 Earnings per share

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profits attributable to the shareholders of the Group by the weighted average number of ordinary shares in issue during the year.

	<b>30 June 2010</b>	30 June 2009
Profits attributable to equity holders of the Company from continuing and total operations (USD'000)	<b>104,694</b>	6,782
Weighted average number of ordinary shares on issue	<b>324,610,259</b>	324,610,259
Basic earnings per share from continuing and total operations (USD per share)	<b>0.32</b>	0.02

### (b) Diluted earnings per share

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

### (c) Net asset value per share

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

Net asset value (USD'000)	<b>30 June 2010</b> <b>782,501</b>	30 June 2009 681,912
---------------------------	---------------------------------------	-------------------------

Number of outstanding ordinary shares on issue	<b>324,610,259</b>	324,610,259
Net asset value per share (USD per share)	<b>2.41</b>	2.10

## 25 Non-cash flow adjustments

The following non-cash flow adjustments have been made to the pre-tax result for the year to arrive at operating cash flow:

	<b>30 June 2010</b>	30 June 2009
	<b>USD'000</b>	USD'000
Depreciation and amortisation	<b>355</b>	453
Unrealised net gain from revaluation of financial assets at fair value through Statement of Income	<b>(61,064)</b>	(46,225)
Net gain from realisation of financial assets at fair value through Statement of Income	<b>(35,831)</b>	(17,214)
Losses on disposal of property, plant and equipment	<b>8</b>	3,540
Losses on revaluation of investment properties	<b>72</b>	12,111
Negative goodwill on acquisition of non-controlling interest/goodwill written-off	<b>-</b>	(2,779)
Gain on disposal of investment	<b>(1,035)</b>	-
Share of (profits)/losses of associates	<b>(15,267)</b>	35,059
Allowance for impairment of assets	<b>1,487</b>	16,442
Unrealised foreign exchange losses	<b>252</b>	222
Interest expense	<b>265</b>	597
Dividend income	<b>(9,938)</b>	(16,870)
Interest income	<b>(3,825)</b>	(6,299)
	<b>(124,521)</b>	(20,963)

## 26 Directors' and management's remuneration

The aggregate director fee amounted to USD222,500 (year ended 30 June 2009: USD195,000), of which there was no payable at the reporting date (30 June 2009: USD175,000).

Details remuneration for each director are summarised below:

	<b>30 June 2010</b>	30 June 2009
	<b>USD'000</b>	USD'000
William Vanderfelt	<b>75</b>	89
Martin Glynn	<b>60</b>	70
Michael Gray	<b>58</b>	-
Bernard Grigsby	<b>-</b>	70
	<b>193</b>	229

At the EGM on 17 June 2009, the shareholders approved a resolution to increase Directors' remuneration to a maximum amount of USD300,000 per year, subject to the condition that any fees paid in excess of USD60,000 for services rendered from 1 July 2007 shall result in a corresponding reduction in the management fee paid to VinaCapital Investment Management Limited, the Investment Manager (Note 27). The fee payable to the Group's Directors as at 30 June 2009 includes a catch up amount for the year ended 30 June 2008.

The Board of Management and certain other individuals who act on behalf of the Group are remunerated by the Investment Manager. However, it is not possible to specifically allocate their costs to the Group. Part of the management fees disclosed in Note 27 can be allocated to the remuneration of these individuals.

## 27 Related party transactions and balances

### *Management fees*

The Group is managed by VinaCapital Investment Management Limited (the "Investment Manager"), an investment management company incorporated in the British Virgin Islands ("BVI"), under a management agreement dated 24 September 2003 (the "Management Agreement"). The Investment

Manager receives a fee based on the net asset value of the Group, payable monthly in arrears, at an annual rate of 2%.

Total management fees for the year amounted to USD15,372,000 (30 June 2009: USD12,935,000), of which USD2,243,000 (30 June 2009: USD1,195,000) was payable to the Investment Manager at the reporting date.

### **Performance fees**

In accordance with the Management Agreement, the Investment Manager is also entitled to a performance fee equal to 20% of the increase in the net asset value over the higher of a realised return over an annualised compounding hurdle rate of 8% and high watermark.

There were no performance fees payable in the year (30 June 2009: nil) and no amounts were payable to the Investment Manager at the reporting date (30 June 2009: nil).

### **Placement fees**

When raising capital through the issuance of new Ordinary Share a commission equal to 3% of the subscription price multiplied by the total number of the shares allotted by the Group on admission is payable by the Group to the Investment Manager. The Investment Manager is responsible for paying placing agents that are engaged in respect to such subscriptions. The net proceeds of share subscriptions are recorded after netting off placement fees.

There were no placement fees payable in the year (30 June 2009: USD) and no amounts were payable to the Investment Manager at the reporting date (30 June 2009: nil).

### **Other related party transactions and balances**

During the year, the following significant transactions with related parties were recorded as follows:

Related party	Relation-ship	Transactions (USD'000)			
		Year ended 30 June 2010		Year ended 30 June 2009	
		Additions	Share of profits/(losses)	Additions	Share of profits/(losses)
S.E.M Thong Nhat Hotel Metropole House and Urban Development Financial Investment Co.	Associate	-	2,249	-	1,826
Hung Vuong Corporation	Associate	-	44	-	212
Kinh Do Property JSC	Associate	-	(1,023)	-	2,171
Pho Viet Joint Stock Company	Associate	-	1,599	-	(1,794)
T.D Company	Associate	-	5	-	(83)
Phong Phu Investment Development JSC	Associate	-	(147)	1,788	(210)
Thang Loi Textile & Garment JSC	Associate	1,685	8	39	107
Saigon Golf JSC	Associate	-	709	1,908	170
Vina Dai Phuoc Corporation	Associate	-	12	-	(2,561)
VinaLand Limited subsidiaries	Associate	-	4,679	-	(5,930)
Other related parties	Associates	-	6,944	-	(30,061)
		2,162	1,026	-	1,094
		<b>3,847</b>	<b>16,105</b>	<b>3,735</b>	<b>(35,059)</b>

During the year, the Group engaged VinaSecurities Joint Stock Company, a related party, as a securities broker of the Group. An amount of USD16,000 had been paid to this broker relating to securities trading transactions which is based on the standard rates and at arm's length.

At 30 June 2010, the following receivable and payable balances were outstanding with related parties:

Related party	Relationship	Transactions	Receivables	
			30 June 2010 USD'000	30 June 2009 USD'000

<b>Non-current assets</b>				
VinaLand Limited subsidiaries	Under common management	Loan receivables (*)	<b>42,631</b>	58,615
Hung Vuong Corporation	Associate	Loan	<b>5,087</b>	-
			<b>47,718</b>	58,615
<b>Current assets</b>				
VinaLand Limited subsidiaries	Under common management	Dividend receivables	<b>613</b>	613
		Others	<b>1,821</b>	2,970
VinaCapital Investment Management Ltd.	Under common management	Advance payments	<b>910</b>	-
Hung Vuong Corporation	Associate	Loan and interest receivable	<b>404</b>	6,525
SIH Investment Ltd.	Under common management	Loan receivable	<b>707</b>	-
Lam Co Company Ltd.	Under common management	Loan receivable	<b>700</b>	-
VinaCapital Danang Golf Course Ltd. (Vietnam)	Under common management	Loan and interest receivable	<b>1,094</b>	-
Roxy Vietnam Ltd. (Vietnam)	Under common management	Loan interest receivable	<b>17</b>	-
East Ocean Real Estate & Tourist JSC (Vietnam)	Under common management	Loan interest receivable	<b>69</b>	-
Vinh Thai Urban Development Corporation (Vietnam)	Under common management	Loan receivable	<b>525</b>	-
Thang Loi Textile & Garment JSC	Associate	Loan receivable	<b>3,353</b>	3,000
Phong Phu Investment Development JSC	Associate	Loan and interest receivables	<b>1,351</b>	2,370
			<b>11,564</b>	15,478

Related party	Relationship	Transactions	Payables	
			30 June 2010 USD'000	30 June 2009 USD'000
VinaLand Limited subsidiaries	Under common management	Advances for real estate projects	3,460	1,690
VinaCapital Investment Management Ltd.	Under common management and Investment Manager	Management fees	2,242	1,195
		Cash advance	-	89
VinaCapital Real Estate Limited	Under common management	Corporate advisory fees	-	144
			<b>5,702</b>	3,118

(\*) Loan receivables represent the Group's share of loans provided to its associates on joint investments in real estate projects with VinaLand Limited. The loans are unsecured, bear interest at the 6-month SIBOR interest rate, and are repayable on demand or on disposal of related investments. The loans are carried at amortised cost at the reporting date.

Details of these loan receivables at the reporting date are as follows:

	30 June 2010 USD'000	30 June 2009 USD'000
VinaCapital Danang Resorts Limited	<b>3,376</b>	3,376
Cypress Assets Limited	<b>631</b>	6,555
Prosper Big Investment Limited	<b>12,073</b>	11,188
Bantam Investments Limited	-	1,879
Avante Global Limited	<b>2,998</b>	620
Perimeter Investments Limited	-	279
VinaLand Espero Limited	<b>9,261</b>	9,261
Maplecity Investments Limited	<b>5,951</b>	10,990
Sunbird Group Limited	<b>1,259</b>	2,985
Vietnam Property Holding Limited	<b>4,765</b>	4,636
VinaCapital Commercial Center Limited	<b>5</b>	-
Hung Vuong Corporation	<b>5,087</b>	-
Pacific Alliance Land Limited	-	6,568

Standbrook Limited	1,210	1,210
VinaCapital Development Limited	-	165
Roxy Assets Limited	2,279	5,101
Others	33	51
	<b>48,928</b>	64,864
Loan receivable from SRLHO classified as held for sale at the reporting date	-	(5,039)
Allowance for doubtful loan receivable	(1,210)	(1,210)
	<b>47,718</b>	58,615

Included in the movement during the year is an amount of USD16.3 million transferred to investment in associates.

## 28 Commitments

The Group has a broad range of commitments under investment licences it has received for the real estate projects jointly invested with VinaLand Limited, a related party under common management, and other agreements it has entered into, to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam. Further investments in any of these arrangements are at the Group's discretion

## 29 Risk management objectives and policies

The Group invests in listed and unlisted equity instruments, debt instruments, assets and other opportunities in Vietnam and overseas with the objective of achieving medium to long-term capital appreciation and providing investment income.

The Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and price 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 the Investment Manager who manages the distribution of the assets to achieve the investment objectives.

The most significant financial risks the Group is exposed to are described below:

### *Foreign currency risk sensitivity*

The Group's exposure to risk resulting from changes in foreign currency exchange rates is moderate as although transactions in Vietnam are settled in Vietnam Dong, the value of the Vietnam Dong has historically been closely linked to that of USD, the reporting currency.

The Group's financial assets and liabilities, exposure to risk of fluctuations in foreign currency exchange rates at the reporting date were as follows:

	Short-term exposure		Long-term exposure	
	VND USD'000	Others USD'000	VND USD'000	Others USD'000
30 June 2010				
Financial assets	449,616	73,980	6,257	53,122
Financial liabilities	(3,232)	(6,559)	-	-
Net exposure	<b>446,384</b>	<b>67,421</b>	<b>6,257</b>	<b>53,122</b>
30 June 2009				
Financial assets	359,610	86,412	1,170	72,759
Financial liabilities	(3,791)	(7,495)	-	(483)
Net exposure	355,819	78,917	1,170	72,276

### *Sensitivity analysis to a reasonably possible change in exchange rates*

Property valuations in Vietnam are based on a combination of factors linked to both the USD and VND. Assuming all properties are valued based on VND cash flow, a 5% weakening of the VND against the USD at the end of the year ended 30 June 2010 and 30 June 2009 would have impacted net income of the Group's equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	30 June 2010	30 June 2009
	USD'000	USD'000
5% devaluation of the Vietnam Dong	20,660	17,849

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

### **Price risk sensitivity**

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

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Investment Manager provides the Group with investment recommendations that are consistent with the Group's objectives. The Investment Manager's recommendations are approved by an Investment Committee of the Investment Manager and/or the Board of Directors before investment decisions are implemented.

All securities investments present a risk of loss of capital. The Investment Manager manages this risk through the careful selection of securities and other financial instruments within specified limits and by holding a diversified portfolio of listed and unlisted instruments. In addition, the performance of investments held by the Group is monitored by the Investment Manager on a monthly basis and reviewed by the Board of Directors on a quarterly basis.

The Group invests in listed and unlisted equity securities and is exposed to market price risk of these securities. If the prices of the securities were to fluctuate by 10%, the impact on Statement of Income and Statement of Changes in Equity would approximately amount to a gain of USD45.5 million (30 June 2009: approximately gain of USD35.2 million).

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

The Group's exposure to interest rate risk is related to interest bearing financial assets and financial liabilities. Cash and cash equivalents, bank deposits and bonds are subject to interest at fixed rates. They are exposed to fair value changes due to interest rate changes. The Group currently has no financial liabilities with floating interest rates. As a result, the Group has limited exposure to cash flow and interest rate risk.

### **Credit risk analysis**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the Group at the reporting date. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	30 June 2010	30 June 2009
	USD'000	USD'000

*Classes of financial assets– carrying amounts:*



Short-term investments	428	452
Long-term loan receivables	47,718	58,615
Other long-term financial assets	11,661	15,314
Trade and other receivables	17,609	23,490
	<b>77,416</b>	<b>97,871</b>

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made for purchases once the securities have been received by the broker. The trade will be unwound if either party fails to meet its obligations.

The carrying amount of trade and other receivables and loans represent the Group's maximum exposure to credit risk in relation to its financial assets.

Some unimpaired trade receivables are overdue as at the reporting date. Financial assets overdue but not impaired comprise:

	<b>30 June 2010</b>
	<b>USD'000</b>
Not more than 3 months	1,437
More than 3 months but not more than 6 months	-
More than 6 months	-
	<b>1,437</b>

The Group has no other significant concentrations of credit risk.

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

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

### **Liquidity risk analysis**

The Group invests in both listed securities that are traded in active markets and unlisted securities that are not actively traded.

The Group's listed securities are considered to be readily realisable, as they are mainly listed on the Vietnam Stock Exchange.

Unlisted securities, which are not traded in an organised public market, may be illiquid. As a result, the Group may not be able to quickly liquidate its investments in these instruments at an amount close to fair value in order to respond to its liquidity requirements or to other specific events such as deterioration in the creditworthiness of a particular issuer. However, the Group has the ability to borrow in the short-term to ensure sufficient cash is available for any settlements due.

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

	Current		Non-current	
	Within 6 months USD'000	6 to 12 months USD'000	From 1 to 5 years USD'000	Over 5 years USD'000
30 June 2010				
Trade and other payables	4,089	-	-	-
Payable to related parties	-	5,702	-	-
	<b>4,089</b>	<b>5,702</b>	-	-
30 June 2009				
Trade and other payables	8,167	-	-	-
Payable to related parties	1,196	1,922	-	-
Other liabilities	-	-	484	-
	<b>9,363</b>	<b>1,922</b>	<b>484</b>	-

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

### **Capital management**

The Group's capital management objectives are:

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

The Group considers the capital to be managed as equal to the net assets attributable to the holders of ordinary shares. The Group has engaged the Investment Manager to allocate the net assets in such a way so as to generate investment returns that are commensurate with the investment objectives outlined in the Group's offering documents.

### **30 Fair value hierarchy**

#### **Fair value hierarchy**

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the Consolidated Statement of Financial Position. In the first year of application, comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the 30 June 2010 year end.

The following table presents financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

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

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
<b>Assets</b>				
Financial assets at fair value through Statement of Income				
Financial assets in Vietnam				
- Ordinary share - listed	298,675	-	-	298,675
- Ordinary share - unlisted	1,559	113,863	-	115,422
- Corporate bonds	-	5,876	-	5,876
Financial assets in countries other than Vietnam				
Investment in properties	-	6,700	-	6,700
Investments in associates	-	194,688	-	194,688
Other long-term investments	-	3,700	3,216	6,916

	335,787	324,827	3,216	663,830
<b>Liabilities</b>	-	-	-	-
<b>Net fair value</b>	<b>335,787</b>	<b>324,827</b>	<b>3,216</b>	<b>663,830</b>

There have been no significant transfers between Level 1 and 2 during the year.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period as disclosed in Note 4.

### **Fair value measurement in Level 3**

	<b>Other long-term investments USD'000</b>
<b>30 June 2010</b>	
Opening balance	327
Gains or losses recognised in	
- Statement of Income	-
- Other comprehensive income	-
Purchases during the year	2,889
<b>Closing balance</b>	<b>3,216</b>

### **31 Subsequent events after the reporting date**

In August and September 2010, the Group purchased a further 6,218,269 ordinary shares of VinaLand Limited, bringing the total number ordinary shares held by the Group to 36,216,326 at the date of approval of the consolidated financial statements, which represents a 7.24% holding in VinaLand Limited.