

## Regulatory Announcement

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**Company** [VinaLand Limited](#)  
**TIDM** VNL  
**Headline** Final Results  
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### VinaLand Limited (the "Company")

#### Results for the year ended 30<sup>th</sup> June 2006

We are pleased to present the annual report for VinaLand Limited (AIM: VNL) and its subsidiaries for the year ended 30 June 2006.

#### Chairman's Statement

The past three months since the launch of the Company has made two substantial investments, and we are confident that other deals will be announced in the near future.

Vietnam's Gross Domestic Product ("GDP") continued its upward trajectory, increasing by 7.4% in the first half of 2006. Industrial production, exports, and retail sales are all surging, underpinning an economy which is acting as a magnet for overseas investors. Foreign investors have been keen to pick up on the investment opportunities afforded by such growth, as foreign direct investment (FDI) surged over the last year. This "second wave" of foreign investments marks the end of the FDI lull following the Asian financial crisis of the late nineties. The increased global interest in Vietnam was further underscored by a boom in tourism revenues, which are projected to outperform the 2006 target.

Government reforms played a key role in the favorable investment and political climate that have characterized the past year. The new Unified Enterprise Law and the Common Investment Law came into force which represent for major steps toward a level playing field for foreign and local investors. The 10<sup>th</sup> Party Congress held in May has seen a change of leadership ushering in an acceleration of the reform program.

Since the admission of the Company to the AIM market of the London Stock Exchange at the end of March 2006, we have announced one major investment, a 46.5% stake in the 21<sup>st</sup> Century International Development Company worth approximately US\$16.8 million. The company is developing a 55-hectare site in District 2 in Ho Chi Minh City, just across from the central business district. The site will be developed for mixed-use purposes, including residential, commercial, and retail. The NAV at the end of June was US\$0.97, which reflects the deduction of listing expenses relating to the Company's admission to AIM.

Given Vietnam's strong economic performance, the Government's increasing commitment to reforms, and unprecedented global interest in Vietnam, we believe that the VNL will perform well as the country moves forward.

Thank you for your continued interest and support.

#### Horst Geicke

*Chairman*

VinaLand Limited

18 December 2006

#### Consolidated Balance Sheet

Notes	30 June 2006	30 June 2006
	Consolidated	Company
	US\$	US\$

#### ASSETS

Cash and cash equivalents		174,787,778	39,050,475
Interest receivable		662,068	-
Financial assets at fair value through profit or loss	6	4,382,670	-
Prepayments		4,316,738	-
Investment in associate	5	15,997,102	-
Investments in subsidiaries	4	-	3
Receivables from subsidiaries		-	159,999,997
		<b>200,146,356</b>	<b>199,050,475</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

### Liabilities

Accounts payable		1,563,235	1,563,235
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### Shareholders' equity

Share capital	7	2,048,448	2,048,448
Additional paid in capital	7	196,414,163	196,414,163
Retained earnings (accumulated losses)		120,510	(975,371)
		<b>198,583,121</b>	<b>197,487,240</b>
		<b>200,146,356</b>	<b>199,050,475</b>

## Consolidated Statement of Income

For the period from 16 March 2006 to  
30 June 2006

	Consolidated US\$	Company US\$
<b>Revenue</b>		
Interest income	1,872,705	776,691
<b>Expenses</b>		
Management fee	(1,204,498)	(1,204,498)
Custodian fee	(293)	(293)
Director fee	(29,301)	(29,301)
Professional fee	(469,784)	(469,784)
Other organisational fee	(48,319)	(48,186)
	<b>(1,752,195)</b>	<b>(1,752,062)</b>
<b>Net income (loss)</b>	<b>120,510</b>	<b>(975,371)</b>

## Consolidated statement of changes in shareholders' equity

For the period from 16 March 2006 to  
30 June 2006

	Consolidated US\$	Company US\$
<b>Share capital</b>		
16 March 2006	-	-
Issue of shares	2,048,448	2,048,448
30 June 2006	<b>2,048,448</b>	<b>2,048,448</b>
<b>Additional paid in capital</b>		
16 March 2006	-	-
Issue of shares	202,796,331	202,796,331
Transaction costs associated with the share issue	(6,382,168)	(6,382,168)

30 June 2006	196,414,163	196,414,163
<b>Accumulated losses</b>		
16 March 2006	-	-
Profit (loss) for the period	120,510	(975,371)
30 June 2006	120,510	(975,371)
<b>Total shareholders' equity</b>	<b>198,583,121</b>	<b>197,487,240</b>

## Consolidated statement of cash flows

	For the period from 16 March 2006 to 30 June 2006	
	Consolidated US\$	Company US\$
<b>Cash flows from operating activities</b>		
Net profit (loss)	120,510	(975,371)
Adjustment for:		
Interest income	(662,068)	-
<b>Net loss before changes in working capital</b>	<b>(541,558)</b>	<b>(975,371)</b>
Increase in accounts receivable	(1,210,637)	(159,999,997)
Increase in other assets	(4,316,738)	-
Increase in accounts payable	1,562,235	1,563,235
<b>Net cash used in operating activities</b>	<b>(4,505,698)</b>	<b>(159,412,133)</b>
<b>Cash flows from investing activities</b>		
Interest received	1,210,637	-
Investment in associate	(15,997,102)	-
Investment in subsidiaries	-	(3)
Investment in financial assets at fair value through profit or loss	(4,382,670)	-
<b>Net cash used in investing activities</b>	<b>(19,169,135)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued	198,462,611	198,462,611
<b>Net cash from financing activities</b>	<b>198,462,611</b>	<b>198,462,611</b>
<b>Net increase in cash and cash equivalents for the period</b>	<b>174,787,778</b>	<b>39,050,475</b>
<b>Cash at the beginning of the period</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>174,787,778</b>	<b>39,050,475</b>

## Notes to the consolidated financial statements

### 1. Corporate information

VinaLand Limited ("the Company") was incorporated in the Cayman Islands as a company with limited liability. The registered office of the Company is PO Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is to engage in property investment and development in Vietnam and the surrounding Asian countries with the objective of providing shareholders with an attractive level of income, together with the potential for income and capital growth, from investing in a diversified portfolio of mainly Vietnamese property.

The Company has its primary listing in the AIM, a market operated by the London Stock Exchange Plc.

### 2. Principal accounting policies

#### Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of 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.

### **Consolidation**

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Company obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent company as well as those entities controlled by the Group by full consolidation. 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, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group 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.

Entities whose economic activities are controlled jointly by the Group and by other venturers independent of the Group are accounted for using equity consolidation.

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognised as investment in associates. All subsequent changes to the share of interest in the equity of the associate are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are recorded in the Group's consolidated income statement and therefore affect net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities. Items that have been directly recognised in the associate's equity, for example, resulting from the associate's accounting for available-for-sale securities, are recognised in consolidated equity of the Group. Any non-income related equity movements of the associate that arise, for example, from the distribution of dividends or other transactions with the associate's shareholders, are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognised in the course of these transactions. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **Functional and presentation currency**

The financial statements are presented in United States Dollars ("the presentation currency"). The currency of the primary economic environment in which the Group operates ("the functional currency") is the Vietnamese Dong. The reasons for using the United States Dollar as the presentation currency rather than the functional currency are that the shareholders are more familiar with the United States Dollar and certain transactions of the Group are in the United States Dollar.

### **Foreign currency translation**

The accounting records of the Group are maintained in United States Dollars. Transactions in currencies other than the United States Dollar are translated at the exchange rates that approximate those prevailing on transaction dates. Monetary assets and liabilities denominated in currencies other than the United States Dollar are translated at the balance sheet date into United States Dollars at exchange rates that approximate those prevailing on that date. All exchange gains and losses are recognized separately in the statement of income.

### **Financial assets**

The Group's financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity investments. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised on their settlement date. All financial assets that are not classified as at fair value through profit or loss are initially recognised at fair value, plus transaction costs. Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to maturity if it is the intention of the Company's management to hold them until maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Financial assets originally designated as financial assets at fair value through profit or loss may not subsequently be reclassified.

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognised in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to the income statement. Losses recognised in the income statement on equity instruments are not reversed through the income statement. Losses recognised in prior period income statements resulting from the impairment of debt securities are reversed through the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. Trade receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

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

Cash and cash equivalents include cash in bank and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

#### **Interest and dividend income**

Interest income is recognized on an accrual or if applicable effective yield basis. Dividend income is recorded when the stockholders' right to receive the dividend is established.

#### **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 issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital.

Retained earnings include all current and prior period results as disclosed in the income statement.

### **3. Risk management objectives and policies**

The Group invests in listed and unlisted equity instruments, debt instruments, assets and other opportunities in Vietnam and surrounding countries with the objective of achieving medium to long-term capital appreciation and providing investors with an attractive level of investment income from interest and dividends.

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by its Investment Manager who manages the distribution of the assets to achieve the investment objectives. The most significant financial risks to which the Group is exposed are described below:

#### **Foreign currency risk**

While the Group seeks to make investments which are US Dollar based when possible, the Group make investments in and earn income denominated in local currencies. The Vietnamese Dong is not freely convertible into other currencies. Exchange rate fluctuations and local currency devaluation could have a material effect on the value of that portion of the Group's assets or liabilities denominated in Vietnamese Dong. The Group may seek to hedge against a decline in the value of the Group's Dong denominated investments resulting from currency fluctuations but only when suitable hedging instruments are available on a timely basis and on acceptable terms.

The Group's exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

	<b>30 June 2006</b>
	<b>US\$</b>
Assets denominated in Vietnamese Dong	<b>57,638,560</b>
Liabilities denominated in Vietnamese Dong	<b>-</b>

**Price risk**

Price risk is the risk that 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 all 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 income statement, all changes in market conditions will directly affect net investment income. Price risk is mitigated by the Group's Investment Manager by constructing a diversified portfolio of listed and unlisted instruments. In addition, price risk may be hedged using derivative financial instruments such as options or futures.

**Credit risk**

The carrying amounts of financial assets shown on the face of the balance sheet best represent the maximum credit risk exposure at the balance sheet date. There were no significant concentrations of credit risk to counter-parties at 30 June 2006.

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk. The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

**Cash flow and fair value interest rate risks**

The majority of the Group's financial assets are non-interest-bearing. The Group currently has no financial liabilities with floating interest rates. As a result, the Group is subject to limited exposure to cash flow and fair value interest rate risk. Cash flow and fair value interest rate risks are managed by means of derivative financial instruments, where necessary, to ensure short- to medium term liquidity.

**4. Subsidiaries**

During the period the Group acquired equity interests in the following entities, with details are as follows:

Name of subsidiaries	Acquisition date	Cost of acquisition	Proportion of ownership interest
Onshine Investments Limited	3 February 2006	US\$1	100%
Vietnam Property Ltd	10 March 2006	US\$1	100%
Vietnam Property Holdings Ltd	10 March 2006	US\$1	100%

All these entities are incorporated in the British Virgin Islands and the principal activity is to engage in property investment and development in Vietnam and the surrounding Asian countries. At the date of acquisition these entities had no assets, liabilities or contingent liabilities.

## 5. Investment in associate

On 30 June 2006 the Group acquired a 46.5% equity interest in Henry Enterprise Company Inc., a company incorporated in the British Virgin Islands. Henry Enterprise Group Ltd. exclusively holds 100% equity interest in 21st Century International Development Company Inc., a company incorporated in Vietnam. The principal activity of 21st Century International Development Company Inc. is to engage in property investment and development in Vietnam. The investment is accounted for under the equity method.

The shares of Henry Enterprise Company Inc. are not publicly listed on a stock exchange and hence the fair value of its shares cannot be determined. As at the date of this financial statement the financial information of the associate as at and for the year ended 30 June 2006 is not available.

## 6. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents the bond purchased from the Bank for Investment and Development of Vietnam. The instrument generates simple interest at 9.8% per annum and will mature in 10 years from the issuance date of 19 May 2006.

## 7. Paid-in capital

	Consolidated US\$	Company US\$
Authorized: 500,000,000 ordinary shares with par value of US\$0.01; issued and fully paid: 204,844,779 shares	2,048,448	2,048,448
Additional paid in capital	196,414,163	196,414,163
	<b>198,462,611</b>	<b>198,462,611</b>

## 8. Taxation

The Company is exempt from income tax pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands.

## 9. Related party transactions

During the period, the following transactions with related parties were recorded:

Related party	Relation	Transaction Investment	US\$
VinaCapital Investment Management Ltd.	Investment manager	management fees	1,204,498

At 30 June 2006 the following balances were outstanding with related parties:

Related party	Relation	Payable US\$
VinaCapital Investment Management Ltd.	Investment manager	1,204,498

## 10. Commitments

The Group is committed under cancellable agreements in the annual amount of US\$306,800.

## 11. Subsequent event

On 17 July 2006 the Group acquired 37,500 shares of US\$1 each, which represent 75% of the equity interest in Prosper Big Investments Limited. The cost of acquisition consists of cash consideration of US\$37,500.

Prosper Big Investments Limited is incorporated in the British Virgin Islands and its principal activity is to engage in

property investment and development in Vietnam and the surrounding Asian countries. At the date of acquisition Prosper Big Investments Limited had no assets, liabilities or contingent liabilities.

The financial information set out in this announcement does not constitute the Group's statutory accounts for the period ended 30 June 2006 but is derived from those accounts. The full audited accounts of VinaLand Limited for the year ended 30 June 2006 will be posted to shareholders shortly and will be available for a period of one month to the public at the offices of VinaCapital Investment Management Ltd, 17/F, Sun-Wah Tower, Ho Chi Minh City, Vietnam , for a period of 30 days from the date of this announcement.

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