

# **Vietnam Emerging Capital Limited**

**ABN 69 123 981 537**

## **Financial Statements**

**30 June 2008**

# Company Particulars

## Vietnam Emerging Capital Limited

### Directors

Jack Tan  
*Chairman*

Lawrence Nguyen  
*Managing Director & CEO*

James Huey  
Minh Hai Nguyen  
*Non-executive Directors*

### Secretary

Robert Lees

### Registered Office

Level 24, St Martins Tower  
31 Market Street Sydney NSW 2000  
Tel (02) 9267 4633 Fax (02) 9267 4388

### Auditors

Hall Chadwick  
Level 29  
31 Market Street  
Sydney NSW 2000

### Solicitors

O'Loughlins Lawyers  
Level 2,  
99 Frome Street  
Adelaide SA 5000

### Share Register

Registries Limited  
Level 7,  
207 Kent Street  
Sydney NSW 2000

### Stock Exchange Listing

Vietnam Emerging Capital Limited securities are listed on the National Stock Exchange (NSX) – Code 'VEM'

### Annual General Meeting

The annual general meeting of Vietnam Emerging Capital Limited

Will be held on the following date (refer to Notice of Meeting)

Time: 11:00 am

Date: 14 November 2008

Venue: VECL Offices – Level 24, 31 Market Street  
Sydney NSW 2000

# **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

## **Directors' Report – 30 June 2008**

Your directors present their report on the entity Vietnam Emerging Capital Limited ("VECL") for the year ended 30 June 2008.

### **Directors**

The names of persons who were directors of Vietnam Emerging Capital Limited NSX code "VEM" during the whole of the year and up to the date of this report are:

Jack Tan M. App Fin. F. Fin  
Minh Hai Nguyen B. Sc. M. Sc.

Lawrence Nguyen B. Pharm. MAICD  
James Huey B. Sc. FAICD F. Fin (appointed 10 October 2007)

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

### **Principal Activities**

The principal activity of the Company during the year was as an investment company raising capital to invest in listed and unlisted Vietnamese securities, including equity investment in property development companies.

### **Operating Results**

- The loss of the entity after providing for income tax amounted to (\$926,437), (2007: profit \$260).

### **Dividends – Vietnam Emerging Capital Limited**

No dividends were paid or recommended for payment during or since the end of the financial year.

### **Review of Operations**

Comments on the operations and the results of those operations for the period ended 30 June 2008 are set out below:

- VECL was incorporated on 16 February 2007 with five shares of \$1.00 each on issue (raising \$5).
- On 16 May 2007, VECL issued 1,500,000 shares to the original shareholders/directors at an issue price of 0.01 cents per share to raise a total of \$15,000.
- On 26 June 2007, VECL issued 5,400,000 shares and proposed the issue of 14,400,000 options (subject to shareholder approval) to the original shareholders/directors at an issue price of \$0.05 per share to raise a total of \$285,000.
- From July 2007, a further 5,487,121 shares and 2,743,557 options have been issued at an issue price of \$0.15 per share with an attaching one option for every 2 shares. This has raised \$823,323
- An additional 650,000 shares and 325,000 attaching options have been issued for \$0.10 per share to parties providing services to the company in relation to the proposed equity raising. This portion of the issue has raised \$65,000.
- A total of \$1,188,073 was raised by the above listed equity issues.
- The issue of 14,400,000 options to the original shareholders/directors proposed 26 June 2007 was approved by shareholders on 14 December 2007 and expensed. The issue of 200,000 options on James Huey (director) subscription for 400,000 shares at \$0.15 was also approved by shareholders on 14 December 2007. The value of these options issued to directors calculated under the Black-Scholes model was \$60,699.
- On 14 December 2007 a Prospectus to raise a minimum of \$500,000 and a maximum of \$12,500,000 was lodged with ASIC. The offer opened on 22 December 2007. At the same time an application was lodged with the National Stock Exchange ("NSX") to list on that exchange.

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**Directors' Report – 30 June 2008 (continued)**

### Review of Operations (continued)

- The offer closed after raising \$611,375 from 122 subscribers and allotments were completed on 6 March 2008, with holding statements despatched to subscribers for the 2,445,500 shares allotted.
- On 11 March 2008 VECL was admitted to the official list of the NSX with 156 shareholders holding 15,782,626 shares.
- NSX Official quotation commenced on 18 March 2008.
- An initial investment of \$54,798 has been made for a 20% holding in the Lac Trung IT Park Building Project.
- Securities listed on the Vietnam Stock Exchange with an initial purchase cost of \$182,012 have been written down to market valuation of \$92,027 at 30 June 2008.

### Significant Changes in the State of Affairs

**Significant changes in the state of affairs of the entity during the financial year were as follows:**

	2008
	\$
• an increase in contributed equity of \$1,328,143 (from \$300,005 to \$1,628,148) as a result of:	
o The issue of 5 shares @ \$1.00 each on incorporation 16 February 2007	5
o The issue of 1,500,000 ordinary shares @ \$0.01 each on 16 May 2007	15,000
o The issue of 5,400,000 ordinary shares & 14,400,000 options @ \$0.05 each	<u>285,000</u>
Balance at 30 June 2007	300,005
o The issue of 650,000 ordinary shares & 325,000 options @ \$0.10 each	65,000
o The issue of 5,487,121 ordinary shares & 2,743,557 options @ \$0.15 each	823,323
o The issue of 2,445,500 ordinary shares @ \$0.25 each	611,375
o The issue of 100,000 ordinary shares @ \$0.15 each fair value to contractor	<u>15,000</u>
	1,814,613
o Transaction costs arising on share issues	<u>(186,465)</u>
o Contributed equity at 30 June 2008	<u>1,628,148</u>
• Net cash received from the increase in contributed equity was used as working capital	
• VECL has made \$33,507 in share based payments to suppliers, creditors & contractors to minimise the outflow of cash from the group and to record the fair value of shares & options issued. Share based payments were made at the same price as outside investors were subscribing to shares in the Company.	

**Since the balance date the following events have occurred:**

There have been no other subsequent events that would have a material impact on the financial report for the year ended 30 June 2008.

## Likely Developments and Expected Results of Operations

The directors consider that the entity will be able to meet its obligations when they fall due. Disclosure of additional information regarding likely developments in the operations and expected results is likely to result in unreasonable prejudice to the entity.

## Environmental Regulations

The entity's operations are in Vietnam and consist of investments in listed & unlisted companies. All environmental issues are the responsibility of these entities.

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**Directors' Report – 30 June 2008 (continued)**

**Shares under option**

Unissued ordinary shares of Vietnam Emerging Capital Limited under option at the date of this report are as follow:

Expiry Date	Issue price of shares	Number under option
30 June 2010	\$0.25	17,468,557

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

**Information on Directors: -**

- Jack Tan **Executive Director and Chairman.**

*Experience & expertise*

Appointed Chairman on 16 February 2007. He has a Bachelor of Business Administration from University of Singapore (1973), and a Master of Applied Finance from Macquarie University (1995). He is a Fellow of the Financial Services Institute of Australasia and Member of the Australian Institute of Company Directors. Jack Tan is an investment banker with 30 years experience in the finance industry and has been an investment adviser with various stockbroking firms in Sydney. Jack has been instrumental in project acquisitions, evaluations and valuations and capital raisings including several public offerings and ASX listings.

*Other current directorships*

e-pay Asia Limited, Oracobe Limited

*Former directorships in last 3 years*

Health Corporation Limited, Rocklands Richfield Limited

*Special responsibilities*

Chairman

- Lawrence Nguyen **Managing Director & CEO**

*Experience & expertise*

Appointed a director on 16 February 2007. Lawrence has a Bachelor of Pharmacy from Sydney University (1996) and is currently completing his Masters of Pharmacy (Clinical). He has extensive pharmacy management and ownership experience, beginning with WH Soul Pattison group as a recipient of one of their coveted scholarships.

Lawrence currently owns or has an interest in 10 pharmacies. He is a Member of The Australian Institute of Company Directors (MAICD) and is currently completing his Fellowship. He has management and corporate experience as a director of the public listed company – Health Corporation Limited. He is an active member of the Young Entrepreneur Organisation (EO) in Sydney, Australia. He has extensive knowledge of the Vietnamese economy and speaks Vietnamese fluently.

*Other current directorships*

None

*Former directorships in last 3 years*

Health Corporation Limited

*Special responsibilities*

Managing Director appointed 16 February 2007

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**Directors' Report – 30 June 2008 (continued)**

**Information on Directors (continued):**

- Minh Hai Nguyen

**Non-Executive Director**

*Experience & expertise*

Appointed a director on 16 February 2007. Minh has a Bachelor's degree from The University of Natural Sciences, Ho Chi Minh city (VNUHCM) (1980), a Bachelor's degree from The University of Economics, Ho Chi Minh city (UEH) (1994) and a Master of Environment from The University of Social Sciences and Humanity, HCM city (USSH) (2002). He is currently completing a PhD Thesis in Environmental Economics. He has over 18 years experience in management and operations of major trading and investment finance companies and is currently the CEO of Saigon Company Trading and Tourist Services, Lac Hong Informatics – Services – Investment Company, Saigon Long An Infrastructure Investment Construction Trading Joint Stock Company.

*Other current directorships*

None

*Former directorships in last 3 years*

None

*Special responsibilities*

Local representative

- James Huey

**Non-executive Director**

*Experience & expertise*

Appointed a director on 10 October 2007. James has a B.Sc. (Honours – Financial Services) degree from the University of Manchester (UK).

For over 30 years he carried out a variety of functional roles in Australia and offshore, for the Westpac Banking Corporation group. His ultimate role at Westpac was as General Manager for New South Wales, leading a business unit with over 10,000 employees. For the past 13 years, he has been a professional non-Executive Director and corporate adviser.

Professionally, he is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management, a Fellow of the Financial Services Institute of Australasia, and a Fellow of the Chartered Institute of Bankers (U.K.). In other technical streams, he is a Fellow of the Institute of Company Secretaries, a Professional Member of the National Institute of Accountants, a Chartered Member of the Australian Human Resources Institute, and an Associate of the Institute of Management Consultants.

*Other current directorships*

OzzyConnect Limited, Resimac Limited & Sabina Corporation Limited

*Former directorships in last 3 years*

None

*Special responsibilities*

None

The above named directors held office during and since the end of the financial year unless otherwise indicated.

**Company Secretary**

Robert Edward Lees was appointed Company Secretary on 16 February 2007. He holds a Bachelor of Business (Accounting) degree from UTS and a Graduate Diploma in Corporate Governance. He is an Associate of the Institute of Chartered Accountants in Australia and the Chartered Secretaries of Australia. He has served as a Company Secretary on a number of ASX listed entities since 1998.

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**Directors' Report – 30 June 2008 (continued)**

**Information on Directors (Continued):**

**Meetings of Directors**

- i. The Directors attendances at Directors' meetings held during the year were:

	No. Attended	No. Held*
Jack Tan	16	16
Lawrence Nguyen	16	16
Minh Hai Nguyen	16	16
James Huey	4	8

\* Reflects the maximum number of meetings each director was eligible to attend.

- ii. The number of shares and options in Vietnam Emerging Capital Limited in which each director, at the date of this report, has a relevant interest in are:

**Securities held as at the date of this report.**

	Ordinary Shares		Options held	
	held directly	Indirectly	directly	Indirectly
Jack Tan	946,744	nil	4,723,371	nil
Lawrence Nguyen	2,246,743	0,000	4,723,371	nil
Minh Hai Nguyen	2,246,744	nil	4,723,371	nil
James Huey	400,000	0,000	200,000	nil

**Retirement, Election and Continuation in Office of Directors**

At the next Annual General Meeting, all current directors will be required to retire, and if eligible, may offer themselves for re-election.

**Directors' Report – 30 June 2008 (continued)**

**Remuneration Report**

This remuneration report is set out under the following main headings

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

***A Principles used to determine the nature and amount of remuneration***

The Board of Directors is responsible for determining and reviewing director's compensation and reviewing the Managing Director's recommendations on the remuneration of key management personnel.

The current maximum amount of Non-executive fees approved by shareholders is fixed at \$250,000 per annum. No retirement or other long term benefits are provided to any director or the company secretary other than superannuation to those directors who are also employees at the rate of ten percent. The Non-executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of VECL and time spent on specific issues.

No remuneration paid to directors or the Company Secretary is results based.

VECL does not pay its Company Secretary a fixed remuneration. The Company Secretary is paid for all his time on an hourly basis.

No retirement or other long term benefits are provided any director or the company secretary.

***B Details of remuneration***

Information on directors' benefits is set out in Note 14 – Key management personnel disclosures. The entity has not granted options to Directors or Officers during the financial year. No employees were granted options as part of their remuneration.

**Directors and other key management personnel**

The following persons were directors of Vietnam Emerging Capital Limited during the financial year:

**(i) Chairman & executive director**

Jack Tan (was appointed as a Director & Chairman 16 February 2007)

**(ii) Executive directors**

Lawrence Nguyen (CEO & Managing Director – appointed as a director 16 February 2007)

**ii) Non-Executive director**

Minh Hai Nguyen (was appointed as a Director on 16 February 2007)

James Huey (was appointed as a Director on 10 October 2007)

The following persons also had authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, during the financial year:

<b>Name</b>	<b>Position</b>	<b>Employer</b>
Robert Lees	Company Secretary	Vietnam Emerging Capital Limited



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Directors' Report – 30 June 2008 (continued)

**Remuneration Report**

**B Details of remuneration (continued)**

**Key management personnel of the Group and other executives of the Company and the Group**

2008	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payment	
	Cash salary & Fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Long service leave \$	Termination benefits \$	Shares & options \$	Total \$
<i>Non-executive Directors</i>								
Minh Nguyen <i>From 16 Feb 2007</i>	36,000	-	-	-	-	-	19,956	55,956
James Huey <i>From 16 Oct 2007</i>	24,000	-	-	-	-	-	831	24,831
<b>Sub-total Non-executive directors</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,787</b>	<b>80,787</b>
<i>Executive directors</i>								
Jack Tan <i>Executive Chairman</i>	60,000	-	-	-	-	-	19,956	79,956
Lawrence Nguyen <i>Managing director</i>	84,000	-	-	-	-	-	19,956	103,956
Robert Lees <i>Company Secretary</i>	35,911	-	-	-	-	-	-	35,911
<b>Total key management personnel compensation (Group)</b>	<b>179,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,912</b>	<b>219,823</b>

**Vietnam Emerging Capital Limited**  
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**Directors' Report – 30 June 2008 (continued)**

**Remuneration Report (continued)**

**B Details of remuneration (continued)**

Total remuneration of directors and executives of Vietnam Emerging Capital Limited for the year ended 30 June 2007 is set out below. In some cases, different individuals are included other than specified in the year ended 30 June 2008.

**Key management personnel of the Group and other executives of the Company and the Group 2007**

	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payment	
Name	Cash salary & Fees \$	Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	Long service leave \$	Termination benefits \$	Shares & options \$	Total \$
<i>Non-executive Directors</i> Minh Nguyen <i>From 16 Feb 2007</i>	13,500	-	-	-	-	-	-	13,500
<b>Sub-total Non-executive director</b>	13,500							13,500
<i>Executive directors</i> Jack Tan <i>Executive Chairman from 16 Feb 2007</i>	22,500	-	-	-	-	-	-	22,500
Lawrence Nguyen <i>Managing director from 16 Feb 2007</i>	31,500	-	-	-	-	-	-	31,500
Robert Lees <i>Company Secretary from 16 Feb 2007</i>	-	-	-	-	-	-	-	-
<b>Total key management personnel compensation (Group)</b>	54,000	-	-	-	-	-	-	54,000

**C Service agreements**

On appointment to the Board, all new non-executive directors enter into a service agreement with the company in the form of a letter of appointment. This letter summarises the appointment terms, director's duties, obligations and remuneration.

Employment contracts with executives nominated below may be terminated by the company twelve months notice, subject to termination payments as detailed below.

**Jack Tan – Chairman & executive Director (from 16 February 2007)**

- Term of agreement – from 30 November 2007 for an unspecified period with 12 months notice of termination or immediate termination in the event of gross misconduct.
- Base remuneration for the year ended 30 June 2008 of \$60,000 (pro-rata) plus 9% superannuation with at least 2 days per week devoted to company business. Entitled to pro-rata annual & sick leave.

**Lawrence Nguyen – Managing Director (from 16 February 2007)**

- Term of agreement – from 30 November 2007 for an unspecified period with 12 months notice of termination or immediate termination in the event of gross misconduct.
- Base remuneration for the year ended 30 June 2008 of \$84,000 (pro-rata) plus 9% superannuation with at least 3 days per week devoted to company business. Entitled to pro-rata annual & sick leave.

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**Directors' Report – 30 June 2008 (continued)**

**Remuneration Report (continued)**

***D Share-based Compensation***

**Directors Share Options**

14,370,113 Options were issued during the year and after year end to the date of this report by Vietnam Emerging Capital Limited to a director or any of the most highly remunerated officers as part of their remuneration.

***E Additional information***

No cash bonuses, loans or other remuneration has been paid to Key management personnel.

**Indemnifying Officers or Auditors**

During or since the end of the financial year, the Company has not, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, other than costs and expenses of successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or Intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

**Non-Audit Services**

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's experience and experience with the company and /or the consolidated entity are important.

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor Independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact the integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

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**Directors' Report – 30 June 2008 (continued)**

**Non-Audit Services (continued)**

During the year the following fees were paid or payable for services provided by the auditor (Hall Chadwick) of the entity, its related practices and non-related audit firms:


	Entity	
	2008	2007
	\$	\$
Audit and review services	12,500	-
Other services – taxation	10,000	-
Independent expert report	15,200	-
Independent accountants report	10,000	-
	<u>47,700</u>	<u>-</u>

**Auditor Independence Declaration**

Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the directors made pursuant to s.298 (2) (a) of the Corporations Act 2001.

On behalf of the Directors.



\_\_\_\_\_  
Director  
Sydney 30 September 2008

**VIETNAM EMERGING CAPITAL LIMITED**  
**ABN 69 123 981 537**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF  
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF  
VIETNAM EMERGING CAPITAL LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick  
Level 29, St Martins Tower  
31 Market Street, Sydney, NSW 2000



**DREW TOWNSEND**  
Partner  
Date: 30 September 2008

**Sydney**

Level 29  
St Martins Tower  
31 Market Street  
Sydney NSW 2000

GPO Box 3555  
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or  
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hallchadwick.com.au

**Perth**

Telephone: (02) 9687 2100

Facsimile: (02) 9687 2900

**Perth**

Telephone: (02) 4721 8144

Facsimile: (02) 4721 8155

**Melbourne**

Telephone: (03) 9670 0969

Facsimile: (03) 9670 0217

**Partners**

Robert Elliott  
Drew Townsend  
David Kenney  
Richard Albarran  
Gino Malocco  
Paul Leroy  
Steven Gladman  
Drew Kijurina  
Blair Pleash

**Associates**

Graham Webb  
Lyle Vallance  
Bill Petrovski  
David Ross

National Association  
Hall Chadwick

**Other Independent firms in:**

Brisbane  
Adelaide  
Gold Coast  
Perth



**Chartered  
Accountants**

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Ltd, a worldwide association  
of separate and independent  
accounting and consulting firms.

## Corporate governance

The Board of Directors of the Company will be responsible for the corporate governance of the Company including its strategic development.

The Company's corporate governance principles and policies are structured as follows:

- Principle 1 Lay solid foundations for management and oversight*
- Principle 2 Structure the Board to add value*
- Principle 3 Promote ethical and responsible decision making*
- Principle 4 Safeguard integrity in financial reporting*
- Principle 5 Make timely and balanced disclosure*
- Principle 6 Respect the rights of Shareholders*
- Principle 7 Recognise and manage risk*
- Principle 8 Encourage enhanced performance*
- Principle 9 Remunerate fairly and responsibly*
- Principle 10 Recognise the legitimate interests of stakeholders*

**(a) Board responsibilities**

The Board will be accountable to the Shareholders for the performance of the Company and will have overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, will be formally delegated by the Board to the CEO.

The key responsibilities of the Board will include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- reviewing the performance of the CEO;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- ensuring all major business risks are identified and effectively managed; and
- ensuring that the Company meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

**(b) Size and Composition of the Board**

The Directors consider the size and composition of the Board are appropriate given the size and status of the Company. However the composition of the Board will be subject to review in a number of ways.

- The Constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election.
- Board composition will be also reviewed periodically either when a vacancy arises or if it is considered the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board, which should match the strategic demands of the Company. Once it has been agreed that a new director is to be appointed, a search will be undertaken, using the services of external consultants, if considered necessary. Nominations would then be received and reviewed by the Board.

## Corporate governance (continued)

### (c) Ethics and Independence

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards.

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Directors of the Company are considered to be independent when they are free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgment.

The Company considers industry experience and specific expertise to be important attributes of its Board members and therefore believes that the composition of the Board is appropriate given the size and development of the Company at the present time.

### (d) Board Committees

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role. The composition of the committees shall be as follows:

- the majority of the members of each Committee of the Board will be non-executive Directors;
- each committee will have a charter approved by the Board; and
- each committee will maintain minutes of each meeting of the committee, which will be circulated to all Directors.

The Board will initially establish an audit, risk and compliance committee. At the present time no other committees will be established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

#### *Audit, Risk and Compliance Committee*

The audit, risk and compliance committee will initially be comprised of Messrs Nguyen Hai Minh and James Huey, each of whom is non-executive and independent of senior management and operating executives of the Company, and free from any relationships which might, in the opinion of the Board, be construed as a conflict of interest. The Board will annually confirm the membership of the committee.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

## **Corporate governance (continued)**

**(e) Shareholder Communication**

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to NSX for open access to the public; and
- the Company maintains a website where all NSX announcements, notices and financial reports are published as soon as possible after release to NSX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

**(f) Identification and Management of Business Risk**

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the CEO and the Board.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts will be prepared on a monthly basis, and reviewed with the CEO at subsequent Board meetings. Budgets are prepared and compared against actual results.

**(g) Remuneration**

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is \$250,000. This amount cannot be increased without the approval of the Company's shareholders.

**(h) Securities Trading Disclosure**

The Company has a formal policy for dealing in the Company's securities by Directors, employees and contractors. This sets out their obligations regarding disclosure of dealing in the Company's securities.

The Constitution permits Directors to acquire securities in the Company, however Company policy prohibits Directors and senior management from dealing in the Company's securities at any time whilst in possession of price sensitive information and for 24 hours after:

- any major announcements;
- the release of the Company's annual financial results to NSX; and
- the annual general meeting.

Directors must advise the Chairman of the Board before buying or selling securities in the Company. All such transactions are reported to the Board. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules, the Company advises NSX of any transaction conducted by Directors in the securities of the Company.



# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **INCOME STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>Revenue from continuing operations</b>	5	41,915	260
Accounting & Audit		12,538	-
Advertising & marketing		129,466	-
Compliance, listing & legal		121,823	-
Depreciation	6(a)	325	-
Directors fees		271,500	-
Unrealised foreign exchange loss		24,655	-
Impairment	6(b)	129,596	-
Share based expenses		94,205	-
Exploration & evaluation costs		132,390	-
Other expenses		52,113	-
<b>(Loss) / profit before income tax</b>		<b>(926,697)</b>	<b>260</b>
Income tax expense	7	-	-
<b>(Loss)/ profit attributable to member of the company</b>		<b>(926,697)</b>	<b>260</b>
<b>Earnings per share</b>			
Basic & Diluted Earnings Per Share	19	(7.01)	(0.04)

*The Accompanying Notes Form Part Of These Financial Statements.*

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **BALANCE SHEETS** **AS AT 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & cash equivalents	8	642,602	300,157
Trade & other receivables	9	35,975	108
Financial assets	10	92,028	-
Other assets		1,000	-
<b>Total Current Assets</b>		<u>771,605</u>	<u>300,265</u>
<b>Non-Current Assets</b>			
Plant & Equipment	11	9,313	-
<b>Total Non Current Assets</b>		<u>9,313</u>	<u>-</u>
<b>Total Assets</b>		<u>780,917</u>	<u>300,265</u>
<b>Net Assets</b>			
		<u>780,917</u>	<u>300,265</u>
<b>EQUITY</b>			
Contributed equity	12	1,628,148	300,005
Reserves	13	79,206	-
Accumulated losses		(926,437)	260
<b>TOTAL EQUITY</b>		<u>780,917</u>	<u>300,265</u>

*The Accompanying Notes Form Part Of These Financial Statements.*

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
<b>As at 1 July 2006</b>				
Profit for the year	-	260	-	260
Issue of share capital	300,005	-	-	300,005
<b>As at 30 June 2007</b>	300,005	260	-	300,265
(Loss) for the year	-	(926,697)	-	(926,697)
Issue of share capital	1,512,108	-	-	1,512,108
Expenses of share issue	(183,965)	-	-	(183,965)
Option reserve	-	-	79,206	79,206
<b>As at 30 June 2008</b>	1,628,148	(926,437)	79,206	(780,917)

*The Accompanying Notes Form Part Of These Financial Statements.*

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **CASH FLOW STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$	2007 \$
<b><u>Cash Flows From Operating Activities</u></b>			
Payments to suppliers and employees		(780,288)	-
Dividends received		563	-
Interest received		40,475	152
Net cash (used in) provided by operating activities	8(b)	<u>(739,250)</u>	<u>152</u>
<b><u>Cash Flows From Investing Activities</u></b>			
Payments for the purchase of equity instruments		(182,012)	-
Payments to joint venture		(54,798)	-
Purchase of Plant & equipment		(9,638)	-
Net cash (used in) investing activities		<u>(246,448)</u>	<u>-</u>
<b><u>Cash Flows From Financing Activities</u></b>			
Proceeds from issue of shares		1,328,143	300,005
Net cash provided by financing activities		<u>1,328,143</u>	<u>300,005</u>
Net increase in cash held		342,445	300,157
Cash at beginning of financial year		300,157	-
<b>Cash at end of financial year</b>	<b>8(a)</b>	<b><u>642,602</u></b>	<b><u>300,157</u></b>

*The Accompanying Notes Form Part Of These Financial Statements.*

# **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 1 – Summary of significant accounting policies**

This general purpose financial report has been prepared in accordance with Australian Accounting standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The following is a summary of material accounting policies adopted by the entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Basis of Preparation**

The financial report of Vietnam Emerging Capital Limited complies with Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial statements and notes thereto, comply with International Financial Reporting Standards ('IFRS').

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

#### **(a) Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal trading activities and realisation of assets and settlement of liabilities in the normal course of business. The ongoing viability of Vietnam Emerging Capital Limited is dependent upon the further successful raising of equity from the market and the continuous financial support by the directors.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the entity not be able to continue as a going concern.

#### **(b) Revenue Recognition**

Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

# **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 1 – Summary of significant accounting policies (continued)**

#### **(c) Income Tax**

The charge for current income tax expense is based on the result for the period adjusted for any non-allowable or disallowable items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax assets and liabilities are accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax assets and liabilities are credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### **(d) Foreign Currency Transactions and Balances**

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable at balance date are converted at the rates of exchange ruling at that date. The gains or losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in the result before income tax as they arise.

#### **(e) Receivables**

Trade receivables are recognised when the risks and rewards of ownership of the underlying sales transactions have passed to customers. This event usually occurs when services are provided to customers. Trade receivables are recorded at nominal amounts. Trade receivables are usually settled within 30 days. Collectability of overdue accounts is assessed on an ongoing basis. Specific provision is made for all doubtful accounts.

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 1 – Summary of significant accounting policies (continued)**

#### **(f) Depreciation of Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets in the periods are:

Class Of Fixed Asset	Depreciation Rate
Plant & Equipment	5 - 25%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

#### **(g) Financial Instruments**

##### *Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### *Classification and Subsequent Measurement*

##### *i. Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

##### *ii. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

# **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 1 – Summary of significant accounting policies (continued)**

#### **(g) Financial instruments (continued)**

##### **iii. *Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entities intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

##### **iv. *Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

##### **v. *Financial Liabilities***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

#### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### **Impairment**

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

#### **(h) Trade and Other Payables**

These amounts represent unpaid liabilities for goods received by and services provided to the Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually settled within 30 days.

#### **(i) Impairment of Assets**

At each reporting date, the Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.



# **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 1 – Summary of significant accounting policies (continued)**

#### **(j) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

#### **(k) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. In the balance sheet, trade receivables and payables are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(l) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### **(m) Earnings per share**

##### **(i) Basic earnings per share**

Basic earnings per share is determined by dividing the loss after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

##### **(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### **(n) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, associated with the acquisition of a business, are included as part of the purchase consideration.

#### **(o) Fair Values**

Fair values may be used for financial asset and liability measurement as well as for sundry payables. Estimated discounted cashflows are used to determine the fair value of other financial instruments. The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

# **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 1 – Summary of significant accounting policies (continued)**

#### **(p) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

##### **i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8**

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments.

The Entity has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

##### **ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101**

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Entity intends to apply the revised standard from 1 July 2009.

##### **iii) AASB 2008-1 Amendments to AASB 2 Share-based Payments Vesting Conditions and Cancellations**

The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share-based payment expense and are treated in a manner similar to market conditions. This amendment applies to periods commencing on or after 1 January 2009.

To date the entity has not issued any shares or options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 2 - Financial Risk Management**

The entity activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest rate risk. The entity overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function. The entity principal financial instruments consist of cash and cash equivalents and securities.

The entity management of treasury activities is centralised and governed by policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as identifying risk exposure, analysing and deciding upon strategies and performance measurement.

The entity held the following financial instruments

	2008 \$	2007 \$
<b>Financial assets</b>		
Cash & cash equivalents	643,602	300,157

#### **(a) Market risk**

##### **(i) Foreign exchange risk**

The entity operates internationally and is exposed to foreign exchange risk arising from various currency, primarily with respect to the US dollar and the Vietnamese Dong. The entity does not have any direct material currency risk as commercial transactions and recognised financial assets and liabilities are all in Australian currency.

The carrying amounts of the entity's financial assets and liabilities are denominated in Australian dollars except as set out below:

	30 June 2008 VND \$	30 June 2007 VND \$
Cash & cash equivalents	84,692	-

##### **(ii) Price risk**

The entity does not have any direct material market or commodity price risk relating to its financial assets or liabilities.

#### **(b) Credit risk**

The entity has treasury policies in place for deposit transactions for such transactions to be conducted with financial institutions with a minimum credit rating.

The credit risk on financial assets which have been recognised on the balance sheets is generally the carrying amount, net of any provisions. At balance date, cash and deposits were held with ANZ & Macquarie Cash Management Trust in Australia and by ANZ & SSI in Vietnam. For receivables refer to note 9.

The credit risk with respect to current and non-current receivables is in respect of its bankers.

#### **(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the entity policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the entity monitors its cash requirements and raises equity funding as and when appropriate to meet such planned requirements.

## **Vietnam Emerging Capital Limited**

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### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

#### **Note 2 - Financial Risk Management (continued)**

##### **(d) Cash flow interest rate risk**

The entity cash-flow interest rate risk primarily arises from cash at bank and deposits subject to market bank rates. Generally, no interest is receivable or payable on the entity trade and other receivables or payables.

##### **(e) Equity risk**

The entity objectives for managing capital are to:

- Ensure their ability to operate as a going concern
- Maximise returns to stakeholders by maintaining an optimal debt/equity structure via the issuance/redemption of debt or equity as appropriate

Net Debt consists of

- Issued capital
- Reserves
- Retained earnings

At this stage of corporate development debt is not considered appropriate.

#### **Note 3 – Accounting Estimates & Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 4 Segment Information**

Vietnam Emerging Capital Limited operates solely within one business segment and one geographical segment, being investments in securities of property & stock exchange listed companies in Vietnam.

### **Note 5 – Revenue**

#### **From continuing operations:**

	2008 \$	2007 \$
Dividends	563	-
Interest – other persons	41,352	260
	<u>41,915</u>	<u>260</u>

### **Note 6 – Expenses**

Loss before income tax from continuing operations includes the following specific expenses:

(a) Depreciation - Plant & Equipment	325	-
Total depreciation	<u>325</u>	<u>325</u>

#### **(b) Significant items:**

Impairment of shares in listed Vietnamese companies	<u>74,798</u>	<u>-</u>
Impairment of Joint venture	<u>54,798</u>	<u>-</u>

**Vietnam Emerging Capital Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	2008 \$	2007 \$
<b><u>Note 7 – Income tax expense</u></b>		
<b>a) Income tax expense</b>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
<b>b) Numerical reconciliation of Income tax expense to prima facie tax payable</b>		
Profit/(Loss) before income tax expense	<u>(926,697)</u>	<u>260</u>
Tax at the Australian tax rate of 30% (2007 - 30%)	(278,009)	78
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		-
Non-deductible depreciation, impairment & amortisation & other expenses	7,871	-
Benefits not brought to account in respect of temporary differences	97,683	-
- Benefits not raised in respect of tax losses	172,455	-
Income tax expense attributable to operating (loss) before income tax	<u>-</u>	<u>78</u>
<b>b) Deferred tax assets not recognised</b>		
Tax losses	172,455	
Temporary differences	97,683	-
	<u>270,138</u>	<u>-</u>

The deferred tax assets have not been brought to account as utilisation of these losses is not probable. The income tax losses can only be recovered by the company deriving future assessable income, conditions for deductibility imposed by law being complied with and no changes in tax legislation adversely affecting the realisation of the benefit from the deductions.

The balance of franking credits available for the franking of dividends at 30 June 2008 was nil (2007: nil).

# Vietnam Emerging Capital Limited

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
<b><u>Note 8 – Current assets - Cash &amp; Cash Equivalents</u></b>		
a) Cash at the end of the financial year as shown in the Cash Flow Statements is reconciled to the related items in the Balance Sheet as follows:		
Cash at Bank & in hand (i)	142,637	300,157
Deposits (ii)	499,965	-
Balance per Cash Flow Statements	<u>642,602</u>	<u>300,157</u>

(i) Cash interest rate range from 0.01% to 4.5% on the daily balance.

(ii) Deposits – daily variable interest rates averaging 6.49%

**b) Reconciliation of cash flow from operations with net (loss) after income tax**

Operating (loss) after Income Tax	(926,697)	260
Non-cash flows in net (loss)		
Depreciation	325	-
Impairment of financial assets	89,986	-
Impairment of joint venture	54,798	-
Non-cash share based payments	79,206	-
<i>Changes in assets and liabilities, net of effects from disposal of subsidiaries</i>		
(Increase)/decrease in trade and term receivables	(36,868)	-
Net cash (used in) operating activities	<u>(739,250)</u>	<u>260</u>

**c) Share based payments**

The fair value of 14,370,113 options issued to Directors subscribing for shares & options and approved by shareholders 14 December 2007

60,699	-
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The issue of 100,000 ordinary shares at a fair value of \$15,000 to an IPO Services provider, payable on successful completion of the NSX listing

15,000	-
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The issue of 350,000 options exercisable at \$0.25 expiring 30 June 2010 to an IPO Services provider, payable on successful completion of the NSX listing

18,507	-
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# Vietnam Emerging Capital Limited

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
<b><u>Note 9 – Other receivables</u></b>		
<b>Current Asset</b>		
Other receivables	35,975	108
Total Other receivables	<u>35,975</u>	<u>108</u>
No interest is receivable in respect of Other receivables.		
 <b><u>Note 10 – Financial assets</u></b>		
Investments comprise:		
Shares in listed Vietnamese companies	182,012	-
Impairment provision	<u>(89,984)</u>	<u>-</u>
	<u>92,028</u>	<u>-</u>
 Investment in joint venture		
Impairment provision	54,798	-
	<u>(54,798)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
 <b><u>Note 11 – Plant &amp; Equipment</u></b>		
Plant and Equipment		
At cost	9,638	-
Less accumulated depreciation	<u>(325)</u>	<u>-</u>
	<u>9,313</u>	<u>-</u>
 Movement in plant & equipment		
Written down value as at beginning of year	-	-
Additions – plant & equipment at cost	9,638	-
Depreciation – plant & equipment at cost	<u>(325)</u>	<u>-</u>
Written down value as at end of year	<u>9,313</u>	<u>-</u>



# Vietnam Emerging Capital Limited

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 12 - Contributed Equity

	2008 Shares	2007 Shares	2008 \$	2007 \$
<b>(a) Share Capital</b>				
<b>Fully paid ordinary shares</b>	15,882,626	7,200,005	1,628,148	300,005

### **(b) Date & Details of movements in ordinary share capital:**

		Number of Shares	Issue Price \$	\$
16 Feb 2007	Shares issued to initial subscribers	5	\$1.00	5
16 May 2007	Shares issued to subscribing director's	1,500,000	\$0.01	15,000
26 June 2007	Shares issued to subscribing director's	5,700,000	\$0.05	285,000
31 Oct 2007	Shares issued to investors	650,000	\$0.10	65,000
30 Nov 2007	Pre-IPO investors	5,487,121	\$0.15	823,068
19 March 2008	IPO subscribers to Prospectus	2,445,500	\$0.25	611,375
30 June 2008	Fair value of payment for services	100,000	\$0.15	15,000
				1,814,613
	Costs of Equity raising & IPO			(186,465)
	<b>At 30 June 2008</b>	15,882,626		1,628,148

### **(c) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### **Share Options**

Option holders do not participate in dividends or in proceeds on winding up of the company. Option holders can only vote on motions relating to directly to options.

At balance date, share options existed which if exercised would result in the issue of 17,818,557 (2007: 14,170,113) fully paid ordinary shares. The details of the options are as follows:

Grant date	Date of expiry	Exercise price	Number under option
31 Oct 2007	30 June 2010	\$0.25	325,000
30 Nov 2007	30 June 2010	\$0.25	2,773,444
14 December 2007	30 June 2010	\$0.25	14,370,113
30 June 2008	30 June 2010	\$0.25	350,000
			<u>17,818,557</u>

In each of the 2 option classes 1 option converts into 1 ordinary fully paid share in Vietnam Emerging Capital Limited.

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
<b><u>Note 13: Reserves &amp; Accumulated Losses</u></b>		
<b>(a) Reserves</b>		
Share Option reserve	<u>79,206</u>	<u>-</u>
<b>Movements</b>		
<i>Share Option reserve</i>		
Balance 1 July 2007	-	-
Fair value of Options issued to Directors	60,699	-
Fair value of options issued to contractor	18,507	-
<b>Balance at 30 June 2008</b>	<u><b>79,206</b></u>	<u><b>-</b></u>
<b>(b) Accumulated Losses</b>		
Accumulated Profits/(losses) at the beginning of the financial year	260	-
Current year loss	<u>(926,697)</u>	<u>260</u>
	<u><b>(926,437)</b></u>	<u><b>260</b></u>

### **Note 14 – Key management personnel disclosures**

#### **(a) Key management personnel compensation**

	2008 \$	2007 \$
Short-term employee benefits	239,911	67,500
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	<u>60,699</u>	<u>-</u>
	<u><b>300,610</b></u>	<u><b>67,500</b></u>

The company has transferred the detailed remuneration disclosures to the director's report. The relevant information can be found in sections A-C of the remuneration report on pages 8 to 11.

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 14 – Key management personnel disclosures (continued)**

#### ***Option holdings – 2008***

The number of options in the company held during the financial year by each Director of Vietnam Emerging Capital Limited and other key management personnel of the entity, including their personally related parties are set out below:

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes	Balance at the end of the year	Vested & exercisable at the end of the year
<b>Directors of Vietnam Emerging Capital Limited</b>						
Jack Tan	-	4,723,371	-	-	4,723,371	4,723,371
Lawrence Nguyen	-	4,723,371	-	-	4,723,371	4,723,371
Minh Hai Nguyen	-	4,723,371	-	-	4,723,371	4,723,371
James Huey	-	200,000	-	-	200,000	200,000

#### ***Other key management personnel of the Entity***

Robert Lees	-	-	-	150,000	150,000	150,000
-------------	---	---	---	---------	---------	---------

#### ***Option holdings - 2007***

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes	Balance at the end of the year	Vested & exercisable at the end of the year
<b>Directors of Vietnam Emerging Capital Limited</b>						
Jack Tan	-	-	-	-	-	-
Lawrence Nguyen	-	-	-	-	-	-
Minh Hai Nguyen	-	-	-	-	-	-

#### ***Other key management personnel of the Entity***

Robert Lees	-	-	-	-	-	-
-------------	---	---	---	---	---	---

No Directors, executives or employees are participants in an employee share scheme.

The number of shares in the company held during the financial year by each Director of Vietnam Emerging Capital Limited and other key management personnel of the entity, including their personally related parties are set out below:

#### ***Share holding - 2008***

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year	Held indirectly
<b>Directors – Ordinary Shares</b>					
Jack Tan	946,744	-	-	946,744	1
Lawrence Nguyen	2,246,743	-	-	2,246,743	1,746,742
Minh Hai Nguyen	2,246,744	-	-	2,246,744	950,001
James Huey	-	-	400,000	400,000	-

#### ***Executives – Ordinary Shares***

Robert Lees	-	-	300,000	300,000	300,000
-------------	---	---	---------	---------	---------

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 14 – Key management personnel disclosures (continued)**

#### **Share holding - 2007**

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year	Held indirectly
------	----------------------------------	---	-------------------------------	--------------------------------	-----------------

#### **Directors – Ordinary Shares**

Jack Tan	-	-	946,744	946,744	1
Lawrence Nguyen	-	-	2,246,743	2,246,743	1,746,742
Minh Hai Nguyen	-	-	2,246,744	2,246,744	950,001

#### **Executives – Ordinary Shares**

Robert Lees	-	-	-	-	-
-------------	---	---	---	---	---

### **Note 15 – Remuneration of Auditors**

During the year the following fees were paid or payable for services provided by the auditor of the entity its related practices and non-related audit firms.

	2008 \$	2007 \$
<b>(a) Assurance services</b>		
<i>Audit services</i>		
Hall Chadwick		
Audit and review of financial reports and other audit work under the Corporations Act 2001	12,500	-
<b>(b) Taxation services</b>		
Hall Chadwick		
Tax compliance services, including review of company income tax returns	10,000	-
<b>(c) Other services</b>		
Hall Chadwick		
Preparation of an Independent Accountants Report relating to IPO Prospectus	25,200	-
	47,700	-

### **Note 16 – Commitments**

A further \$100,000 is payable towards the construction of the Lac Trung IT Business Park building project by 31 December 2008 and the final Contribution of \$100,000 is due by 31 March 2009. The planned start of construction is the first quarter 2009.

### **Note 17 – Contingencies**

#### **Contingent Liabilities**

There are no contingent liabilities at the end of the financial year.

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

### **Note 18. - Events occurring after the balance sheet date**

There have been no other subsequent events that would have a material impact on the financial report for the year ended 30 June 2008.

### **Note 19 – Earnings Per Share**

	<b>2008 Cents</b>	<b>2007 Cents</b>
<b>Basic &amp; diluted earnings per share</b>		
(Loss) attributable to the ordinary equity holders of the company	(7.01)	(0.04)

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

Earnings used in calculating basic & diluted earnings per share	<u>(926,697)</u>	<u>260</u>
<b>Weighted average number of shares used as the denominator</b>	<b>Number of Shares 2008</b>	<b>Number of Shares 2007</b>
Weighted average number of ordinary and partly paid shares used in the calculation of basic & diluted earnings per share	<u>13,224,596</u>	<u>691,235</u>
Number of Options on issue convertible at one to one Options are considered non-dilutive	<u>17,059,097</u>	<u>355,068</u>

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

### Note 20. – Share based payments

Total expenses arising from share based payment transactions recognised during the period as part

	2008 \$	2007 \$
(a) Options issued to directors		
Fair value of Options issued to Directors of VECL		
Approved by shareholders 14 December 2007	60,699	-
(b) Payments to IPO service provider		
Fair value of Shares issued to suppliers as payment for services		
in the IPO at \$0.15 per share	15,000	-
(c) Options issued to IPO service provider		
Fair value of Options issued to suppliers as payment for services		
in the IPO	18,507	-

The company estimated the value of the options issued to a Director related party using the Black-Scholes Model options valuation formula.

The data relied upon in applying the Black-Scholes Model was:

	(a)	(c)
• The exercise price of the Options being;	25 cents	25 cents
• Exercise date being on or before;	30 June 2010	30 June 2010
• The assumed valuation of the Company's share price of;	10 to 15 cents	25 cents
• A volatility measure of 25%	25%	25%
• A risk-free interest rate of 6.37%; and	6.37%	6.37%
• A dividend yield of.	0%	0%

Based on this information the company adopted an indicative value of 0.42 cents each 5.29 cents each

The options are fully vested on issue.

Details of options outstanding issued to Directors during the financial year are as follows:

2008									
Grant date	Exercise date	Exercise price	Balance at beginning of year	Granted during the year	Forfeited during the year	Exercised during the year	Expired/ transferred during the year	Balance at end of year	Exercisable at end of year
14 Dec 2007	30 June 2010	\$0.25	-	14,370,113	-	-	-	14,370,113	14,370,113
2007									
Grant date	Exercise date	Exercise price	Balance at beginning of year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of year	Exercisable at end of year
-	-	-	-	-	-	-	-	-	-

The weighted average exercise price of options issued to directors outstanding at 30 June 2008 is \$0.25. To date none have been exercised

## **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**

#### **Note 21. – Corporate Information**

The Financial Report of Vietnam Emerging Capital Limited was authorised for issue in accordance with a resolution of the directors on 30 September 2008 and covers Vietnam Emerging Capital Limited as an individual entity as required by the Corporations Act 2001.

The Financial Report is presented in Australian currency. Vietnam Emerging Capital Limited is a company limited by shares incorporated in Australia, whose shares are publicly traded on the National Stock Exchange.

The address of the registered office which is also the principal place of business is outlined on page 2 of this report.

# **Vietnam Emerging Capital Limited**

A.B.N. 69 123 981 537

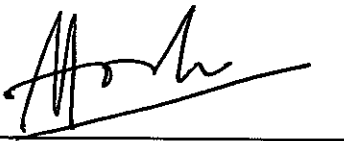
## **DIRECTORS' DECLARATION**

The Directors of the company declare that:

1. The Financial Statements, comprising the Income Statements, Balance Sheets, Statements of Changes in Equity and Cash Flow Statements, and accompanying notes are in accordance with the Corporations Act 2001 and:
  - a) Comply with Accounting Standards and the Corporations Regulations 2001; and
  - b) Give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in the director's report (as part of the audited remuneration report), for the year ended 30 June 2008, comply with section 300A of the Corporations Act 2001.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Director

Sydney

Dated this 30 September 2008



**VIETNAM EMERGING CAPITAL LIMITED**  
**ABN 69 123 981 537**  
**INDEPENDENT AUDITOR'S REPORT TO THE**  
**MEMBERS OF VIETNAM EMERGING CAPITAL LIMITED**

*Report on the Financial Report*

We have audited the accompanying financial report of Vietnam Emerging Capital Limited (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the entity at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in the directors' report and not in the financial report.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Vietnam Emerging Capital Limited on 30 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

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Gino Malacco  
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Dren Kijurina  
Blair Pleash

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Lyle Vallance  
Bill Petrovski  
David Ross

National Association  
Hall Chadwick

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**VIETNAM EMERGING CAPITAL LIMITED**  
**ABN 69 123 981 537**  
**INDEPENDENT AUDITOR'S REPORT TO THE**  
**MEMBERS OF VIETNAM EMERGING CAPITAL LIMITED**

**Auditor's Opinion**

In our opinion:

- a. the financial report of Vietnam Emerging Capital Limited and is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

**Uncertainty Regarding Continuation as a Going Concern**

Without qualifying our conclusion, we draw attention to the income statement in the financial report, which indicates that the company incurred a net loss of \$926,697 during the year ended 30 June 2008. Note 1(a) also states the directors' reasons for the financial report being prepared on a going concern basis. Should the company not achieve the matters as set forth in Note 1(a) there is significant uncertainty about the company's ability to continue as a going concern.

Hall Chadwick  
Level 29, St Martins Tower  
31 Market Street  
Sydney NSW 2001



**DREW TOWNSEND**

Partner

Date: 30 September 2008

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## Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

### NATIONAL STOCK EXCHANGE INFORMATION

The following additional information is required by the National Stock Exchange Limited in respect of listed public companies.

1. (a) **Distribution of Ordinary Fully Paid Shareholder**

The distribution of ordinary fully paid shareholders and their shareholdings at 25 September 2008 was as follows:

Range	Shareholders	Fully Paid Shares	%
1 – 1,000	0	0	0.000%
1,001 – 5,000	4	15,772	0.106%
5,001 – 10,000	66	581,040	3.893%
10,001 – 100,000	66	2,312,076	15.490%
100,001 – upwards	30	12,017,072	80.511%
<b>Total</b>	<b>166</b>	<b>14,925,960</b>	<b>100.000%</b>

(b) The number of ordinary fully paid shareholders holding less than marketable parcel is 1 with a total of 2,300 shares (0.015%)

(c) The names of substantial ordinary fully paid shareholders listed in the holding company's register as at 25 September 2008 are:

Shareholders Name	Number of Shares	%
Lawrence Nguyen Nominees Pty Ltd <Nguyen Investment A/C>	1,746,742	11.703%
Unilease Capital Sdn Bhd	1,300,000	8.710%
Hai Minh Nguyen	1,296,743	8.688%
Jack Tian Hock Tan	946,743	6.343%

(d) **Voting Rights**

Issued shares are either ordinary fully paid shares or partly paid shares. Each shareholder is entitled to one vote on any matter put to a vote by show of hands at a meeting of shareholders. Each fully paid shareholder is entitled to one vote per share on any matter put to a poll at a meeting of shareholders. Partly Paid Shareholders are entitled to vote to the extent to which the Partly Paid Shares are paid up.

# Vietnam Emerging Capital Limited

A.B.N. 69 123 981 537

## NATIONAL STOCK EXCHANGE INFORMATION (continued)

### 2. Substantial Ordinary Fully Paid Shareholders

The top 20 ordinary fully paid shareholders and their shareholding at 25 September 2008 were as follows: -

	Name of Shareholder	Number of Shares	% of Issued Capital
1	Lawrence Nguyen Nominees Pty Ltd <L Nguyen Investment A/C>	1,746,742	11.703%
2	Unilease Capital Sdn Bhd	1,300,000	8.710%
3	Hai Minh Nguyen	1,296,743	8.688%
4	Mr Jack Tian Hock Tan	946,743	6.343%
5	Mf Custodian Ltd	650,000	4.355%
6	Mr Lawrence Nguyen	500,001	3.350%
7	Mrs Soon Gaik Khoo	474,166	3.177%
8	Meng Soon Kow	459,774	3.080%
9	Mr Rodney James Huey	400,000	2.680%
10	Mr Daniel Green <Discretionary Investment A/C>	333,334	2.233%
11	Coysec Services Pty Ltd	300,000	2.010%
12	Mr Somchai Tongsumrith & Mrs Claire L Tongsumrith <Tongsumrith Family S/F A/C>	280,000	1.876%
13	Khoo Cheng Lye	250,000	1.675%
14	Ms Beryl Bao Pham <Bc Healthquest S/F A/C>	250,000	1.675%
15	Ack Australia Pty Ltd <Staff Super Fund A/C>	200,000	1.340%
16	Carnethy Evergreen Pty Ltd <Carnethy Evergreen Fund A/C>	200,000	1.340%
17	Mr Allen Ching-Lun Huang	200,000	1.340%
18	Mr David Stephens & Mrs Piroska Stephens <Stephens Family S/F A/C>	200,000	1.340%
19	Mr Mark Ivancic <Pyramid Foods Retirement A/C>	200,000	1.340%
20	Binh Thanh Hai Nguyen	190,001	1.273%
	<b>Total Twenty Largest Shareholders</b>	<b>10,377,504</b>	<b>69.527%</b>
	<b>Total Ordinary Shares on Issue at 25 September 2008</b>	<b>14,925,960</b>	

### 4. Unquoted Equity Securities

#### a) Distribution of Unquoted Options - (\$0.25) exp 30 June 2010

The distribution of Unquoted Options (\$0.25) exp 30 June 2010 and their option holdings at 25 September 2008 was as follows: -

Range	Option holders	30 June 2010 Options	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	33	4,246,890	23.83%
100,001 - upwards	11	13,571,667	76.17%
<b>Total</b>	<b>44</b>	<b>17,818,557</b>	<b>100.00%</b>