

28 March 2011

## Vietnam Infrastructure Limited

### Interim results for the six months ended 31 December 2010

Vietnam Infrastructure Limited (the "Company" or "VNI") (VNI.L), the first publicly traded fund to focus on investment into infrastructure assets in Vietnam, today announces its interim results for the six months ended 31 December 2010 ("the Period").

#### Financial highlights

- Net loss for the Period of USD26.7 million (HY09: USD5.3 million net profit).
- Net loss per share of USD0.07 for the Period (HY09: USD0.01 net profit).
- Cash and cash equivalents as at 31 December 2010 of USD74.5 million.
- Net asset value at 31 December 2010 of USD230 million representing USD0.57 per share.

#### Operational highlights

- Held a groundbreaking for the Long An SEA Industrial Park and brought in Dong Tam Group as partner.
- Handover completed on the first 60-hectare parcel of the Ba Thien 2 Industrial Park project.
- Investee HNEM started operations of its first hydropower plant, and started construction on a second plant.
- Investee Nam Viet Oil completed the expansion of its condensate refinery from 2,000 to 5,000 barrels per day, and obtained a petroleum import-export licence.
- VNI partially realised its investment in ITA, a listed industrial park owner and operator.

#### Commenting, Tony Hsun, Managing Director of the Company's Investment Manager, said:

"Vietnam's infrastructure environment continues to see demand outstrip the supply of power, transport and utilities. Currently, the best investment opportunities for our fund lie in services and logistics, including untapped areas like agriculture-related infrastructure. This year should see the fund fully invested, particularly as there are excellent opportunities in OTC and pre-IPO assets that are near to listing on the stock market. VNI remains in close touch with shareholders, and the fund remains committed to starting distributions later in 2011."

#### Notes to Editors:

VinaCapital is the leading investment management and real estate development firm in Vietnam, with a diversified portfolio of almost USD2 billion in assets under management. VinaCapital was founded in 2003 and boasts a team of managing directors who bring extensive international finance and investment experience to the firm. VinaCapital manages three closed-end funds trading on the AIM Market of the London Stock Exchange. These funds, at a combined net asset value (NAV) of USD1.7 billion as of December 2010, make VinaCapital the largest asset manager focused on Vietnam and its neighbouring countries.

VinaCapital has offices in Ho Chi Minh City, Hanoi, Danang, Nha Trang, Phnom Penh (Cambodia) and Singapore. More information about VinaCapital is available at [www.vinacapital.com](http://www.vinacapital.com).

More information on Vietnam Infrastructure Limited is available at [www.vinacapital.com/vni](http://www.vinacapital.com/vni)

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## **Chairman's Statement**

Dear Shareholders,

We are pleased to present the interim results of Vietnam Infrastructure Limited (AIM: VNI) for the six month period ended 31 December 2010.

Vietnam's economy grew at a healthy 6.8 percent in 2010, but investor sentiment was weak given high inflation and concern over the balance of payments. The Vietnam dong (VND) depreciated over ten percent in 2010 (and a further 7.2 percent in early 2011). The Vietnam Index fell to a 52-week low of 420 points in mid-November, before recovering in December to close the year at 485 points. For 2010, the VN Index lost 7.2 percent in USD terms.

VNI saw its net asset value decline 10.5 percent to USD230 million (USD0.57 per share) at 31 December 2010, from USD257 million (USD0.64 per share) at 30 June 2010. The loss was due primarily to the performance of listed holdings in the portfolio. At 31 December 2010, VNI shares traded at USD0.37, representing a discount to NAV of 35.1 percent.

For the six months ended 31 December 2010, operational highlights included private equity holding Hanoi Electrical Equipment Mechanical Engineering JSC (HNEM) reaching a major milestone with its first hydropower plant of 13.5MW starting operations. Also, a groundbreaking ceremony was held for the Long An Industrial Park, and VNI took possession of the first tranche of cleared land at the Ba Thien II Industrial Park near Hanoi, northern Vietnam. Top OTC holding Nam Viet Oil received a petroleum import-export licence, and completed expansion of its condensate refinery.

Going forward, VNI in 2011 will take advantage of Vietnam's low stock market valuations by focusing on pre-listed and pre-IPO assets that offer the possibility of rapid value appreciation. The scope of investment has been broadened to include agriculture-related assets such as logistics and plantation facilities. The fund recently announced its investment in Saigon Infrastructure Real Estate Investment JSC (SII), a holding company for the operating assets of HCM City Infrastructure Investment JSC (CII), one of Vietnam's leading infrastructure developers and also a VNI investee.

Vietnam's domestic economy in 2011 will be shaped largely by monetary policy, as the State Bank tries to control inflation, which reached 11.8 percent year-on-year in 2010. Following the February devaluation of the Vietnam dong by 7.2 percent, the government has employed a more flexible 'crawling peg' approach, adjusting the central rate on a daily basis. If the government's macro policies and spending cutbacks achieve their

intended goal, the need for further devaluation will be minimised. Currently, the VND open market rate is about 1.5 percent below the official rate.

In the tight monetary environment that will prevail in 2011, Vietnamese companies are increasingly looking to strategic investors to help them achieve business plans and grow their companies. VNI remains well placed to continue acquiring assets at reasonable valuations, with the aim of being fully invested by the end of the calendar year.

The Board intends to approve a distribution later in 2011, and will decide on the specific form of the distribution in due course. The intention of the distribution will be to help to close the share price discount, without compromising our ability to grow assets and return value to shareholders over the long term.

The Board welcomes shareholder feedback, and we hope to be in touch with many of you over the coming year. Thank you for your continued support.

**Paul Cheng**

Chairman

Vietnam Infrastructure Limited

25 March 2011

## Condensed Interim Consolidated Statement of Financial Position

	Note	31 December 2010 USD'000	30 June 2010 USD'000
<b>ASSETS</b>			
<b>Non-current</b>			
Investment properties	7	6,850	3,538
Prepayments for acquisitions of investments	8	13,887	16,159
Investments in associates	9	29,766	30,624
Property, plant and equipment		18	21
Long term prepayments		288	272
<b>Non-current assets</b>		<b>50,809</b>	50,614
<b>Current</b>			
Trade and other receivables	10	13,794	10,951
Financial assets at fair value through Statement of Income	11	94,885	112,776
Receivables from related party		3,218	-
Short-term investments	13	-	8,819
Cash and cash equivalents	14	74,460	79,938
<b>Current assets</b>		<b>186,357</b>	212,484
<b>Total assets</b>		<b>237,166</b>	263,098
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the parent:</b>			
Share capital	15	4,021	4,021
Additional paid-in capital	16	346,157	346,157
Treasury shares		(635)	(635)
Translation reserve		(1,209)	(378)
Other reserve		60	60
Retained earnings		(118,783)	(92,216)
		<b>229,611</b>	257,009
Non-controlling interests		1,206	624
<b>Total equity</b>		<b>230,817</b>	257,633
<b>LIABILITIES</b>			
<b>Current</b>			
Payables to related parties	17	947	974
Other liabilities		5,402	4,491
<b>Total liabilities</b>		<b>6,349</b>	5,465
<b>Total equity and liabilities</b>		<b>237,166</b>	263,098
<b>Net assets per share attributable to equity Shareholders of the parent (USD per share)</b>	22	<b>0.57</b>	0.64

Condensed Interim Consolidated Statement of Changes in Equity

	Equity attributable to equity shareholders of the parent						Non-	Total
	Share	Additional	Treasury	Translatio	Other	Retained	controlling	equity
	capital	paid-in	shares	n reserve	reserve	earnings	interests	
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Balance at 1 July 2009</b>	<b>4,021</b>	<b>346,157</b>	<b>(635)</b>	<b>(139)</b>	<b>-</b>	<b>(88,141)</b>	<b>885</b>	<b>262,148</b>
Profit/(loss) for the period from 1 July 2009 to 31 December 2009	-	-	-	-	-	5,338	(45)	5,293
<b>Other comprehensive income/(loss)</b>								
- Foreign exchange difference from translations of foreign operations	-	-	-	(48)	-	-	(21)	(69)
- Decrease in non-controlling interest	-	-	-	-	(60)	-	-	(60)
Total other comprehensive income/(loss)	-	-	-	(48)	(60)	-	(21)	(129)
<b>Total comprehensive income/ (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48)</b>	<b>(60)</b>	<b>5,338</b>	<b>(66)</b>	<b>5,164</b>
<b>Balance at 31 December 2009</b>	<b>4,021</b>	<b>346,157</b>	<b>(635)</b>	<b>(187)</b>	<b>(60)</b>	<b>(82,803)</b>	<b>819</b>	<b>267,312</b>
<b>Balance at 1 July 2010</b>	<b>4,021</b>	<b>346,157</b>	<b>(635)</b>	<b>(378)</b>	<b>60</b>	<b>(92,216)</b>	<b>624</b>	<b>257,633</b>
Loss for the period from 1 July 2010 to 31 December 2010	-	-	-	-	-	(26,567)	(99)	(26,666)
<b>Other comprehensive income</b>								
- Foreign exchange difference from translations of foreign operations	-	-	-	(831)	-	-	681	(150)
Total other comprehensive income/(loss)	-	-	-	(831)	-	-	681	(150)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(831)</b>	<b>-</b>	<b>(26,567)</b>	<b>582</b>	<b>(26,816)</b>
<b>Balance at 31 December 2010</b>	<b>4,021</b>	<b>346,157</b>	<b>(635)</b>	<b>(1,209)</b>	<b>60</b>	<b>(118,783)</b>	<b>1,206</b>	<b>230,817</b>

## Condensed Interim Consolidated Statement of Income

	Note	Six month period ended	
		31 December 2010 USD'000	31 December 2009 USD'000
Net changes in fair value of financial assets at fair value through Statement of Income	18	(23,766)	6,286
Administration expenses	19	(3,758)	(3,840)
<b>(Loss)/profit from operating activities</b>		<b>(27,524)</b>	<b>2,446</b>
Financial income	20	2,797	3,814
Foreign exchange losses		(998)	(1,486)
Share of (loss)/profit of associates, net		(941)	519
		<b>858</b>	<b>2,847</b>
<b>(Loss)/gain before tax from continuing operations</b>		<b>(26,666)</b>	<b>5,293</b>
Income tax	21	-	-
<b>Net (loss)/profit from continuing and total operations</b>		<b>(26,666)</b>	<b>5,293</b>
Attributable to equity shareholders of the parent		(26,567)	5,338
Attributable to non-controlling interests		(99)	(45)
Earnings per share (continuing and total) – basic and diluted (USD per share)	22	(0.07)	0.01

## Condensed Interim Consolidated Statement of Comprehensive Income

	Note	Six month period ended	
		31 December 2010 USD'000	31 December 2009 USD'000
<b>(Loss)/profit for the period</b>		<b>(26,666)</b>	5,293
<b>Other comprehensive (loss)</b>			
- Foreign exchange differences from translations of foreign operations		(150)	(69)
- Decrease in non-controlling interest		-	(60)
<b>Other comprehensive (loss) for the period</b>		<b>(150)</b>	(129)
<b>Total comprehensive (loss)/income for the period</b>		<b>(26,816)</b>	5,164
Attributable to equity shareholders of the parent		(27,398)	5,230
Attributable to non-controlling interests		582	(66)
		<b>(26,816)</b>	5,164

## Condensed Interim Consolidated Statement of Cash Flows

	Six month period ended	
	31 December 2010 USD'000	31 December 2009 USD'000
Operating activities		
Net (loss)/profit before tax	(26,666)	5,293
Adjustments for:		
Unrealised net (gain)/loss from revaluation of financial assets at fair value through Statement of Income	21,225	(2,874)
Net loss/(gain) from realisation of financial assets at fair value through Statement of Income	2,791	(6,992)
Share of loss/(profit) of associates	941	(519)
Unrealised foreign exchange (gain)/loss	(2,795)	4,929
Interest and dividend income	(2,797)	(3,814)
<b>Net loss before changes in working capital</b>	<b>(7,301)</b>	<b>(3,977)</b>
Change in prepayments	2,256	(1,201)
Change in short - term investments	5,123	-
Change in trade and other receivables	(2,960)	108
Change in trade and other payables	980	1,828
	<b>(1,902)</b>	<b>(3,242)</b>
Investing activities		
Interest received	2,222	1,178
Dividend received	760	471
Deposit received from co-investor	-	1,000
Acquisition of additional investment in subsidiaries	-	(748)
Deposit for investment	(882)	-
Investment in associates	(399)	(6,150)
Acquisition of financial assets	(13,552)	(47,199)
Proceeds from disposals of financial assets	8,388	12,455
	<b>(3,463)</b>	<b>(38,993)</b>
<b>Net decrease in cash and cash equivalents for the period</b>	<b>(5,365)</b>	<b>(42,235)</b>
Foreign currency translation differences	(113)	-
Cash and cash equivalents at the beginning of the period	79,938	114,503
<b>Cash and cash equivalents at end of the period</b>	<b>74,460</b>	<b>72,268</b>



## **Notes to the Condensed Interim Consolidated Financial Statements**

### **1. General information**

Vietnam Infrastructure Limited (“the Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is PO Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company’s principal activity is to invest in a diversified portfolio of entities owning infrastructure projects and assets in Vietnam and the surrounding Asian countries. The Company mainly invests and holds equity, debt and hybrid instruments in unquoted companies that themselves hold, develop or operate infrastructure assets. The Company may also invest in entities whose shares or other instruments are listed on a stock exchange, or traded on the OTC markets. The Company also may invest in other funds that invest in infrastructure. The company’s shares are listed on the London Stock Exchange’s Alternative Investment Market under the ticker symbol VNI.

The condensed interim consolidated financial statements for the six months ended 31 December 2010 were approved for issue by the Company’s Board of Directors on 25 March 2011.

### **2. Basis of preparation of condensed interim consolidated financial statements**

These condensed interim consolidated financial statements are for the six months ended 31 December 2010. They have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (IASB). They do not include all of the information required in the annual financial statements in accordance with International Financial Reporting Standards (IFRS). Accordingly, these reports are to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2010.

A large proportion of income and expenses in the condensed interim consolidated statement of income results from the Group’s operating subsidiaries.

The consolidated interim consolidated financial statements are presented in United States Dollars (USD), which is also the functional currency of the parent company, and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

### **3. Significant accounting policies**

These condensed interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2010.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

AIM listing rules require entities to include comparative financial position as at 31 December 2009, however the Group obtained the derogation from London Stock Exchange to not present the comparative financial position for the period, and, as a result, it has not been included in these condensed interim consolidated financial statements.

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

When preparing the condensed interim consolidated financial statements, the Group undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by Management, and may not equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

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

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

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

### ***Impairment***

#### *Other assets*

The Group's interests in associates are subject to impairment testing in accordance with the accounting policy 3.13 of the last annual financial statements for the year ended 30 June 2010.

#### *Impairment of investment properties*

Whenever there is an indication of impairment of an investment property, the Valuation Committee and Group's Management will assess the need for an impairment adjustment.

## **5. Segment analysis**

In identifying its operating segments, Management generally follows the Group's sectors of investment which are based on internal management reporting information for the Investment Manager's management, monitoring of investments and decision making. The operating segments by investment portfolio include energy, property and infrastructure developers, telecommunications, transportation and logistics, general infrastructure, environment and others.

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

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

## Condensed Interim Consolidated Statement of Financial Position

	31 Dec 2010								
	Energy	Property and infras- tructure developers	Telecom- munications	Transpor- -tation and logistics	General Infras- tructure	Environ- ment	Others	Cash and others	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Total assets</b>									
<b>Vietnam</b>									
Financial assets at fair value through Statement of Income									
-Held for trading	37,333	9,413	2,183	12,711	11,628	-	3,231	-	76,499
-Designated at fair value through Statement of Income	2,667	-	-	15,383	-	-	336	-	18,386
Investment property	-	6,850	-	-	-	-	-	-	6,850
Prepayments for acquisitions of investments	-	13,887	-	-	-	-	-	-	13,887
Investments in associates	2,194	-	23,372	-	-	4,200	-	-	29,766
Property, plant and equipment	-	18	-	-	-	-	-	-	18
Long-term prepayments	-	288	-	-	-	-	-	-	288
Trade and other receivables	-	-	-	-	-	-	-	13,794	13,794
Short-term investments	-	-	-	-	-	-	-	-	-
Receivables from related parties	-	-	-	-	-	-	-	3,218	3,218
Cash and cash equivalents	-	-	-	-	-	-	-	67,720	67,720
<b>Outside Vietnam</b>									
Cash and cash equivalents	-	-	-	-	-	-	-	6,740	6,740
<b>Total assets</b>	<b>42,194</b>	<b>30,456</b>	<b>25,555</b>	<b>28,094</b>	<b>11,628</b>	<b>4,200</b>	<b>3,567</b>	<b>91,472</b>	<b>237,166</b>

**In comparison with the last period end**

	30 June 2010								
	Energy	Property and infras- tructure developers	Telecom- munications	Transpor- -tation and logistics	General infras- tructure	Environ- ment	Others	Cash and others	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Total assets</b>									
<b>Vietnam</b>									
Financial assets at fair value through Statement of Income									
-Held for trading	38,320	22,313	2,789	2,680	21,073	-	3,298	-	90,473
-Designated at fair value through Statement of Income	2,731	-	-	19,227	-	-	345	-	22,303
Investment property	-	3,538	-	-	-	-	-	-	3,538
Prepayments for acquisitions of investments	-	16,159	-	-	-	-	-	-	16,159
Investments in associates	1,839	-	23,185	-	-	5,600	-	-	30,624
Property, plant and equipment	-	21	-	-	-	-	-	-	21
Long-term prepayments	-	272	-	-	-	-	-	-	272
Trade and other receivables	-	-	-	-	-	-	-	10,951	10,951
Short-term investments	-	-	-	-	-	-	-	8,819	8,819
Receivables from related parties	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	14,625	14,625
<b>Outside Vietnam</b>									
Cash and cash equivalents	-	-	-	-	-	-	-	65,313	65,313
<b>Total assets</b>	<b>42,890</b>	<b>42,303</b>	<b>25,974</b>	<b>21,907</b>	<b>21,073</b>	<b>5,600</b>	<b>3,643</b>	<b>99,708</b>	<b>263,098</b>





## 6. Subsidiaries

### Particulars of significant subsidiaries of the Group as of 31 December 2010:

Name	Place of incorporation/operations	Nominal value of issued share capital/registered capital USD	Percentage interest held by the Group	Principal activities
VIL Investment Ltd.	BVI	20,000,000	100%	Investment
Vietnam Infrastructure Investment Ltd.	BVI	174,000,000	100%	Investment
Vietnam Infrastructure Development Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Enterprise Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Holding Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Strategic Ltd.	BVI	150,000,000	100%	Investment
Vietnam Infrastructure Privilege Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Heritage Ltd.	BVI	1,680,000	100%	Investment
Vietnam Infrastructure Espero Ltd.	BVI	10,500,000	100%	Investment
VIL Glorious Investment Ltd.	BVI	10,500,000	100%	Investment
Coastal Pacific Ltd	BVI	6,200,000	100%	Investment
Goldrise Global Ltd	BVI	-	100%	Investment
Richluck International Ltd	BVI	15,000,000	100%	Investment
Scepter Asia Ltd	BVI	-	100%	Investment
Fairson Ventures Ltd	BVI	-	100%	Investment
Vietnam Infrastructure Civilis Ltd	BVI	-	100%	Investment
Vietnam Infrastructure Millennium Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Civic Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Supero Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Pyramid Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Conventus Ltd.	BVI	-	100%	Investment
Vietnam Infrastructure Pacific Ltd.	BVI	-	100%	Investment
VinaCapital Long An Industry Ltd.	BVI	3,524,084	100%	Investment
Reckon Developments Ltd.	BVI	7,998,676	100%	Investment
Bellport Developments Ltd.	BVI	6,389,726	100%	Investment
Southeast Asia Telecommunication Holdings Pte. Ltd.	Singapore	-	100%	Investment
Southeast Asia Renewable Energy Holdings Pte. Ltd.	Singapore	-	100%	Investment
Cleveland Capital Pte. Ltd	Singapore	-	100%	Investment
Delong Opportunity Investments Pte. Ltd	Singapore	-	100%	Investment
Long An Industrial Park Joint Stock Company (*)	Vietnam	5,599,068	37.5%	Industrial Park and services
Long An Port Joint Stock Company	Vietnam	5,874,895	87%	Port constructions
Vina CPK Ltd.	Vietnam	4,910,000	80%	Industrial Park

On 7 August 2010, the interest held by the Group in Long An Industrial Park Joint Stock Company was reduced from 69% to 37.5% when Dong Tam Joint Stock Company increased its stake in the Company through the issuance of new share capital but this does not result in a loss of control to the Group.

## 7. Investment properties

Investment properties represent investment in industrial park and port projects. These projects are in their early stage of development. At present the Group is in the process of completing the acquisition of the various parcels of land within the projects.

## 8. Prepayments for acquisitions of investments

	31 December 2010	30 June 2010
	USD'000	USD'000
Land compensation costs	8,520	15,354
Advances to the government	5,083	797
Others	284	8
<b>Closing balance</b>	<b>13,887</b>	<b>16,159</b>

## 9. Investments in associates

	31 December 2010	30 June 2010
	USD'000	USD'000
Opening balance	30,624	23,057
Acquisition of associates	399	7,988
Share of profits of associates	459	426
Allowance for impairment of investment in associate (*)	(1,400)	-
Translation differences	(316)	(847)
<b>Closing balance</b>	<b>29,766</b>	<b>30,624</b>

(\*) An allowance has been made against the investment in Vietstar Joint Stock Company following its breach of loan covenants. The project is in default, but the banks have given management an opportunity to implement a turnaround plan.

Particulars of associates of the Group as of 31 December 2010 are as follows:

Name	Country of incorporation	Direct	Principal activity
		equity interest held	
		%	
Global Infrastructure Investment Ltd.	Vietnam	49	Telecommunications
Mobile Infrastructure Development Co., Ltd.	Vietnam	49	Telecommunications
Mobile Information Service JSC	Vietnam	30	Telecommunications
VNC – 55 Infrastructure Investment Joint Stock Company	Vietnam	40	Telecommunications
Vietstar Joint Stock Company	Vietnam	34	Solid waste treatment
Hanoi Electricity Equipment – Mechanical Engineering JSC	Vietnam	35	Energy

Subsequent to the period, on 21 January 2011, the Group submitted a Statement of Claim to the court in Hanoi alleging that its local partner in Mobile Infrastructure Development Corporation is required to refund USD5.1million to the Group. This is due to their failure to fulfil obligations under the Capital Funding



Agreement, the Joint Venture contract, the Mortgage Agreement and other relevant documents signed by the parties. The application has been accepted by the Court.

## 10. Trade and other receivables

	31 December 2010	30 June 2010
	USD'000	USD'000
Interest receivable (*)	11,251	10,910
Dividends receivable	770	-
Others	1,773	41
<b>Closing balance</b>	<b>13,794</b>	<b>10,951</b>

(\*) Included in interest receivable, there is an amount of USD10.5 million interest on deposit at East Asia Commercial Joint Stock Bank as disclosed in Note 13.

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

## 11. Financial assets at fair value through Statement of Income

	31 December 2010	30 June 2010
	USD'000	USD'000
<b>Financial assets held for trading</b>		
Financial assets at fair value through profit or loss:		
Ordinary shares – listed	63,322	76,080
Ordinary shares – unlisted based on fair values using quoted market prices	9,946	11,094
Corporate bonds	3,231	3,299
<b>Financial assets designated at fair value through Statement of Income:</b>		
Ordinary shares – unlisted based on fair values using valuation techniques	18,386	22,303
<b>Closing balance</b>	<b>94,885</b>	<b>112,776</b>

## 12. Categories of financial assets and liabilities

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

	Notes	31 December 2010	30 June 2010
		USD'000	USD'000
<b>Financial assets</b>			
<b>Financial assets held for trading (carried at fair value through Statement of Income)</b>			
Ordinary shares – listed and unlisted	11	73,268	87,174
Corporate bonds	11	3,231	3,299
Financial assets designated at fair value through Statement of Income			
Ordinary shares – unlisted based on fair values using valuation techniques	11	18,386	22,303
		<b>94,885</b>	<b>112,776</b>
Prepayment for acquisitions of investments	8	13,887	16,159
Trade and other receivables	10	13,794	10,951
Short-term investments	13	-	8,819

Receivables from related party		<b>3,218</b>	-
Cash and cash equivalents	14	<b>74,460</b>	79,938
		<b>105,359</b>	115,867
		<b>200,244</b>	228,643

### Financial liabilities

#### Financial liabilities measured at amortised cost:

Current:			
Payables to related parties	17	<b>947</b>	974
Other liabilities		<b>5,402</b>	4,491
		<b>6,349</b>	5,465

### 13. Short-term investments

	<b>31 December 2010</b>	30 June 2010
	<b>USD'000</b>	USD'000
Short-term investments	-	8,819
Closing balance	-	8,819

In December 2010, the Group received VND99.9 billion from Dong A Bank as full and final settlement of outstanding amounts under the agreement and the subsequent guarantee waiver agreement signed with EAC on 03 December 2010. At the same time, the Group, Thai Think Corporation ("TTC") and the principal shareholder of TTC, signed a Repayment Agreement, and related collateral management agreements, to facilitate the recovery of the remaining outstanding interest on the deposit amount. Under the terms of the Repayment Agreement and related collateral management agreements, TTC and the principal shareholder of TTC shall repay the outstanding accrued interest of VND204.8 billion (equivalent to USD10.5 million) prior to 30 September 2011 in the form of cash and other assets at least equal to the carrying value of the outstanding accrued interest. Under the related collateral management agreements, the Group has arranged for certain assets of TTC and TTC's principal shareholder to be held as security until the outstanding accrued interest has been fully settled. Any outstanding amounts will be subject to 12% interest during the repayment period starting from 1 January 2010.

### 14. Cash and cash equivalents

	<b>31 December 2010</b>	30 June 2010
	<b>USD'000</b>	USD'000
Cash at banks	<b>45,041</b>	45,602
Cash equivalent	<b>29,419</b>	34,336
Closing balance	<b>74,460</b>	79,938

Cash equivalent is short-term deposits with banks, with original terms to maturity of less than three months and bearing interest at rate 11.2% to 13% for Vietnam Dong (30 June 2010: 7.5%) and from 1% to 2.5% for US Dollars during the period (30 June 2010: from 0.4% to 4.5%).

### 15. Share capital

	<b>31 December 2010</b>		30 June 2010	
	<b>Number of</b>	<b>USD'000</b>	Number of	USD'000
	<b>shares</b>		shares	
<b>Authorised:</b>				
Ordinary shares of USD0.01 each	<b>10,000,000,000</b>	<b>100,000</b>	10,000,000,000	100,000
<b>Issued and fully paid:</b>				
Opening balance	<b>402,100,000</b>	<b>4,021</b>	402,100,000	4,021
Closing balance	<b>402,100,000</b>	<b>4,021</b>	402,100,000	4,021

## 16. Additional paid-in capital

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

	31 December 2010	30 June 2010
	USD'000	USD'000
At 1 July 2010/ 1 July 2009	346,157	346,157
Capital distribution to shareholders	-	-
Closing balance	346,157	346,157

## 17. Payables to related parties

	31 December 2010	30 June 2010
	USD'000	USD'000
VinaCapital Investment Management Ltd - management fee	809	866
VinaCapital Investment Management Ltd - other payables	117	37
Payables to related parties	15	65
Payables to shareholders	6	6
Closing balance	947	974

### **Management fees**

During the period, the Group was managed by VinaCapital Investment Management Limited (the "BVI Investment Manager"), a company incorporated in the British Virgin Islands ("BVI"), under a management agreement dated 29 June 2007 (the "Management Agreement"). From 1 January 2011, the Group is managed by VinaCapital Investment Management Limited (the "CI Investment Manager"), a 100% owned subsidiary company of the BVI Investment Manager incorporated and registered as a licensed fund manager in the Cayman Islands ("CI"), under the novation agreement between the BVI Investment Manager and the CI Investment Manager. The Investment Managers receive a fee based on the gross asset value of the Group, payable monthly in arrears, at an annual rate of 2% (30 June 2009: 2%).

Total management fees for the period amounted to USD2,413,963 (31 December 2009: USD2,654,912), with USD808,599 (31 December 2009: USD895,010) in outstanding accrued fees due to the Investment Manager at the reporting date.

As payables to related parties are short-term in nature, their carrying values are considered a reasonable approximation of their fair values at the reporting date.

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

	Six month period ended	
	31 December 2010	31 December 2009
	USD'000	USD'000
Unrealised (loss)/gain based on fair values using quoted market prices	(15,295)	6,992
Unrealised loss based on fair values using valuation techniques	(3,396)	-
(Loss)/gain from realisation of financial assets during the period	(2,541)	2,740
Unrealised loss on foreign exchange translation differences	(2,534)	(3,446)

Closing balance	<b>(23,766)</b>	6,286
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## 19. Administration expenses

	Six month period ended	
	31 December 2010	31 December 2009
	USD'000	USD'000
Management fees	2,414	2,655
Professional fees	559	673
Custodian fees	150	212
Directors' fees	65	65
General administration expenses	215	212
Other expenses	355	23
	<b>3,758</b>	<b>3,840</b>

## 20. Financial income

	Six month period ended	
	31 December 2010	31 December 2009
	USD'000	USD'000
Interest income	1,267	3,437
Dividend income	1,530	377
	<b>2,797</b>	<b>3,814</b>

## 21. Corporate income tax

Vietnam Infrastructure Limited is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, state, corporation, capital gains or other taxes payable by the Company.

The majority of the Group's subsidiaries are domiciled in the British Virgin Islands (BVI) and so have a tax exempt status.

A small number of subsidiaries are established in Vietnam and are subject to corporate income tax in Vietnam. However no provision for corporate income tax has been made for these Vietnamese subsidiaries of the Group for the period ended 31 December 2010 (31 December 2009: nil). All of the Vietnamese subsidiaries are either in a tax loss position or in pre-operating state and therefore there is no corporate income taxes payable.

Under the laws of Vietnam, tax losses can be carried forward to be offset against future taxable income for five years from the year the loss was incurred. The Company did not recognise deferred income tax arising from tax losses since the amount is considered immaterial.

## 22. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the loss attributable to shareholders of the Group by the weighted average number of ordinary shares on issue during the period.

	Six month period ended	
	31 December 2010	31 December 2009
(Loss)/profit attributable to equity holders of the Group (USD'000)	<b>(26,567)</b>	5,338
Weighted average number of ordinary shares on issue	<b>401,169,300</b>	401,169,300
Basic earnings per share from continuing and total	<b>(0.07)</b>	0.01

operations (USD per share)

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*(b) Diluted*

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

*(c) Net asset value per share*

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

	<b>31 December 2010</b>	30 June 2010
Net asset value (USD'000)	<b>229,611</b>	257,009
Number of outstanding ordinary shares on issue	<b>401,169,300</b>	401,169,300
Net asset value per share (USD per share)	<b>0.57</b>	0.64

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### 23. Fair value hierarchy

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

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

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

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

<b>30 June 2010</b>	<b>Level 1 USD'000</b>	<b>Level 2 USD'000</b>	<b>Level 3 USD'000</b>	<b>Total USD'000</b>
<b>Assets</b>				
Financial assets at fair value through Statement of Income	76,080	11,094	25,602	112,776
Financial assets in Vietnam				
<i>Ordinary share – listed</i>	76,080	-	-	76,080
<i>Ordinary share – unlisted</i>	-	11,094	22,303	33,397
<i>Corporate bonds</i>	-	-	3,299	3,299
<b>Liabilities</b>	-	-	-	-
	<b>76,080</b>	<b>11,094</b>	<b>25,602</b>	<b>112,776</b>

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<b>31 December 2010</b>	<b>Level 1 USD'000</b>	<b>Level 2 USD'000</b>	<b>Level 3 USD'000</b>	<b>Total USD'000</b>
<b>Assets</b>				
Financial assets at fair value through Statement of Income	63,322	9,946	21,617	94,885
Financial assets in Vietnam				

<i>Ordinary share – listed</i>	63,322	-	-	63,322
<i>Ordinary share – unlisted</i>	-	9,946	18,386	28,332
<i>Corporate bonds</i>	-	-	3,231	3,231
<b>Liabilities</b>	<b>63,322</b>	<b>9,946</b>	<b>21,617</b>	<b>94,885</b>

#### 24. Events after the reporting date

As of the date of issuance of the interim financial information, the aggregate fair value of the Group's investments in financial assets at fair value through profit or loss has fallen by USD17.5 million to USD77.4 million from the aggregate fair value as of 31 December 2010 due to a general decline in listed and unlisted share prices in Vietnam and the weakening of the VND against the USD. The details are as follows:

	Fair value at		Movement		Total USD'000
	31 December 2010 USD'000	25 March 2011 USD'000	Price USD'000	Foreign exchange loss USD'000	
<b>Financial assets at fair value through profit or loss:</b>					
Ordinary shares – listed	63,322	53,559	5,548	4,214	9,762
Ordinary shares – unlisted	28,332	20,742	5,704	1,886	7,590
Corporate bonds	3,231	3,090	-	141	141
	<b>94,885</b>	<b>77,391</b>	<b>11,252</b>	<b>6,241</b>	<b>17,493</b>