

## Vietnam Infrastructure Limited

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

Vietnam Infrastructure Limited ("VNI" or "the Company"), the first publicly traded fund to focus on investment into infrastructure assets in Vietnam, today announces its full year results for the twelve months ended 30 June 2010 ('the period').

#### Financial highlights:

- Net loss attributable to shareholders for the period of USD4.1 million (2009: net loss of USD33.8 million).
- Losses per share of USD0.01 (2009: losses per share of USD0.08).
- Net Asset Value ("NAV") of USD257 million (2009: USD261 million), and NAV per share of USD0.64 (2009: USD0.65).
- Cash and equivalents at 30 June 2010 of USD79.9 million.
- No debt at the fund level.

#### Performance highlights:

- Total of USD77.6 million disbursed to new and existing investments during the period.
- Total of 31 assets in the portfolio; nine new assets acquired during the period.
- Private placements in Ho Chi Minh City Infrastructure Investment JSC (CII), Nam Viet Oil Refinery and Petrochemicals JSC (NVO), and Tay Bac Electricity Investment and Development JSC (Tay Bac).

Commenting, Don Lam, Chairman of Vietnam Infrastructure Limited, said:

"Despite a challenging year, the fund has made significant progress in identifying and pursuing promising opportunities in its existing strategic investment areas, namely telecommunications infrastructure and small-scale hydropower. We also continue to look for new growth areas that will benefit our portfolio, and aim to broaden our investment focus to include agriculture-related infrastructure and logistics. Making new investments has become more affordable over the past two years as a result of the fact that values of infrastructure assets have been declining, which offers excellent potential for good returns in the long-term."

#### Notes to Editors:

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

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

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

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

More information on 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 annual report of Vietnam Infrastructure Limited (AIM: VNI) for the year ended 30 June 2010.

In the first half of 2010, Vietnam's economy grew at a healthy 6.2 percent annualised, buoyed by strong domestic demand and 2009's effective government stimulus policies, which included increased spending on infrastructure. The government remains interested in spurring private sector investment in infrastructure, and the issue of infrastructure investment is frequently part of policy statements and media reports. However, no public-private framework exists in practice, and some areas of infrastructure development remain unprofitable for private investors.

Nonetheless, there remain significant opportunities for VNI's investment pipeline, and asset values have declined significantly from the fund's first two years of operation – making new investments more affordable and viable over the long run.

Over the past year, VNI made significant strides in the strategic areas it has identified, primarily telecommunications infrastructure (BTS towers) and small-scale hydropower. Specifically, VNI worked with its investee companies in the telecoms sector to increase the aggregate number of BTS towers owned by 50 percent. In the power sector, VNI acquired significant stakes in two private hydropower assets. VNI will establish holding companies for both its BTS and hydropower assets, in order to create an eventual exit vehicle.

In listed and OTC holdings, VNI invested in Nam Viet Oil, which owns Vietnam's only private condensate refinery. Near the end of the financial year, the fund also invested in CII, one of the most successful Vietnamese infrastructure development companies and a potential strategic partner, given its significant holdings in both operating and pipeline assets.

I am pleased to inform shareholders that after the year ended, a satisfactory conclusion was reached with East Asia Commercial Joint Stock Bank and Thai Thinh Capital regarding the repayment of the outstanding deposit. Under the terms of the settlement agreement, the principal has now been fully repaid and Thai Thinh Capital will repay the accrued interest over the next twelve months.

At the end of June 2010, VNI had a NAV of USD257 million, or USD0.64 per share, a decrease of 1.5 percent from the end June 2009, when the fund had a NAV of USD261 million, or USD0.65 per share. Including its December 2008 capital distribution, VNI has a total return since inception of -23.6 percent.

To improve returns for shareholders, VNI will distribute 5-10 percent of NAV per year, starting in late 2011, in the form of a semi-annual tender for the purchase of shares at NAV. VNI will also seek to limit its capital market exposure, reducing the target allocation of listed equities to 20-25 percent of NAV, from the 33 percent target as originally contained in the fund's AIM Admission Document. VNI also intends to broaden its investment focus to new growth areas, such as agriculture-related infrastructure and logistics.

We believe the above strategic decisions will help to close the share price discount, while leaving the company in a strong position to grow its 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.

**Don Lam**  
Chairman  
Vietnam Infrastructure Limited  
17 December 2010

## Consolidated Statement of Financial Position

	Note	30 June 2010	30 June 2009
		USD'000	USD'000
<b>ASSETS</b>			
<b>Non-current</b>			
Investment property	7	3,538	3,812
Prepayments for acquisitions of investments	8	16,159	15,292
Investments in associates	9	30,624	23,057
Property, plant and equipment		21	30
Long-term prepayments		272	-
Non-current assets		50,614	42,191
<b>Current</b>			
Trade and other receivables	10	10,910	7,820
Financial assets at fair value through Statement of Income	11	112,776	72,372
Short-term investments	13	8,819	24,185

Receivables from related parties		-	2,800
Cash and cash equivalents	14	<b>79,938</b>	114,503
<b>Current assets</b>		<b>212,484</b>	221,680
<b>Total assets</b>		<b>263,098</b>	263,871

## EQUITY AND LIABILITIES

### EQUITY

#### Equity attributable to shareholders of the parent:

Share capital	15	<b>4,021</b>	4,021
Additional paid-in capital	16	<b>346,157</b>	346,157
Treasury shares	17	<b>(635)</b>	(635)
Translation reserve		<b>(378)</b>	(139)
Other reserves		<b>60</b>	-
Retained earnings		<b>(92,216)</b>	(88,141)
		<b>257,009</b>	261,263
Non-controlling interests		<b>624</b>	885
<b>Total equity</b>		<b>257,633</b>	262,148

### LIABILITIES

#### Current

Payables to related parties	18	<b>974</b>	966
Other liabilities		<b>4,491</b>	757
<b>Total liabilities</b>		<b>5,465</b>	1,723
<b>Total equity and liabilities</b>		<b>263,098</b>	263,871
<b>Net assets value per share attributable to equity shareholders of the parent (USD per share)</b>	23	<b>0.64</b>	0.65

## Consolidated Statement of Changes in Equity

	Equity attributable to shareholders of the parent							Non- controlling interests	Total equity
	Share capital	Additional paid-in capital	Treasury shares	Translation reserve	Other reserve	Retained earnings	Total		
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 July 2008	4,021	386,367	(729)	-	-	(54,327)	335,332	906	336,238
Capital distributions	-	(40,210)	94	-	-	-	(40,116)	-	(40,116)
Loss for the year ended									
30 June 2009	-	-	-	-	-	(33,814)	(33,814)	(124)	(33,938)
<b>Other comprehensive income/ (loss)</b>									
- Foreign exchange difference from translations of foreign operations	-	-	-	(139)	-	-	(139)	103	(36)
<b>Total other comprehensive income/ (loss)</b>	-	-	-	(139)	-	-	(139)	103	(36)
<b>Total comprehensive income/ (loss)</b>	-	-	-	(139)	-	(33,814)	(33,953)	(21)	(33,974)
<b>Balance at 30 June 2009</b>	<b>4,021</b>	<b>346,157</b>	<b>(635)</b>	<b>(139)</b>	<b>-</b>	<b>(88,141)</b>	<b>261,263</b>	<b>885</b>	<b>262,148</b>
Balance at 1 July 2009	4,021	346,157	(635)	(139)	-	(88,141)	261,263	885	262,148
Loss for the year ended									
30 June 2010	-	-	-	-	-	(4,075)	(4,075)	(95)	(4,170)
Change in non-controlling interests	-	-	-	-	60	-	60	-	60

**Other comprehensive  
income/ (loss)**

- Foreign exchange difference from translations of foreign operations	-	-	-	(239)	-	-	(239)	(166)	(405)
<b>Total other comprehensive income/ (loss)</b>	-	-	-	<b>(239)</b>	-	-	<b>(239)</b>	<b>(166)</b>	<b>(405)</b>

<b>Total comprehensive income/(loss)</b>	-	-	-	<b>(239)</b>	-	<b>(4,075)</b>	<b>(4,314)</b>	<b>(261)</b>	<b>(4,575)</b>
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<b>Balance at 30 June 2010</b>	<b>4,021</b>	<b>346,157</b>	<b>(635)</b>	<b>(378)</b>	<b>60</b>	<b>(92,216)</b>	<b>257,009</b>	<b>624</b>	<b>257,633</b>
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**Consolidated Statement of Income**

	Notes	Year ended	
		30 June 2010	30 June 2009
		USD'000	USD'000
Net changes in fair value of financial assets at fair value			
through Statement of Income	19	33	(29,710)
Administration expenses	20	(7,313)	(8,223)
<b>Loss from operating activities</b>		<b>(7,280)</b>	<b>(37,933)</b>
Finance income	21	5,805	9,038
Foreign exchange losses		(3,582)	(5,176)
Share of profit of associates		426	133
Other income		461	-
		<b>3,110</b>	<b>3,995</b>
<b>Loss before tax from continuing operations</b>		<b>(4,170)</b>	<b>(33,938)</b>

Income tax	22	-	-
Net loss from continuing and total operations		<b>(4,170)</b>	(33,938)
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Attributable to equity shareholders of the parent		<b>(4,075)</b>	(33,814)
Attributable to non-controlling interests		<b>(95)</b>	(124)
Earnings per share (from continuing and total) – basic and diluted (USD per share)	23	<b>(0.01)</b>	(0.08)
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### Consolidated Statement of Comprehensive Income

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
<b>Losses for the year</b>	<b>(4,170)</b>	(33,938)
<b>Other comprehensive incomes (losses)</b>		
– Foreign exchange differences from translations of foreign operations	<b>(405)</b>	(36)
<b>Other comprehensive losses for the year</b>	<b>(405)</b>	(36)
<b>Total comprehensive losses for the year</b>	<b>(4,575)</b>	(33,974)
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Attributable to equity shareholders of the parent	<b>(4,314)</b>	(33,953)
Attributable to non-controlling interests	<b>(261)</b>	(21)
	<b>(4,575)</b>	(33,974)
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### Consolidated Statement of Cash Flows

	Year ended	
	30 June 2010	30 June 2009
	USD'000	USD'000
<b>Operating activities</b>		

Net losses before tax	(4,170)	(33,938)
Adjustments for:		
(Gain) loss on disposal of financial assets	(3,948)	1,819
Share of associates' gains	(426)	(133)
Unrealised foreign exchange losses	9,451	9,636
Unrealised (gain) losses on revaluation of financial assets	(1,725)	23,284
Interest income	(4,145)	(7,950)
Dividend income	(1,660)	(1,088)
<b>Net losses before changes in working capital</b>	<b>(6,623)</b>	<b>(8,370)</b>
Change in short-term investments	13,850	37,643
Change in trade and other receivables	2,904	(2,836)
Change in trade and other payables	2,694	114
Change in prepayments	(868)	215
<b>Cash flow from operating activities</b>	<b>11,957</b>	<b>26,766</b>
<b>Investing activities</b>		
Interest received	1,958	5,267
Dividends received	1,660	995
Acquisitions of investment property	-	(248)
Other acquisitions of property, plant and equipment	-	(30)
Investments in associates	(7,988)	(18,267)
Acquisitions of financial assets	(63,623)	(18,617)
Proceeds from disposals of financial assets	22,618	27,761
Other cash outflows for investing activities	(272)	-
<b>Cash flow from investing activities</b>	<b>(45,647)</b>	<b>(3,139)</b>
<b>Financing activities</b>		
Capital reduction	-	(40,210)
Capital reduction recovered for treasury shares	-	94
<b>Cash flow from financing activities</b>	<b>-</b>	<b>(40,116)</b>

<b>Net change in cash and cash equivalents from continuing operations</b>	<b>(33,690)</b>	(16,489)
Unrealised foreign exchange differences of cash and cash equivalents	<b>(875)</b>	(4,256)
Cash and cash equivalents at the beginning of the year	<b>114,503</b>	135,248
<b>Cash and cash equivalents at the end of the year</b>	<b>79,938</b>	114,503

## Notes to the Consolidated 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 countries. The Company mainly invests and holds equity, debt and hybrid instruments of 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 consolidated financial statements for the year ended 30 June 2010 were authorised for issue by the Company’s Board of Directors on 17 December 2010.

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

#### 2.1 Statement of compliance with IFRS

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

#### 2.2 Changes in accounting policies

##### 2.2.1 Overall considerations

The Group has adopted the following new interpretations, revisions and amendments to IFRS issued by the IASB, which are relevant to and effective for the Group’s Consolidated Financial Statements for the annual period beginning 1 July 2009. These revised, amended and new standards were adopted in the Interim Consolidated Financial Statements for the period from 1 July 2009 to 31 December 2009.

- IAS 40 Investment Property (Amended) <sup>(\*)</sup>
- IAS 23 Borrowing Costs (Revised 2007) <sup>(\*)</sup>
- IAS 1 Presentation of Financial Statements (Revised 2007)
- IFRS 8 Operating Segments
- IFRS 3 Business Combinations (Revised 2008)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- Amendments to IFRS 7 Financial Instruments: Disclosures – improving disclosures about financial instruments

<sup>(\*)</sup> These standards were adopted early by the Group in the consolidated financial statements for the year ended 30 June 2009. For further information refer to said consolidated financial statements.

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

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

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

IAS 1 (revised 2007) requires an additional comparative statement of financial position to be presented whenever an accounting policy is applied retrospectively. This applies in the current year as IAS 1 (revised 2007) is applied for the first time, and application is retrospective. The comparative statement of financial position is unchanged from when it was previously reported. As this is the case for the previously reported statement of financial position as at 30 June 2009 the additional comparative statement of financial position is not required.

### **IFRS 8 Operating Segments**

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

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

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and has been applied prospectively. The new standard introduced changes to the accounting requirements for business combinations, but still requires use of the purchase method with some significant changes. For example, all acquisition related costs are expensed in the period in which the costs are incurred rather than included in the cost of investment. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All payments to purchase a business are recorded at fair value at the acquisition date. Some changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. Where the changes in fair value of the contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured, contingent consideration classified as an asset or a liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognised either in Statement of Income or in other comprehensive income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate. The Group have applied IFRS 3 (Revised 2008) prospectively to all business combinations from 1 July 2009.

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

The revised standard introduced changes in accounting for additional acquisition interests in subsidiaries. Where the Group increases and decreases its interest in subsidiaries but there is no change in control, the effects of all transactions between the Group with non-controlling interest no longer result in goodwill on any gains or losses, but are recorded in equity. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the consolidated Statement of Income. The revaluation surpluses of disposed subsidiaries previously recognised in equity are transferred directly to retained earnings when control is lost. The Group applied IAS 27 (Revised 2008) prospectively to transactions with non-controlling interests and disposals of

subsidiaries from 1 July 2009.

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

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

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

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

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

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

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

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

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

In addition, a separate project is dealing with derecognition.

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Annual Improvements 2009**

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

## **Annual Improvements 2010**

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

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

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

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

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

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

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

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

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

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

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

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

### **3.3 Subsidiaries**

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

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair value amounts, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Gain on bargain purchase is immediately allocated to the Statement of Income as at the acquisition date. All acquisition related costs are expensed in the period in which the costs are incurred and not included in the cost of investment.

All payments to purchase a business are recorded at fair value at the acquisition date. Some changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. Where the changes in fair value of the contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured, contingent consideration classified as an asset or a liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognised either in Statement of Income or in other comprehensive income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate.

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

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

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

### **3.4 Associates**

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% to 50% of voting rights, but which are neither

subsidiaries nor investments in joint ventures. In the consolidated financial statements, investments in associates are initially recorded at cost and subsequently accounted for using the equity method.

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

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

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

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

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

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

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

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

### **3.6 Foreign currency translation**

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

In the consolidated financial statements all separate financial statements of subsidiaries where the functional currency is different from the Group's presentation currency, are converted into USD.

Assets and liabilities are translated into USD at the closing rate of the reporting date. Income and expenses are translated using the exchange rates at the dates of the transactions. Where the average rates approximate the exchange rates at the dates of the transactions, income and expenses are translated into the Group's presentation currency at the average rates over the reporting period. Any differences arising from this translation are recognised in other comprehensive income.

### **3.7 Revenue recognition**

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

Interest income is recognised on the effective interest rate basis.

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

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

### **3.8 Expense recognition**

All expenses, including management fees and custodian fees, are recognised in the Statement of Income on an accruals basis.

### **3.9 Investment properties**

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

Investment properties are stated at fair value. Two independent valuation companies, with appropriately recognised professional qualifications and recent experience in the location and category being valued, value each property each year. On the valuation date, the fair value is estimated assuming that there is an agreement between a willing buyer and a willing seller in an arm's length transaction after proper marketing; wherein the parties had each acted knowledgeably, prudently and without compulsion. The valuations are prepared based upon direct comparison with sales of other similar properties in the area and the expected future discounted cash flows of a property using a yield that reflects the risks inherent in those cash flows. Valuations are reviewed by the Valuation Committee and approved by the Board of Directors. The Valuation Committee may adjust valuations if there are factors that the external independent valuers have not considered in their determination of a property's fair value.

Any gain or loss arising from a change in fair value is recognised in Statement of Income.

### **3.10 Financial assets**

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

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired. Where allowed and appropriate management reclassifies this designation at each reporting date. The designation of financial assets is based on the investment strategy set out in the Group's Admission Document to the London Stock Exchange's AIM Market, dated 29 June 2007.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at a fair value through Statement of Income, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expires or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective

evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised based on the classification of the financial assets.

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

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

All loans and receivables, except trustee loans, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in Statement of Income. Discounting, however, is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

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

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

Purchase or sale of financial assets is recognised using trade date accounting. The trade date is the date that an entity commits itself to purchase or sale of an asset. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) de-recognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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

These prepayments made by the Group to property vendors for land compensation and other related costs, and professional fees directly attributed to the projects, where the final transfer of the property is pending the approval of the relevant authorities and/or is subject to either the Group or the vendor completing certain performance conditions set out in agreements, are treated as prepayments. Such prepayments are measured initially at cost until such time as the approval is obtained or conditions are met, at which point they are transferred to investment properties and accounted for accordingly.

### **3.12 Long-term prepayments**

These prepayments represent the costs incurred for an establishment of a subsidiary. Such amounts are measured at cost and will be considered as contributed capital by the Group once the approval is obtained.

### **3.13 Impairment of assets**

Where there is objective evidence of impairment, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The Group's investment properties and interests in associates are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

### **3.14 Income tax**

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. Current and deferred tax shall be recognised as income or an expense and included in Statement of Income for the year. Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity; and if the tax relates to items recognised in other comprehensive income, it is recognised in other comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

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

### **3.16 Equity**

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

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

Retained earnings include all current and prior period results as disclosed in the consolidated statement of changes in equity.

Changes in ownership interests in a subsidiary that do not result in gaining or losing control of the subsidiary are accounted for as equity transactions and is recorded in other reserve in Equity.

Treasury shares represent the shares repurchased by the Group. These repurchases have the effect of reducing total issued capital.

### **3.17 Financial liabilities**

The Group's financial liabilities include trade and other payables, payables to related parties and other liabilities.

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

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

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

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

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

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

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

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

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

### **3.19 Related parties**

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

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

### **3.20 Segment analysis**

An operating segment is a component of the Group:

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

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

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

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

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

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

### ***Fair value of 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 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***

#### ***Short-term investments***

The Group's management considers the need to provide for the impairment of short-term investment on a regular basis. This estimate is based on the recoverability of the investment depending on underlying security and timing of repayment.

#### ***Other assets***

The Group's interests in associates and investment properties are subject to impairment testing in accordance with the accounting policy 3.13.

#### ***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 segment 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:



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>

In comparison with last year end



30 June 2009

	Energy	Property and infras- tructure developers	Telecom- municati ons	Transportatio n 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	20,732	24,076	-	2	4,724	-	8,128	-	57,662
Designated at fair value through Statement of Income	-	-	1,550	11,488	1,304	-	368	-	14,710
Investment property	-	3,812	-	-	-	-	-	-	3,812
Prepayments for acquisitions of investments	-	15,292	-	-	-	-	-	-	15,292
Investments in associates	-	-	23,057	-	-	-	-	-	23,057
Property, plant and equipment	-	30	-	-	-	-	-	-	30
Long-term prepayments	-	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-	-	7,777	7,777
Short-term investments	-	-	-	-	-	-	-	24,185	24,185
Cash and cash equivalents	-	-	-	-	-	-	-	110,134	110,134
Receivables from related parties	-	-	-	-	-	-	-	2,800	2,800

**Outside Vietnam**

Cash and cash equivalents	-	-	-	-	-	-	-	4,369	4,369
Trade and other receivables	-	-	-	-	-	-	-	43	43
<b>Total assets</b>	<b>20,732</b>	<b>43,210</b>	<b>24,607</b>	<b>11,490</b>	<b>6,028</b>	<b>-</b>	<b>8,496</b>	<b>149,308</b>	<b>263,871</b>

In comparison with last year end

	Energy	Property and infras- tructure developers	Telecom- munications	Transportation and logistics	General infras- tructure	Environ- ment	Others	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Vietnam</b>								
Net changes in fair value of financial assets at fair value through Statement of Income								
-Held for trading	(2,109)	(16,172)	-	-	3,376	-	967	(13,938)
-Designated at fair value through Statement of Income	-	-	(88)	(13,752)	(74)	-	(1,858)	(15,772)
Foreign exchange losses	321	(3,089)	-	-	1,189	-	659	(920)
Financial income - Dividend income	270	99	321	-	398	-	-	1,088
Share of profit of associates	-	-	133	-	-	-	-	133
<b>Total</b>	<b>(1,518)</b>	<b>(19,162)</b>	<b>366</b>	<b>(13,752)</b>	<b>4,889</b>	<b>-</b>	<b>(232)</b>	<b>(29,409)</b>
Administration expenses								(8,223)
Financial income- Interest income								7,950
Foreign exchange losses								(4,256)
Other income								-
<b>Net loss for the year</b>								<b>(33,938)</b>

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

Year ended 30 June 2010		Year ended 30 June 2009	
Revenue and	Non-current	Revenue and	Non-current

	income USD'000	assets USD'000	income USD'000	assets USD'000
Vietnam	4,606	19,990	7,580	19,134
Other countries	-	-	370	-
<b>Total</b>	<b>4,606</b>	<b>19,990</b>	<b>7,950</b>	<b>19,134</b>

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

## 6. Subsidiaries

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

Name	Place of incorporation/ operations	Contributed share capital (USD)	Percentage interest held by the Group	Principal activities
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.				
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 Industrial Ltd.	BVI	3,523,984	100%	Investment
Reckon Developments Ltd.	BVI	8,519,564	100%	Investment
Bellport Developments Ltd.	BVI	6,834,810	100%	Investment
Long An Industrial Park Joint Stock Company	Vietnam	5,255,390	69%	Industrial Park and services
Stand Out Investments Ltd.	BVI	-	75%	Industrial Park and services
The Pillar Ltd.	BVI	-	75%	Industrial Park and services
Vina CPK Ltd. (*)	Vietnam	500,000	60%	Industrial Park

### **Additional acquisitions and disposal of Long An projects**

At 30 June 2009, the Group held 60%, 60% and 80% in Long An S.E.A Industrial Park Development Company, the Long An Services project and the Long An Port project, respectively. On 24 September 2009, the Group acquired a further 15%, 15% and 20% interest in the above projects for total consideration of USD1.2 million, bringing its total interests in these projects to 75%, 75% and 100%, respectively. The purchase prices were equivalent to the estimated fair value of these projects at the acquisition date.

On 7 May 2010, Long An S.E.A Industrial Park Development Company was granted a new Certificate of Investment by The Management Board of Long An Industrial zones. According to the new Certificate of Investment, the Company's incorporation was changed from a limited liability company to a joint stock company named Long An Industrial Park Joint Stock Company. In addition, Dong Tam Joint Stock Company became a shareholder with a 5% interest in the Company. This resulted in a decrease in the Group's the interest in this entity from 75% to 69%.

Subsequent to the year end, on 7 August 2010, the interest held by the Group in Long An Industrial Park Joint Stock Company was reduced to 37.5% when Dong Tam Joint Stock Company increased its stake in the Company through the issuance of new share capital.

(\*) Vina CPK Ltd. received the first capital contribution of USD0.5 million from the Group on 9 September 2009 and became a subsidiary of the Group from that date.

## 7. Investment property

Investment property represents investment in an industrial park project. The project is in its early stage of development. At present the Group is in the process of completing the acquisition of various parcels of land within the project.

## 8. Prepayments for acquisitions of investments

	30 June 2010	30 June 2009
	USD'000	USD'000
Land compensation costs	15,354	14,406
Advances to the People's Committee of Long An Province, Vietnam	797	725
Others	8	161
<b>Closing balance</b>	<b>16,159</b>	<b>15,292</b>

## 9. Investments in associates

	30 June 2010	30 June 2009
	USD'000	USD'000
Opening balance	23,057	5,257
Acquisitions of associates	7,988	18,376
Share of associates' profits	426	133
Translation differences	(847)	(709)
<b>Closing balance</b>	<b>30,624</b>	<b>23,057</b>

Particulars of operating associates and their summarised financial information, extracted from their reviewed financial statements as at 30 June 2010 are as follows:

	Country of Incorporation	Direct equity interest held	Principal activity	Assets	Liabilities	Revenue	Profit (loss)	Share of profit (loss) to the Group
		%		USD'000	USD'000	USD'000	USD'000	USD'000
Global Infrastructure Investment Ltd.	Vietnam	49	Telecom- munications	12,715	3,734	2,657	5,106	2,502
Mobile Infrastructure Development Co., Ltd.	Vietnam	49	Telecom- munications	5,457	1,640	3,745	(4,743)	(2,324)

Mobile Information Service JSC VNC – 55	Vietnam	30	Telecommunications	7,713	1,816	2,567	(380)	(114)
Infrastructure Investment Stock Company Vietstar Joint Stock Company (*)	Vietnam	40	Telecommunications	19,177	2,642	905	905	362
Hanoi Electricity Equipment – Mechanical Engineering JSC (*)	Vietnam	34	Solid waste treatment	-	-	4,520	-	-
	Vietnam	35	Energy	16,753	11,489	-	-	-
				<b>61,815</b>	<b>21,321</b>	<b>14,394</b>	<b>888</b>	<b>426</b>

(\*) During the year, the Group acquired a 34% interest in Vietstar Joint Stock Company for USD5.6 million and a 35% interest in Hanoi Electricity Equipment – Mechanical Engineering JSC for USD1.8 million which were approximately equal to the fair value of the net assets acquired.

## 10. Trade and other receivables

	30 June 2010 USD'000	30 June 2009 USD'000
Interest receivables	10,910	7,675
Dividend receivables	-	94
Others	41	51
<b>Closing balance</b>	<b>10,951</b>	<b>7,820</b>

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 held at fair value through Statement of Income

	30 June 2010 USD'000	30 June 2009 USD'000
<b>Financial assets held for trading</b>		
Ordinary shares – listed	76,080	44,379
Ordinary shares – unlisted based on fair values using quoted market prices	11,094	5,152
Corporate bonds	3,299	8,130
<b>Financial assets designated at fair value through Statement of Income:</b>		
Ordinary shares – unlisted based on fair values using valuation techniques (*)	22,303	14,711
<b>Total Statement of Income</b>	<b>112,776</b>	<b>72,372</b>

(\*) Included in investments in unlisted shares were investments in private equities of USD22.3 million which were measured at cost because the fair value of these investments could not be reliably assessed as at 30 June 2010. However, there were also no factors which would indicate that the value of these investments has been impaired. Certain comparative unlisted shares have been reclassified between unlisted based on fair values using quoted market prices and unlisted based on fair values using valuation techniques to correspond with current year's presentation.

The financial assets are denominated in Vietnam Dong (30 June 2009: denominated in Vietnam Dong).

The carrying amounts disclosed above are the Group's maximum possible credit risk exposure in relation to these instruments. See Note 25 for further information on the Group's exposure to financial risk.

## 12. Categories of financial assets and liabilities

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

	Notes	30 June 2010 USD'000	30 June 2009 USD'000
<b>Financial assets</b>			
Financial assets held for trading (carried at fair value through Statement of Income)			
Ordinary shares – listed and unlisted	11	87,174	49,531
Corporate bonds	11	3,299	8,130
Financial assets designated at fair value through Statement of Income:			
Ordinary shares – unlisted based on fair values using valuation techniques	11	22,303	14,711
		<b>112,776</b>	<b>72,372</b>
Loans and receivables			
Trade and other receivables	10	10,910	7,820
Short-term investments	13	8,819	24,185
Receivables from related parties		-	2,800
Cash and cash equivalents	14	79,938	114,503
		<b>99,708</b>	<b>149,308</b>
		<b>212,484</b>	<b>221,680</b>
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost:			
Current:			
Payables to related parties	18	974	966
Other liabilities (*)		4,491	757
		<b>5,465</b>	<b>1,723</b>

(\*) Included in other liabilities, there is an amount of USD3.2 million which relates to the deposit from Dong Tam Joint Stock Company, a local partner, participating in the Long An projects as disclosed in Note 6.

The fair values of financial assets and liabilities are presented in the related notes. The Group's risk management objectives and policies for financial instruments are set out in Note 25.

### 13. Short-term investments

	30 June 2010 USD'000	30 June 2009 USD'000
Short-term investments	8,819	24,185
	<b>8,819</b>	<b>24,185</b>

On 8 December 2007, the Group deposited VND1,041.4 billion (equivalent to USD 65million) with East Asia Commercial Joint Stock Bank ("EAC"). Under the terms of the original agreement, the deposit would earn interest at 13% and was repayable within one year. Under the terms of the agreement, the deposit could be withdrawn by Thai Thinh Capital Joint Stock Company (TTC), provided that it was fully replenished before the due date. The bank guaranteed to ensure the full repayment of the deposit and associated accrued interest thereon to the Group upon expiry of the deposit term.

On expiry of the deposit term, TTC was unable to replenish the deposit account and associated accrued interest. By 30 June 2010 VND941.5 billion (equivalent to USD54.8 million) had been repaid to the Group under this arrangement and the parties had held formal negotiations to enable the full recovery of the remaining outstanding balance. On 26 November 2010 the Group, TTC and the principal shareholder of TTC, signed a Repayment Agreement to facilitate the recovery of the remaining outstanding amount. Under the agreement and the subsequent guarantee waiver agreement signed with EAC on 3 December 2010 the remaining outstanding principal balance was paid to the Group on 7 December 2010 in return for the Group waiving EAC from any liability under its bank guarantee obligations. The Group expects to fully recover the outstanding accrued interest of VND199.5billion (equivalent to USD10.5 million) (see Note 10) prior to 30 September 2011 in the form

of cash and other assets with a fair value at least equal to the carrying value of the outstanding accrued interest. 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.

#### 14. Cash and cash equivalents

	30 June 2010	30 June 2009
	USD'000	USD'000
Cash in banks	45,602	28,335
Cash equivalents (*)	34,336	86,168
	<b>79,938</b>	<b>114,503</b>

(\*) Cash equivalents are short-term deposits with banks, with original terms to maturity of less than three months and bearing interest at rate 7.5% for Vietnam Dong and from 0.4% to 4.5% for US Dollars during the year.

#### 15. Share capital

	30 June 2010		30 June 2009	
	Number of shares	USD'000	Number of shares	USD'000
<b>Authorised:</b>				
Ordinary shares of USD0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
<b>Issued and fully paid:</b>				
Opening balance	402,100,000	4,021	402,100,000	4,021
<b>Closing balance</b>	<b>402,100,000</b>	<b>4,021</b>	<b>402,100,000</b>	<b>4,021</b>

#### 16. Additional paid-in capital

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

	30 June 2010	30 June 2009
	USD'000	USD'000
Opening balance	346,157	386,367
Capital distribution to shareholders	-	(40,210)
<b>Closing balance</b>	<b>346,157</b>	<b>346,157</b>

#### 17. Treasury shares

	30 June 2010	30 June 2009
	USD'000	USD'000
Opening balance	(635)	(729)
Capital distribution received	-	94
<b>Closing balance</b>	<b>(635)</b>	<b>(635)</b>

#### 18. Payables to related parties

	30 June 2010	30 June 2009
	USD'000	USD'000
VinaCapital Investment Management Ltd. – management fees	866	875
VinaCapital Investment Management Ltd. – other payables	37	52
Payables to related parties	65	33
Payables to shareholders	6	6
	<b>974</b>	<b>966</b>

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

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

Unrealised gain (loss) based on fair values using quoted market prices	1,725	(8,529)
Unrealised losses based on fair values using valuation techniques	-	(14,755)
Gain (loss) from realisation of financial assets during the year	4,583	(899)
Unrealised losses on foreign exchange translation differences	(6,275)	(5,527)
	<b>33</b>	<b>(29,710)</b>

## 20. Administration expenses

	30 June 2010	Year ended 30 June 2009
	USD'000	USD'000
Management fees (Note 24)	5,241	5,809
Professional fees	887	1,599
Custodian fees	408	456
Directors' fees	130	130
General administration expenses <sup>(*)</sup>	546	229
Other expenses	101	-
	<b>7,313</b>	<b>8,223</b>

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

## 21. Finance income

	30 June 2010	Year ended 30 June 2009
	USD'000	USD'000
Interest income	4,145	7,950
Dividend income	1,660	1,088
	<b>5,805</b>	<b>9,038</b>

## 22. 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 year ended 30 June 2010 (30 June 2009: nil). All of the Vietnamese subsidiaries are in a position where there are no corporate income taxes payable because they are in the pre-operating stage and have incurred losses.

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

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

	30 June 2010	30 June 2009
	USD'000	USD'000
Group profit/(loss) before tax	(4,170)	(33,938)
Group profit/(loss) multiplied by applicable tax rate (0%)	-	-
Income tax on Vietnamese subsidiaries	-	-

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Tax expenses	-	-
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## 23. Earnings per share

### (a) Basic

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

	30 June 2010	30 June 2009
Losses attributable to equity holders of the Company from continuing and total operations (USD'000)	(4,075)	(33,814)
Number of outstanding ordinary shares	401,169,300	401,169,300
Basic earnings per share from continuing and total operations (USD per share)	(0.01)	(0.08)

### (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 interests.

	30 June 2010	30 June 2009
Net asset value (USD'000)	257,009	261,263
Number of outstanding ordinary shares on issue	401,169,300	401,169,300
Net asset value per share (USD per share)	0.64	0.65

## 24. Related party transactions and balances

### Management fees

The Group is managed by VinaCapital Investment Management Limited (the "Investment Manager"), an investment management company incorporated in the British Virgin Islands ("BVI"), under a management agreement dated 29 June 2007 (the "Management Agreement"). The Investment Manager receives 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 year amounted to USD5,241,682 (30 June 2009: USD5,809,169), of which USD866,294 (30 June 2009: USD875,425) were payable to the Investment Manager at the reporting date.

### Performance fees

In accordance with the Management Agreement, the Investment Manager is also entitled to a performance fee equal to 20% of the realised returns over an annualised compounding hurdle rate of 8% (30 June 2009: hurdle rate of 8%).

There were no performance fees for the year ended 30 June 2010 (year ended 30 June 2009: Nil), with no outstanding accrued fees due to the Investment Manager as at the reporting date (30 June 2009: Nil)

### Directors' fees

The aggregate directors' fees amounted to USD130,000 (year ended 30 June 2009: USD130,000), of which USD65,000 (30 June 2009: USD33,000) were payable at the reporting date.

Details of directors' fees for each director are summarised below:

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

Don Lam	15,000	15,000
Horst Geicke	15,000	15,000
Paul Ming Fun Cheng	40,000	40,000
Ekkehard Goetting	30,000	30,000
Luong Van Ly	30,000	30,000
	<b>130,000</b>	<b>130,000</b>

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

#### ***Shares purchase***

During the year, VinaCapital Vietnam Opportunity Fund Limited (“VOF”), a fund under common control and management, purchased 12,050,000 ordinary shares of the Company for USD4,535,000. As a result, VOF had a 3% interest in the Company as at 30 June 2010.

#### ***Cross funding***

During the year, the Group purchased an additional interest in the Long An projects and in respect to this purchase it made payments on behalf of VinaLand Limited and VinaCapital Vietnam Opportunity Fund Limited of USD561,458 and USD187,153, respectively. As at 30 June 2010, all outstanding receivables in respect to these transactions had been settled.

#### ***Broker fees***

During the year, the Group paid to VinaSecurities, a subsidiary of Vinacapital Group, a brokerage fee of USD20,543.

Other related parties balances are disclosed in Note 18 to the consolidated financial statements.

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

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

The Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk); credit risk; and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group’s risk management is coordinated by its Investment Manager who manages the distribution of the assets to achieve the investment objectives. The most significant financial risks the Group is exposed to are described below:

#### ***Foreign currency risk sensitivity***

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

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

	Short-term exposure		Long-term exposure	
	VND USD'000	USD USD'000	VND USD'000	USD USD'000
30 June 2010				
Financial assets	72,202	140,282	-	-
Financial liabilities	(2,148)	(3,318)	-	-
Net exposure	70,054	136,964	-	-
30 June 2009				
Financial assets	119,340	102,340	-	-
Financial liabilities	(664)	(1,059)	-	-

Net exposure	118,676	101,281	-	-
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*Sensitivity analysis to a reasonably possible change in exchange rates*

A 5% weakening of the VND against USD at the end of the year ended 30 June 2010 and 30 June 2009 would have impacted net loss of the Group's equity by the amounts shown below. This percentage has been determined based on the average market volatility in exchange rates in the previous twelve months. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>30 June 2010</b> <b>Loss (net of taxation)</b> <b>USD'000</b>	30 June 2009 Loss (net of taxation) USD'000
Devaluation of the Vietnam Dong	<b>3,503</b>	5,967

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

**Price risk sensitivity**

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

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

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

The Group invests in listed and unlisted equity securities and is exposed to market price risk of these securities. If the prices of the securities were to fluctuate by 10%, the impact on Statement of Income and equity would amount to approximately USD11.3 million (2009: USD4.6 million).

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

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

**Credit risk analysis**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the Group at the reporting date.

	<b>30 June 2010</b> <b>USD'000</b>	30 June 2009 USD'000
<i>Classes of financial assets – carrying amounts</i>		
Short-term investment	<b>8,819</b>	24,185
Bonds	<b>3,299</b>	8,130
Ordinary shares – listed and unlisted	<b>109,477</b>	64,242
Receivable from related parties	-	2,800
Cash and cash equivalents	<b>79,938</b>	114,503
Trade and other receivables	<b>10,910</b>	7,820

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

The carrying amount of trade and other receivables and receivable from related parties represent the Group's maximum exposure to credit risk in relation to its financial assets. Cash and cash equivalent and bonds also represent the Group's maximum exposure to credit risk.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The Group has no other significant concentrations of credit risk.

In accordance with the Group's policy, the Investment Manager continuously monitors the Group's credit position on a monthly basis.

### **Liquidity risk analysis**

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

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

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

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

	Current		Non-current	
	Within 6 months USD'000	6 to 12 months USD'000	From 1 to 5 years USD'000	Over 5 years USD'000
30 June 2010				
Payable to related parties	975	-	-	-
Other liabilities	-	4,491	-	-
30 June 2009				
Payable to related parties	966	-	-	-
Other liabilities	757	-	-	-

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

### **Capital management**

The Group's capital management objectives are:

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

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

## **26. Fair value hierarchy**

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

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

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

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

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

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
<b>Assets</b>				
Financial assets at fair value through Statement of Income	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>