

**VIETNAM INFRASTRUCTURE LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**VIETNAM INFRASTRUCTURE LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS  
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## **VIETNAM INFRASTRUCTURE LIMITED**

### **REPORT OF THE BOARD OF DIRECTORS**

The Board of Directors ("the Board") submits its report together with the consolidated financial statements of Vietnam Infrastructure Limited ("the Company") and its subsidiaries (together "the Group") for the financial year from 1 July 2015 to 30 June 2016 ("the year").

#### **The Group**

Vietnam Infrastructure Limited is incorporated in the Cayman Islands as a company with limited liability. The registered office of the Company is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

Vietnam Infrastructure Limited together with its subsidiaries herein are referred to as a Group.

#### **Principal activities**

The original principal activity of the Group was to invest in a diversified portfolio of entities owning infrastructure projects and assets primarily in Vietnam. The Group could invest and hold equity and debt instruments in unquoted companies that themselves held, developed or operated infrastructure assets. The Group could also invest in entities whose shares or other instruments were listed on a stock exchange, or traded on over-the-counter ("OTC") markets and in other funds that invested in infrastructure projects or assets.

On 22 July 2015, following shareholder approval of a proposal to restructure the Company, the listed and private equity components of VNI's portfolio were separated into two distinct pools, the Listed Portfolio and the Private Equity Portfolio. Each pool of assets was represented by a separate share class which was listed on the London Stock Exchange's Alternative Investment Market ("AIM") under the tickers VNIL and VNI, respectively. The Listed Portfolio assets and any surplus cash in the Company were contributed to Forum One-VCG Partners Vietnam Fund ("VVF"), a newly established sub-fund of Forum One, a Luxembourg open-ended investment company or SICAV ("Forum One") for consideration of 10,242,351 Class A VVF shares at the subscription price of USD10 per Class A VVF share. These shares were distributed to VNIL shareholders between August 2015 and August 2016. VVF's particular focus is to invest in listed equities on the Ho Chi Minh Stock Exchange and the Hanoi Stock Exchange; or other issuers that carry out a substantial part of their economic activity in Vietnam and are listed, traded or dealt on stock exchanges worldwide.

The Company has ceased making new private equity investments unless additional funds are required for existing investments within the Private Equity Portfolio. The Company is seeking to fully realise the Private Equity Portfolio by 30 June 2017. Once this objective is met it will seek to be wound up within 12 months. The proceeds from the sale of the private equity assets and any surplus net cash-flows will, subject to each shareholders' election, be distributed to the shareholders of Private Equity Shares in cash, else to them in the form of VVF units distributed in specie.

#### **Shareholders' equity**

Following the restructuring of the Company's share capital on 22 July 2015 the Company has had two classes of shares: Private Equity Shares ("PES") and Listed Portfolio Shares ("LPS"). The PES give the holders the right to receive cash distributions from the realisation of the private equity investments. The LPS were subject to mandatory repurchase in August 2016 in return for VVF shares. Both classes of shares meet the definition for financial liabilities under International Accounting Standard 32 ("IAS 32") (refer Note 2.2).

## **VIETNAM INFRASTRUCTURE LIMITED**

### **REPORT OF THE BOARD OF DIRECTORS (continued)**

#### **Results, dividend and distributions to the shareholders**

The results of the Group for the financial year ended 30 June 2016 and the state of its affairs as at that date are set out in the consolidated financial statements on pages 6 to 62.

The Board does not recommend the payment of a dividend for the financial year ended 30 June 2016 (2015: nil).

On 21 June 2016 the Company distributed USD11.0 million to PES shareholders (2015: nil). Based on shareholders' elections, USD8.2 million was paid in cash and the balance was used by the Company to subscribe for VVF units which were then transferred to the relevant shareholders.

#### **Significant changes in the state of affairs**

##### *Going concern*

The Company is progressively realising its Private Equity Portfolio which it expected to complete by 30 June 2017. Following the realisation of the portfolio and return of proceeds to shareholders the Company will be wound up in accordance with the Amended and Restated Memorandum of Association dated 15 December 2014. As a consequence, these financial statements have been prepared using the liquidation basis, as the going concern basis is no longer considered appropriate. The Company continues to apply the same IFRS accounting policies as has been used in prior years as management do not believe there is a difference in the accounting measurement basis that would be applied using a going concern basis of accounting versus what would apply under a liquidation basis of accounting.

#### **Board of Directors**

The members of the Board of the Company during the year and up to the date of this report are:

<b>Name</b>	<b>Position</b>	<b>Date of appointment/departure</b>
Rupert Carington	Chairman	Appointed as Chairman on 3 April 2014 Appointed as a Director on 1 October 2012
Robert Binyon	Director	2 September 2013
Paul Garnett	Director	1 November 2014
Ekkehard Goetting	Director	29 June 2007/24 November 2015
Luong Van Ly	Director	29 June 2007

#### **Auditors**

The Group's auditor is PricewaterhouseCoopers.

#### **Subsequent events**

Details of significant subsequent events which impact on the financial position of the Group are set out in Note 30 to the consolidated financial statements.

#### **Directors' interests in the Company**

As at 30 June 2016, no director has an interest in the Company by way of holding shares, underlying shares or debentures of the Company.

## VIETNAM INFRASTRUCTURE LIMITED

### REPORT OF THE BOARD OF DIRECTORS (continued)

#### Board of Directors' responsibility in respect of the consolidated financial statements

When preparing the consolidated financial statements, the Board of Directors is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") or, if there have been any departures in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the consolidated financial statements;
- iii) maintain adequate accounting records and an effective system of internal control;
- iv) prepare the consolidated financial statements on a liquidation basis as the Company's strategy is to wind up over the next 12 months; and
- v) control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

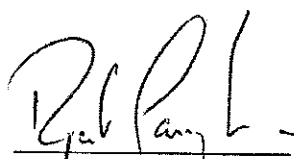
The Board of Directors confirms that the Group has complied with the above requirements in preparing the consolidated financial statements.

#### Statement by the Board of Directors

In the opinion of the Board of Directors:

- i) The accompanying consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of changes in net assets attributable to holders of redeemable shares, consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows, together with the notes thereto, have been properly drawn up and give fair presentation of the financial position of the Group as at 30 June 2016 and the results of its operations and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards as issued by the IASB.
- ii) As disclosed in Note 2.1 to the consolidated financial statements, the Board seek to wind up the Company within 12 months of the final disposal of its final investment the Private Equity Portfolio. As the value of the Company's assets exceed the value of its liabilities there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors



Rupert Carrington  
Chairman  
19 December 2016



## **Independent Auditor's Report**

To the Board of Directors of Vietnam Infrastructure Limited

We have audited the accompanying consolidated financial statements of Vietnam Infrastructure Limited (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated balance sheet as at 30 June 2016, and the consolidated statement of changes in equity, the consolidated statement of changes in net assets attributable to holders of redeemable shares, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Directors' Responsibility for the Consolidated Financial Statements*

The directors of the Group are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



## **Independent Auditor's Report (continued)**

To the Board of Directors of Vietnam Infrastructure Limited

### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 June 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

We draw attention to Note 2.1 to the consolidated financial statements, which states that the Company will be wound up in accordance with the Amended and Restated Memorandum of Association dated 15 December 2014. As a result, the consolidated financial statements have been prepared on a liquidation basis of accounting. Our opinion is not qualified in respect of this matter.

### *Other Matter*

This report, including the opinion, has been prepared for and only for the Company in accordance with the terms of our engagement letter dated 16 March 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

19 December 2016

**VIETNAM INFRASTRUCTURE LIMITED**

**CONSOLIDATED BALANCE SHEET**

	Note	As at	
		30 June 2016 USD'000	30 June 2015 USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	6	-	73,435
Prepayment for acquisition of Long An Industrial Service project	7	-	2,188
Property, plant and equipment	8	-	26,471
Financial assets at fair value through profit or loss	11	-	8,902
Long-term deferred expenses		-	1,110
Other long-term receivables		-	333
<b>Total non-current assets</b>		<b>-</b>	<b>112,439</b>
<b>Current assets</b>			
Prepayment for acquisition of Long An Industrial Service project	7	2,371	-
Inventories		-	1,784
Trade and other receivables	10	4,455	11,730
Financial assets at fair value through profit or loss	11	38,245	68,133
Prepayments to suppliers		-	550
Short-term investments	12	-	4,608
Cash and cash equivalents	13	20,408	46,106
		65,479	132,911
Assets classified as held for sale	14(c)	70,252	-
<b>Total current assets</b>		<b>135,731</b>	<b>132,911</b>
<b>Total assets</b>		<b>135,731</b>	<b>245,350</b>

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.



**VIETNAM INFRASTRUCTURE LIMITED**  
**CONSOLIDATED BALANCE SHEET (CONTINUED)**

	Note/ page	As at	
		30 June 2016 USD'000	30 June 2015 USD'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	Note 15	-	3,502
Additional paid-in capital		-	328,437
Foreign currency translation reserve		(6,566)	(6,359)
Equity reserve		-	3,764
Other reserves		-	306
Accumulated gains/(losses)		6,566	(127,135)
		<u>-</u>	<u>202,515</u>
<b>Non-controlling interests</b>		<u>-</u>	<u>10,763</u>
<b>Total equity</b>		<u>-</u>	<u>213,278</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	Note 16	-	9,455
Long-term unearned revenue		-	10,778
Deferred tax liabilities	Note 17	-	1,113
		<u>-</u>	<u>21,346</u>
<b>Total non-current liabilities</b>		<u>-</u>	<u>21,346</u>
<b>Current liabilities</b>			
Short-term borrowings	Note 16	9,042	3,833
Corporate income tax payable		-	262
Trade and other payables	Note 18	1,868	6,209
Payable to related parties	Note 19	531	422
		<u>11,441</u>	<u>10,726</u>
Liabilities directly associated with assets classified as held for sale	Note 14(c)	2,727	-
		<u>14,168</u>	<u>10,726</u>
<b>Total current liabilities (excluding net assets attributable to holders of redeemable shares of the group and holders of non-controlling interests)</b>		<u>14,168</u>	<u>10,726</u>
<b>Net assets attributable to holders of the Company</b>	Page 9	<u>115,480</u>	-
<b>Net assets attributable to holders of non-controlling interests in subsidiaries</b>	Page 9	<u>6,083</u>	-
<b>Total liabilities</b>		<u>135,731</u>	<u>32,072</u>
<b>Total equity and liabilities</b>		<u>135,731</u>	<u>245,350</u>
<b>Net asset value per Listed Portfolio Share attributable to holders of the Company (USD per share)</b>	Note 24(b)	<u>0.357</u>	-
<b>Net asset value per Private Equity Share attributable to holders of the Company (USD per share)</b>	Note 24(b)	<u>0.220</u>	-
<b>Net asset value per ordinary share attributable to shareholders of the Company (USD per share)</b>	Note 24(b)	<u>-</u>	<u>0.578</u>

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

**VIETNAM INFRASTRUCTURE LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to shareholders of the Company							Total USD'000	Non- controlling interests USD'000	Total equity USD'000
	Share Capital USD'000	Additional paid-in capital USD'000	Treasury shares USD'000	Foreign currency translation reserve USD'000	Equity reserve USD'000	Other reserves USD'000	Accumulated gain/(losses) USD'000			
Balance at 1 July 2014	4,021	346,157	(17,568)	(5,536)	3,651	270	(117,584)	213,411	563	213,974
Loss for the year	-	-	-	-	-	-	(9,488)	(9,488)	118	(9,370)
Transfers to other reserves	-	-	-	-	-	36	(63)	(27)	-	(27)
Other comprehensive income	-	-	-	(823)	-	-	-	(823)	(85)	(908)
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(823)</b>	<b>-</b>	<b>36</b>	<b>(9,551)</b>	<b>(10,338)</b>	<b>33</b>	<b>(10,305)</b>
Shares bought-back	-	-	(671)	-	-	-	-	(671)	-	(671)
Dilution of non-controlling interests	-	-	-	-	113	-	-	113	(113)	-
Capital deduction	-	-	-	-	-	-	-	-	(500)	(500)
Cancellation of treasury shares	(519)	(17,720)	18,239	-	-	-	-	-	-	-
Acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	10,780	10,780
<b>Total transactions with shareholders of the Company, recognised directly in equity</b>	<b>(519)</b>	<b>(17,720)</b>	<b>17,568</b>	<b>-</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>(558)</b>	<b>10,167</b>	<b>9,609</b>
<b>Balance at 30 June 2015</b>	<b>3,502</b>	<b>328,437</b>	<b>-</b>	<b>(6,359)</b>	<b>3,764</b>	<b>306</b>	<b>(127,135)</b>	<b>202,515</b>	<b>10,763</b>	<b>213,278</b>
Balance at 1 July 2015	3,502	328,437	-	(6,359)	3,764	306	(127,135)	202,515	10,763	213,278
Transfers to net assets attributable to holders of Private Equity Shares	(3,502)	(226,013)	-	-	(3,764)	(306)	133,844	(99,741)	-	(99,741)
Transfers to net assets attributable to holders of Listed Portfolio Shares	-	(102,424)	-	-	-	-	(350)	(102,774)	-	(102,774)
Transfers to net assets attributable to holders of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(10,763)	(10,763)
Other comprehensive income arising from disposal of a subsidiary	-	-	-	1,518	-	-	(1,518)	-	-	-
Other comprehensive loss arising from exchange differences on translation of foreign operations	-	-	-	(1,725)	-	-	1,725	-	-	-
<b>Total transactions with shareholders of the Company, recognised directly in equity</b>	<b>(3,502)</b>	<b>(328,437)</b>	<b>-</b>	<b>(207)</b>	<b>(3,764)</b>	<b>(306)</b>	<b>133,701</b>	<b>(202,515)</b>	<b>(10,763)</b>	<b>(213,278)</b>
<b>Balance at 30 June 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,566)</b>	<b>-</b>	<b>-</b>	<b>6,566</b>	<b>-</b>	<b>-</b>	<b>-</b>

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

**VIETNAM INFRASTRUCTURE LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES**

	Note	Listed Portfolio Shares USD'000	Private Equity Shares USD'000	Sub total USD'000	Non- controlling interests USD'000	Total USD'000
<b>Balance at 1 July 2015</b>		-	-	-	-	-
Transfers from equity		102,774	99,741	202,515	10,763	213,278
Repurchase of Listed Portfolio Shares	15	(67,983)	-	(67,983)	-	(67,983)
<b>Net increase from share transactions</b>		<u>34,791</u>	<u>99,741</u>	<u>134,532</u>	<u>10,763</u>	<u>145,295</u>
<b>Increase/(decrease) in net assets attributable to holders of the Company and holders of non-controlling interests</b>	15	<u>3,520</u>	<u>(22,572)</u>	<u>(19,052)</u>	<u>(4,680)</u>	<u>(23,732)</u>
<b>Net assets attributable to holders of the Company and holders of non-controlling interests as at 30 June 2016</b>	15	<u>38,311</u>	<u>77,169</u>	<u>115,480</u>	<u>6,083</u>	<u>121,563</u>

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

**VIETNAM INFRASTRUCTURE LIMITED**  
**CONSOLIDATED INCOME STATEMENT**

	Note	Year ended 30 June	
		2016 USD'000	2015 USD'000 Restated (*)
<b>Continuing operation</b>			
Revenue	20	-	-
Cost of sales	20	-	-
		<u>-</u>	<u>-</u>
<b>Gross profit</b>			
Dividend income		7	7,137
Interest income		12	264
Administrative expenses	21	(4,701)	(7,344)
Fair value gain/(loss) of financial assets at fair value through profit or loss	22	5,544	(6,542)
Net loss from fair value adjustment on investment properties	6	-	-
Revaluation loss on property, plant and equipment	8	-	-
Impairment loss on prepayment on acquisition of Long An Industrial Service project	7	-	(2,966)
Gain on remeasurement of prepayment on acquisition of Long An Industrial Service project	7	183	-
Other income		6	886
Other expenses		-	(465)
		<u>1,051</u>	<u>(9,030)</u>
<b>Operating profit/(loss)</b>			
Finance income		1	54
Finance costs		(304)	(190)
		<u>(303)</u>	<u>(136)</u>
Finance costs – net			
		<u>(303)</u>	<u>(136)</u>
<b>Profit/(loss) before tax</b>			
		<u>748</u>	<u>(9,166)</u>
Income tax expense	23	-	-
Deferred income tax	17, 23	-	-
		<u>-</u>	<u>-</u>
<b>Profit/(loss) from continuing operations</b>			
		<u>748</u>	<u>(9,166)</u>
Loss from discontinued operations	14(a)	(12,948)	(204)
		<u>(12,200)</u>	<u>(9,370)</u>
<b>Loss for the year</b>			
		<u>(12,200)</u>	<u>(9,370)</u>
<b>Distribution to shareholders</b>			
		<u>(11,000)</u>	-
<b>Decrease in net assets attributable to</b>			
Shareholders of the Company		18,687	10,456
Non-controlling interests		4,680	(151)
		<u>167</u>	<u>935</u>
<b>Gain for the year</b>			
		<u>167</u>	<u>935</u>
<b>Earning per Listed Portfolio Share (USD per share)</b>	24(a)	<u>0.023</u>	-
<b>Loss per Private Equity Share (USD per share)</b>	24(a)	<u>(0.032)</u>	-
<b>Loss per ordinary share (USD per share)</b>	24(a)	<u>-</u>	<u>(0.026)</u>

(\*) See Note 14 for details regarding the restatement as a result of operation being classified as discontinued.

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

**VIETNAM INFRASTRUCTURE LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Year ended 30 June	
		2016 USD'000	2015 USD'000 Restated (*)
<b>Gain for the year</b>		<b>167</b>	<b>935</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations from discontinued operation:			
Other comprehensive income arising from disposal of a subsidiary	14(b)	1,518	-
Other comprehensive loss arising from exchange differences on translation of foreign operations	14(a)	(1,725)	(908)
		<u>(207)</u>	<u>(908)</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Others (**)	14(a)	40	(27)
		<u>40</u>	<u>(27)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<b>(167)</b>	<b>(935)</b>
		<u>(167)</u>	<u>(935)</u>
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>
		<u>-</u>	<u>-</u>

(\*) See Note 14 for details regarding the restatement as a result of operation being classified as discontinued.

(\*\*) These represent reserves provided on profit after tax of the Group's subsidiaries as required by local regulations.

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

**VIETNAM INFRASTRUCTURE LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Year ended 30 June	
		2016 USD'000	2015 USD'000
<b>Operating activities</b>			
Profit/(loss) from continuing operation before tax		748	(9,166)
Loss from discontinued operation before tax		(12,090)	(1,518)
		<b>(11,342)</b>	<b>(10,684)</b>
Adjustments for:			
Depreciation and amortisation	8	5,184	549
Fair value (gain)/loss of financial assets at fair value through profit or loss	22	(5,544)	6,542
Fair value loss of investment properties	6	5,836	6,610
Fair value (gain)/loss on prepayment for acquisition of Long An Industrial Service project	7	(183)	2,966
Revaluation loss on property, plant and equipment	8	9,072	1,257
Gain from sale of subsidiary	14(a)	(1,719)	-
Written-off property, plant and equipment		-	293
Unrealised foreign exchange (gains)/losses		(119)	107
Interest expense		623	293
Interest income		(12)	(808)
Dividend income		(7)	(7,137)
		<b>1,789</b>	<b>(12)</b>
<b>Profit/(loss) before changes in working capital</b>			
Changes in prepayments		(203)	(495)
Changes in trade receivables and other assets		5	1,060
Change in assets classified as held for sales		(2,018)	-
Changes in inventories		836	(241)
Changes in trade payables and other liabilities		(402)	5,703
Change in liabilities classified as held for sales		1,192	-
Taxes paid		(887)	(744)
		<b>312</b>	<b>5,271</b>
<b>Net cash inflow from operating activities</b>			
<b>Investing activities</b>			
Interest received		12	903
Dividends received		1,802	5,373
Purchase of short-term investment		(2,149)	4,158
Proceeds from disposal of short-term investment		5,975	-
Purchases of financial assets		-	(26,434)
Acquisitions of subsidiaries		-	(16,800)
Purchases of investment properties	6	(2,323)	(5,332)
Cash transferred to VVF	11	(35,036)	-
Purchases of property, plant and equipment	8	(1,186)	(1,034)
Proceeds from disposals of financial assets at fair value through profit and loss	11	11,387	59,055
Net proceeds from disposals of a subsidiary held for sale	14(b)	15,310	-
		<b>(6,208)</b>	<b>19,889</b>
<b>Net cash (outflow)/inflow from investing activities</b>			

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

**VIETNAM INFRASTRUCTURE LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	Note	Year ended 30 June	
		2016 USD'000	2015 USD'000
<b>Financing activities</b>			
Interest paid		(623)	(241)
Return of capital to non-controlling interest		-	(500)
Proceeds from borrowings		419	14,184
Repayments of borrowings		(4,191)	(1,520)
Distributions paid to holders of Private Equity Shares		(8,200)	-
Purchase VVF shares to distribute to holders of Private Equity Shares		(2,800)	-
Treasury shares bought-back		-	(671)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(15,395)</b>	<b>11,252</b>
<b>Net (decrease)/increase in cash and cash equivalents for the year</b>			
Cash and cash equivalents at beginning of the year	13	46,106	9,761
Exchange differences on cash and cash equivalents		(27)	(67)
<b>Cash and cash equivalents at end of the year</b>		<b>24,788</b>	<b>46,106</b>
Made up of:			
Cash and equivalents per the consolidated balance sheet	13	20,408	46,106
Included in the assets of the disposal groups	14(c)	4,380	-

*Major non-cash transactions*

	Note	Year ended 30 June	
		2016 USD'000	2015 USD'000
Contribution of investment in listed shares to VVF units	11	67,388	-
Repurchase of Listed Portfolio Shares in exchange for VVF units	11	67,983	-
Distribution to holders of Private Equity Shares in exchange for VVF units	11	2,800	-

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

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

The original principal activity of the Group was to invest in a diversified portfolio of entities owning infrastructure projects and assets primarily in Vietnam. The Group could invest and hold equity and debt instruments in unquoted companies that themselves held, developed or operated infrastructure assets. The Group could also invest in entities whose shares or other instruments were listed on a stock exchange, or traded on over-the-counter ("OTC") markets and in other funds that invested in infrastructure projects or assets.

On 22 July 2015, following shareholder approval of a proposal to restructure the Company, the listed and private equity components of VNI's portfolio were separated into two distinct pools, the Listed Portfolio and the Private Equity Portfolio, through a bonus issue of new Listed Portfolio Shares on a one-for-one basis to existing ordinary shareholders. As a result the Listed Portfolio and the Private Equity Portfolio were represented by separate classes of shares which were listed on the London Stock Exchange's Alternative Investment Market ("AIM") under the tickers VNIL and VNI, respectively. The Listed Portfolio assets and any surplus cash in the Company were contributed to Forum One-VCG Partners Vietnam Fund ("VVF"), a newly established sub-fund of Forum One, a Luxembourg open-ended investment company or SICAV ("Forum One") for consideration of 10,242,351 Class A VVF shares at the subscription price of USD10 per Class A VVF share. VVF's particular focus is to invest in listed equities on the Ho Chi Minh Stock Exchange and the Hanoi Stock Exchange; or other issuers that carry out a substantial part of their economic activity in Vietnam and are listed, traded or dealt on stock exchanges worldwide.

##### (i) Listed Portfolio Shares ("LPS")

LPS shareholders were given an opportunity to tender their shares in return for VVF units in August 2015 and February 2016. In August 2016 all the remaining outstanding LPS were compulsorily repurchased by the Company in return for VVF units. All shares repurchased by the Company were cancelled on the respective repurchase date so that after the date of the final repurchase no LPS remain in issue. The admission of the shares for trading on AIM was also cancelled that day.

##### (ii) Private Equity Shares ("PES")

The disposal proceeds from the sale of investments in the Private Equity Portfolio and surplus net cash-flows are distributed to the holders of the PES on a periodic basis. At such times holders of PES are given the option to either receive distributions in cash or have the funds invested by the Company in VVF Units (at the then current net asset value of a VVF Unit) and then to have the VVF Units distributed to them. Holders of PES who do not make an election are deemed to have elected to receive VVF Units.

The Company is seeking to fully realise the Private Equity Portfolio before 30 June 2017.

The consolidated financial statements for the financial year ended 30 June 2016 were approved for issue by the Board of Directors on 19 December 2016.



## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the financial years presented.

##### 2.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards (“IFRS”)

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

*Going concern*

The Company is progressively realising its Private Equity Portfolio which it expected to complete by 30 June 2017. Following the realisation of the portfolio and return of proceeds to shareholders the Company will be wound up in accordance with the Amended and Restated Memorandum of Association dated 15 December 2014. As a consequence, these financial statements have been prepared using the liquidation basis, as the going concern basis is no longer considered appropriate. The Company continues to apply the same IFRS accounting policies as has been used in prior years as management do not believe there is a difference in the accounting measurement basis that would be applied using a going concern basis of accounting versus what would apply under a liquidation basis of accounting.

(b) Historical cost convention

The consolidated financial statements have been prepared using the historical cost convention, as modified by the revaluation of investment properties, and in-building cellular enhancement systems (“IBS”) under property, plant and equipment, and financial assets at fair value through profit or loss and financial liabilities, the measurement bases of which are described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. 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 3(i).

(c) New standards and interpretation effective 1 July 2015 adopted by the Group

There are no standards, interpretations and amendments to existing standards that are effective for the financial year beginning 1 July 2015 that have had a material impact on the Group.

##### 2.2 New significant accounting policies

LPS and PES are classified as financial liabilities

Under IAS 32, both the LPS and PES are classified as financial liabilities as they both meet the definition of puttable instruments. That is, they are financial instruments that give the holders the right to put the instruments back to the issuer for cash or another financial asset or are automatically put back to the issuer on the occurrence of an uncertain future event.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.3 Principles of consolidation and equity accounting

###### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidences of an impairment of the transferred asset. All of the Group's subsidiaries have a reporting date of 31 December. For subsidiaries with a different reporting date, the management information up to 30 June are used for consolidation purposes and are adjusted for consistency with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated financial statements of profit or loss, statement of comprehensive income, statement of changes in equity, statement of changes in net assets attributable to holder of redeemable shares and balance sheet respectively.

###### *Business combination*

The Group applies the acquisition method to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair value of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.3 Principles of consolidation and equity accounting (continued)

###### (a) Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

###### (b) Change in ownership interests

When the group ceases to consolidate for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

##### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal management reporting information for the Investment Manager's management, monitoring of investments, and decision making. The Investment Manager assesses the financial performance and position of the Group, and makes strategic decisions.

The operating segments by investment portfolio include energy, property and infrastructure development, telecommunications, transportation and logistics, general infrastructure, other capital markets and cash.

##### 2.5 Foreign currency translation

###### (a) Functional and presentation currency

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

###### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii) income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

##### 2.6 Investment properties

Investment properties are properties owned or held to earn rentals or capital appreciation, or both, or land held for a currently undetermined use.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by the Company's independent professional valuer and/or internal investment officers who have relevant professional experience, and professional valuers who hold recognised relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.7 Leases

- (a) A group company is the lessee in an operating lease

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, unless they are treated as investment properties (Note 2.6). Where the Group has the use of an asset held under an operating lease, payments made under the lease are charged to the consolidated income statement on a straight line basis over the term of the lease. Prepayments for operating leases represent property held under operating leases where a portion, or all, of the lease payments have been paid in advance, and the properties cannot be classified as an investment property.

- (b) A group company is the lessor in an operating lease

Properties leased out under operating leases are included in investment property in the consolidated balance sheet.

##### 2.8 Financial assets

###### 2.8.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group does not have any financial assets classified as available for sale or held to maturity.

- (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are designated by the management to be carried at fair value through profit or loss at inception. They are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy. Financial assets at fair value through profit or loss held by the Group include listed and unlisted securities. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

- (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables" and "Cash and cash equivalents" in the consolidated balance sheet.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business.

###### 2.8.2 Recognition and derecognition

Purchases or sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

## **VIETNAM INFRASTRUCTURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **2.8 Financial assets (continued)**

###### **2.8.3 Measurement**

Investments are initially recognised at fair value plus transaction costs for all financial assets which are not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

If the investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured, such investments shall be measured at cost, less provision for impairment.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within "fair value gain/(loss) of financial assets at fair value through profit or loss" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement when the Group's right to receive payments is established.

##### **2.9 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **2.10 Prepayments for acquisitions of Long An Industrial Service project**

Prepayments are made by the Group to vendors for land compensation and other related costs, and professional fees directly attributed to the projects, where the final transfer of the investment/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. 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 appropriate investment accounts.

Pre-payments are carried at cost less any accumulated impairment losses.

##### **2.11 Property, plant and equipment**

SEATH In-Building Cellular Enhancement Systems ("IBS") under machinery are shown at fair value, based on valuation by independent professional valuer and/or the Company's internal investment officers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. A revaluation surplus is credited to other comprehensive income and accumulated in shareholders' equity under the heading of revaluation surplus and is transferred to retained earnings when the asset is sold. A revaluation decrease is charged against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any remaining balance of the decrease then be recognised as an expense in profit and loss. All other property, plant and equipment are stated at cost less depreciation. The cost of self-constructed assets includes the cost of materials, direct labour, overheads and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.11 Property, plant and equipment (continued)

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The carrying values of any parts replaced as a result of such replacements are expensed at the time of replacement. All other costs associated with the maintenance of property, plant and equipment are recognised in the consolidated income statement as incurred.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of property, plant and equipment, and major components that are accounted for separately. The estimated useful lives are as follows:

Buildings	6 to 10 years
Plant and machinery	3 to 7 years
Office equipment	2 to 5 years
Motor vehicles	6 to 10 years

Material residual value estimates and estimates of useful lives are reviewed at least annually, irrespective of whether assets are revalued.

##### 2.12 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.13 Impairment of assets

(a) Impairment of non-financial assets

Assets that have an indefinite useful life, for example, prepayments for acquisitions of investment properties, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

(b) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

*Assets carried at amortised cost*

- (i) For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

- (ii) For trade receivables, individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.



## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.13 Impairment of assets (continued)

- (b) Impairment of financial assets (continued)

*Assets carried at amortised cost (continued)*

The Group's trade and other receivables, prepayments for acquisitions of investment property and interests in associates are subject to impairment testing.

##### 2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in bank and on hand, as well as short term highly liquid investments such as money market instruments and bank deposits with original terms of not more than three months.

##### 2.15 Share capital

Ordinary shares were classified as 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. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax from the proceeds. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

On 22 July 2015, the ordinary shares were redesignated as PES and subsequently classified as financial liabilities. Refer to Note 15 for details.

##### 2.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

## **VIETNAM INFRASTRUCTURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **2.17 Borrowings (continued)**

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### **2.19 Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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 is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

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

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

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

##### 2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below:

(a) Sale of services

The Group's revenue represents the rental income from Southeast Asia Telecommunication Holdings ("SEATH") Base Transceiver Station ("BTS") tower network and SEATH In-Building Cellular Enhancement Systems ("IBS") leasing services, information rescue services and from lease of infrastructure in Ba Thien industrial park.

Revenue from SEATH BTS tower network and SEATH IBS services is recognised in the accounting period in which the services are rendered and the rental income is due to be received.

Revenue from lease of infrastructure is recognised on the straight line basis over the entire lease term. Rental income received in advance over one year is recognised under long-term unearned revenue.

(b) Interest income

Interest income is recognised on the effective interest rate basis.

(c) Dividend income

Dividend income is recognised when the right to receive the dividend is established.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2.22 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. Enterprises and individuals that directly, or indirectly through one or more immediately, control or are controlled by, or under common control with, the Company including holding company, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning directly, or indirectly, an interest in the voting power of the Company that give them significant influence over the entity, key management personnel, including directors and officers of the Company and close members of their families. When considering possible related party relationships, attention is directed to the substances of the relationship, and not merely the legal form.

#### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

##### 3.1 Critical accounting estimates and assumptions

###### (a) Fair value of investment properties

The investment properties of the Group are stated at fair value in accordance with Note 2.6. The fair values of investment properties of Ba Thien Industrial Park and SEATH Base Transceiver Station ("BTS") tower network have been determined by independent professional valuers and the Company's internal investment officers respectively. These valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. The estimated fair values provided by the independent professional valuers and/or the Company's internal investment officers are used by the Audit and Valuation Committee as the primary basis for estimating each property's fair value. In making its judgement, the committee considers information from a variety of sources, including:

- i. current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- ii. recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- iii. any other adjustments relevant to the property held by the Group but which were not factored into the valuation by the independent professional valuers, such as land compensation, costs and any other discount factors; and
- iv. discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of external evidence such as current market rents and sales prices for similar properties in the same location and condition and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

Refer to sensitive analysis for key valuation inputs in Note 28(b)(v).

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### 3.1 Critical accounting estimates and assumptions (continued)

(b) Fair value of SEATH IBS under property, plant and equipment

The IBS of the Group are stated at fair value in accordance with Note 2.11. The fair values of IBS have been determined by independent professional valuers and/or the Company's internal investment officers. These valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. The estimated fair values provided by the independent professional valuers and/or the Company's internal investment officers are used by the Audit and Valuation Committee as the primary basis for estimating IBS's fair value. In making its judgement, the committee considers information from a variety of sources, including discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of external evidence such as current market rents, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows. Refer to sensitive analysis for key valuation inputs in Note 28(b)(v).

(c) Fair value of financial assets at fair value through profit or loss

Listed securities are quoted at the bid price at each reporting date. For unlisted securities which are traded over-the-counter, the fair value is the average brokers' price obtained from a minimum sample of three reputable securities companies at the reporting date, or the published daily net asset value.

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 judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The valuations are also obtained from the Company's internal investment officers to evaluate and adjust valuations. The outcomes may vary from the actual prices that would be achieved in an orderly transaction between market participants at the reporting date. Refer to sensitive analysis for key valuation inputs in Note 28(a)(iv).

(d) Fair value of prepayment for acquisition of Long An Industrial Service project

The prepayment for acquisition reflects the Group's investment in the Long An Industrial Service project. The value of this asset was originally based on the sale and purchase agreement signed between the Group and the purchaser in June 2012; however, the buyer has defaulted on its obligations to settle the outstanding balance receivable, citing market conditions. The Investment Manager commenced legal procedures on 15 April 2015 to recover the outstanding balance. On 16 June 2016, the court ruling result is favourable to the Group which was appealed by the buyer to a higher court. A final settlement was agreed with the purchaser on 4 October 2016 and the defendant paid the finally agreed amount in October 2016. In light of these developments, the Group has estimated the recoverable amount at 30 June 2016 based on the amount actually received.

##### 3.2 Critical judgements in applying the Group's accounting policies

(a) Classification of SEATH BTS tower network as investment properties

Management has classified the BTS tower network as investment properties measured at fair value. Management determined that BTS tower network can be considered as similar to buildings and thus can be classified as investment properties. The tower network also displays similar characteristics to investment properties, in that space on the tower network is let to telecommunication tenants to earn rentals.

## **VIETNAM INFRASTRUCTURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

##### **3.2 Critical judgements in applying the Group's accounting policies (continued)**

- (b) Investments in Southern Star Telecommunication Equipment Joint Stock Company ("SST") and Vien Tin Joint Stock Company ("Vien Tin")

Management assessed that its acquisitions of Southern Star Telecommunication Equipment Joint Stock Company ("SST") and Vien Tin Joint Stock Company ("Vien Tin") in pervious year were acquisitions of businesses and not acquisitions of assets. The assessment was based on the criteria of whether at the date of acquisition, a business existed. The assessment criteria is whether there were inputs, significant processes and outputs on the date the subsidiary was required. In the context of SST and Vien Tin, management determined that at the date of acquisitions, the businesses of SST and Vien Tin consist of their in-building cellular enhancement systems, and that they have the ability to create economic benefits to provide a return to their owners. Consequently, the acquisitions of SST and Vien Tin have been accounted for as business combinations.

#### **4 SEGMENT INFORMATION**

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

Each of the operating segments are managed and monitored individually by the Investment Manager as each requires different resources and approaches. The Investment Manager assesses, as reported to the Board, segment profit or loss using a measure which is consistent with that in profit or loss. 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:

VIETNAM INFRASTRUCTURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 SEGMENT INFORMATION (continued)

Assets	Energy USD'000	Property and infrastructure development USD'000	Telecom- munications USD'000	Transportation and logistics USD'000	General infrastructure USD'000	Other capital markets USD'000	Cash USD'000	Total USD'000
<b>As at 30 June 2016</b>								
Prepayment for acquisition of Long An Industrial Service project	-	2,371	-	-	-	-	-	2,371
Trade and other receivables	-	4,455	-	-	-	-	-	4,455
Financial assets at fair value through profit or loss	-	-	-	-	-	38,245	-	38,245
Cash and cash equivalents	-	-	-	-	-	-	20,408	20,408
Assets classified as held for sale	-	-	70,252	-	-	-	-	70,252
<b>Total assets</b>	<b>-</b>	<b>6,826</b>	<b>70,252</b>	<b>-</b>	<b>-</b>	<b>38,245</b>	<b>20,408</b>	<b>135,731</b>
<b>Total assets include: Additions to non-current assets</b>	<b>-</b>	<b>-</b>	<b>3,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,509</b>
<b>As at 30 June 2015</b>								
Investment properties	-	24,637	48,798	-	-	-	-	73,435
Prepayment for acquisition of Long An Industrial Service project	-	2,188	-	-	-	-	-	2,188
Property, plant and equipment	-	140	26,331	-	-	-	-	26,471
Long-term deferred expenses	-	-	1,110	-	-	-	-	1,110
Other long-term receivables	-	-	333	-	-	-	-	333
Inventories	-	-	1,784	-	-	-	-	1,784
Trade and other receivables	-	975	6,878	-	-	3,877	-	11,730
Financial assets at fair value through profit or loss	14,367	4,838	-	14,605	3,833	39,392	-	77,035
Prepayments to suppliers	-	70	480	-	-	-	-	550
Short-term investments	-	-	-	-	-	-	4,608	4,608
Cash and cash equivalents	-	-	-	-	-	-	46,106	46,106
<b>Total assets</b>	<b>14,367</b>	<b>32,848</b>	<b>85,714</b>	<b>14,605</b>	<b>3,833</b>	<b>43,269</b>	<b>50,714</b>	<b>245,350</b>
<b>Total assets include: Additions to non-current assets</b>	<b>-</b>	<b>5,497</b>	<b>27,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,179</b>

VIETNAM INFRASTRUCTURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 SEGMENT INFORMATION (continued)

Revenue and segment profit and loss

	Energy USD'000	Property and infrastructure development USD'000	Telecom- munications USD'000	Transportation and logistics USD'000	General infrastructure USD'000	Other capital markets USD'000	Cash USD'000	Total USD'000
<b>Year ended 30 June 2016</b>								
Dividend income	-	-	-	-	-	7	-	7
Interest income	-	-	-	-	-	12	-	12
Fair value gain of financial assets at fair value through profit or loss	-	-	-	-	-	5,544	-	5,544
Fair value gain on prepayment for acquisition of Long An Industrial Service project	-	183	-	-	-	-	-	183
<b>Total</b>	<b>-</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,563</b>	<b>-</b>	<b>5,746</b>
<b>Unallocated expenses</b>								<b>(4,998)</b>
<b>Profit before tax from continuing operations</b>								<b>748</b>
<b>Year ended 30 June 2015</b>								
Dividend income	1,949	113	-	3,306	536	1,233	-	7,137
Interest income	-	-	-	-	-	-	264	264
Fair value (loss)/gain of financial assets at fair value through profit or loss	(6,146)	(135)	-	(1,115)	2,104	(1,250)	-	(6,542)
Impairment loss on prepayment for acquisition of Long An Industrial Service project	-	(2,966)	-	-	-	-	-	(2,966)
<b>Total</b>	<b>(4,197)</b>	<b>(2,988)</b>	<b>-</b>	<b>2,191</b>	<b>2,640</b>	<b>(17)</b>	<b>264</b>	<b>(2,107)</b>
<b>Unallocated expenses</b>								<b>(7,059)</b>
<b>Loss before tax from continuing operations</b>								<b>(9,166)</b>



## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 5 SUBSIDIARIES

The operating subsidiaries of the Group are incorporated in Vietnam which are held through special purpose vehicles established outside of Vietnam and the details are as follows:

Name of entity	Equity interest held by the Group (%)		Principal activity
	30 June 2016	30 June 2015	
<b>Ba Thien Industrial park</b>			
Vina-CPK Limited (*)	0.0	100.0	Industrial park
<b>SEATH Base Transceiver Station (“BTS”) tower network (**)</b>			
VNC-55 Infrastructure Investment Joint Stock Company	100.0	100.0	Telecommunications
Mobile Information Service Joint Stock Company	100.0	100.0	Telecommunications
Zone II Mobile Information Service Joint Stock Company	99.9	99.9	Telecommunications
Global Infrastructure Investment Joint Stock Company	100.0	100.0	Telecommunications
Truong Loc Telecom Trading and Service Joint Stock Company	98.0	98.0	Telecommunications
Tan Phat Telecom Joint Stock Company	99.9	99.9	Telecommunications
T&A Company Limited	100.0	100.0	Telecommunications
<b>SEATH In-Building Cellular Enhancement Systems (“IBS”)</b>			
Southern Star Telecommunication Equipment Joint Stock Company (“SST”)	70.0	70.0	Telecommunications
Vien Tin Joint Stock Company (“Vien Tin”)	75.0	75.0	Telecommunications

(\*) *Disposal of Vina-CPK Limited*

On 1 February 2016, the Group entered into a capital assignment agreement with a Vietnamese buyer to dispose of its 100% equity interest in Vina-CPK Limited for total consideration of USD22.1 million. The Group subsequently lost control of Vina-CPK Limited on 31 March 2016 and so the subsidiary's financial performance and cash flow information are reported as discontinued operations in these consolidated financial statements. The book value of the net assets at the disposal date was USD20.4 million, resulting a gain of USD1.5 million (net of tax) for the Group which was recognised in the consolidated income statement (Note 14).

(\*\*) *Agreement to sell equity interest in SEATH*

On 27 April 2016, the Company signed a term sheet, which was later replaced by a share sale and purchase agreement dated 4 August 2016 to transfer 100% of its holding of BTS tower network in SEATH to OCK Vietnam Towers Pte. Ltd. The transaction will result in a net cash proceeds of USD50.0 million to the Company. The completion of the transaction is subject to the receipt of sale proceeds and other conditions precedent. The sale proceeds are expected to be fully received in January 2017 (Note 30(a)).

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6 INVESTMENT PROPERTIES**

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
Opening balance	73,435	75,002
Additional investments made during the year	2,323	5,332
Transfer to property, plant and equipment (Note 8)	(684)	-
Net loss from fair value adjustment (Note 14(a))	(5,836)	(6,610)
Currency translation difference in other comprehensive income	(1,003)	(289)
Transfer to disposal groups classified as held for sale (Note 14(e))	(68,235)	-
Closing balance	<u>-</u>	<u>73,435</u>

As at 30 June 2016 and 30 June 2015, the BTS tower network was pledged with banks as security for long-term borrowings granted to a subsidiary (Note 16).

*Measuring investment property at fair value*

Investment properties, principally lands and BTS tower network, which were held for long-term rental yields in 2015, are now held for sale. They are not occupied by the Group and are carried at fair value. Changes in fair values are presented in profit or loss as part of loss from discontinued operations.

*Significant estimate – fair value of investment property*

Information about the valuation of investment properties is provided in Note 28(b).

*Amounts recognised in profit or loss for investment properties*

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
Rental income	12,197	12,029
Direct operating expenses from property that generated rental income	(5,427)	(4,716)
Direct operating expenses from property that did not generate rental income	(233)	(1,061)
Fair value losses recognised (*) (Note 14(a))	<u>(5,836)</u>	<u>(6,610)</u>

(\*) Fair value losses recognised in the profit or loss from discontinued operations during the year included the fair value loss of the BTS tower network which was presented as assets classified as held for sale as at reporting date amounting to USD5.5 million.

*Contractual obligations and leasing arrangements*

As at 30 June 2016, there were no significant contractual obligations to purchase, construct or develop investment properties or conduct repairs, maintenance or other enhancements.

Information about leasing arrangements of investment properties is provided in Note 27.

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**7 PREPAYMENT FOR ACQUISITION OF LONG AN INDUSTRIAL SERVICE PROJECT**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
Opening balance	2,188	5,154
Impairment loss of prepayment for acquisition of Long An Industrial Service project	-	(2,966)
Gain on remeasurement of prepayment for acquisition of Long An Industrial Service project	183	-
Closing balance	<u>2,371</u>	<u>2,188</u>

On 4 October 2016, the purchaser of Long An Industrial Service project agreed to pay the Company VND53.3 billion, equivalent to USD2.4 million, as a final settlement of this outstanding balance. A gain of USD0.2 million was recorded to reflect the final amount recovered by the Company in October 2016. Refer to Note 3.1(d) for further information. As at 30 June 2015, an impairment loss of USD3.0 million was recognised based on expected recoverable amount at the reporting date.

**8 PROPERTY, PLANT AND EQUIPMENT**

Movement during the financial year ended 30 June 2016:

	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Other assets</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>Historical cost</b>							
At 1 July 2015	222	26,368	302	6	37	452	<b>27,387</b>
New purchases	-	130	67	27	2	960	<b>1,186</b>
Transfer from assets under construction	-	764	-	-	-	(764)	-
Transfers from investment properties (Note 6)	684	-	-	-	-	-	<b>684</b>
Revaluation loss (Note 14(a))	-	(9,072)	-	-	-	-	<b>(9,072)</b>
Written-off	-	(92)	-	-	-	-	<b>(92)</b>
Transfers to assets classified as held for sale (Note 14(e))	(902)	(17,508)	(362)	(33)	(39)	(648)	<b>(19,492)</b>
Translation differences	(4)	(590)	(7)	-	-	-	<b>(601)</b>
At 30 June 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated depreciation</b>							
At 1 July 2015	58	692	137	4	25	-	<b>916</b>
Charged for the year	25	5,101	43	9	6	-	<b>5,184</b>
Written-off	-	(92)	-	-	-	-	<b>(92)</b>
Transfers to assets classified as held for sale (Note 14(e))	(81)	(5,691)	(176)	(11)	(28)	-	<b>(5,987)</b>
Translation differences	(2)	(10)	(4)	(2)	(3)	-	<b>(21)</b>
At 30 June 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>							
At 1 July 2015	<u>164</u>	<u>25,676</u>	<u>165</u>	<u>2</u>	<u>12</u>	<u>452</u>	<u><b>26,471</b></u>
At 30 June 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>-</b></u>

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**8 PROPERTY, PLANT AND EQUIPMENT (continued)**

Movement during the financial year ended 30 June 2015:

	<b>Buildings USD'000</b>	<b>Plant and machinery USD'000</b>	<b>Motor vehicles USD'000</b>	<b>Office equipment USD'000</b>	<b>Other assets USD'000</b>	<b>Assets under construction USD'000</b>	<b>Total USD'000</b>
<b>Historical cost</b>							
At 1 July 2014	120	822	543	8	31	-	<b>1,524</b>
New purchases	-	313	102	2	7	610	<b>1,034</b>
Transfer from assets under construction	-	158	-	-	-	(158)	-
Acquisitions of subsidiaries	105	26,706	-	2	-	-	<b>26,813</b>
Revaluation loss (Note 14(a))	-	(1,257)	-	-	-	-	<b>(1,257)</b>
Written-off	-	(76)	(335)	(6)	-	-	<b>(417)</b>
Translation differences	(3)	(298)	(8)	-	(1)	-	<b>(310)</b>
At 30 June 2015	<u>222</u>	<u>26,368</u>	<u>302</u>	<u>6</u>	<u>37</u>	<u>452</u>	<u><b>27,387</b></u>
<b>Accumulated depreciation</b>							
At 1 July 2014	33	269	183	8	18	-	<b>511</b>
Charged for the year	26	479	36	1	7	-	<b>549</b>
Written-off	-	(40)	(79)	(5)	-	-	<b>(124)</b>
Translation differences	(1)	(16)	(3)	-	-	-	<b>(20)</b>
At 30 June 2015	<u>58</u>	<u>692</u>	<u>137</u>	<u>4</u>	<u>25</u>	<u>-</u>	<u><b>916</b></u>
<b>Net book value</b>							
At 1 July 2014	<u>87</u>	<u>553</u>	<u>360</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u><b>1,013</b></u>
At 30 June 2015	<u>164</u>	<u>25,676</u>	<u>165</u>	<u>2</u>	<u>12</u>	<u>452</u>	<u><b>26,471</b></u>

Plant and machinery primarily comprises of SEATH IBS which are measured at fair value less accumulated depreciation.

As at 30 June 2016, the net book value of the plant and machinery of IBS is USD11.4 million (2015: USD25.09 million) which has been classified as assets held for sale together with other property, plant and equipment disclosed in Note 14. All other property, plant and equipment are stated at cost less depreciation.

*Significant estimates – valuations of plant and machinery of IBS*

Information about the valuation of plant and machinery of IBS is provided in Note 28(b).

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**9 FINANCIAL INSTRUMENTS BY CATEGORY**

	Loans and receivables USD'000	Financial assets at fair value through profit or loss USD'000	Total USD'000
<b>Financial assets</b>			
<b>As at 30 June 2016</b>			
Trade and other receivables (Note 10)	4,455	-	4,455
Financial assets at fair value through profit or loss (Note 11)	-	38,245	38,245
Cash and cash equivalents (Note 13)	20,408	-	20,408
Assets classified as held for sale (Note 14(c)), include:			
- Trade and other receivables	5,347	-	5,347
- Short-term investments (Note 12)	781	-	781
- Cash and cash equivalents	4,380	-	4,380
Total financial assets	<u>35,371</u>	<u>38,245</u>	<u>73,616</u>
Financial assets denominated in:			
- USD	2,405	-	2,405
- VND	32,966	38,245	71,211
	<u>35,371</u>	<u>38,245</u>	<u>73,616</u>
<b>As at 30 June 2015</b>			
Trade and other receivables (Note 10)	11,730	-	11,730
Financial assets at fair value through profit or loss (Note 11)	-	77,035	77,035
Short-term investments (Note 12)	4,608	-	4,608
Cash and cash equivalents (Note 13)	46,106	-	46,106
Total financial assets	<u>62,444</u>	<u>77,035</u>	<u>139,479</u>
Financial assets denominated in:			
- USD	33,075	-	33,075
- VND	29,369	77,035	106,404
	<u>62,444</u>	<u>77,035</u>	<u>139,479</u>

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**9 FINANCIAL INSTRUMENTS BY CATEGORY (continued)**

	<b>Liabilities at amortised cost USD'000</b>
<b>Financial liabilities</b>	
<b>As at 30 June 2016</b>	
Trade and other payables (Note 18, Note 19)	2,399
Borrowings (Note 16)	9,042
Liabilities directly associated with assets classified as held for sale (Note 14(c)), include:	
- Borrowings	71
- Trade and other payables	1,670
	<hr/>
Total financial liabilities	13,182
	<hr/> <hr/>
Financial liabilities denominated in:	
- USD	11,440
- VND	1,742
	<hr/>
	13,182
	<hr/> <hr/>
<b>As at 30 June 2015</b>	
Trade and other payables (Note 18, Note 19)	6,631
Borrowings (Note 16)	13,288
	<hr/>
Total financial liabilities	19,919
	<hr/> <hr/>
Financial liabilities denominated in:	
- USD	12,542
- VND	7,377
	<hr/>
	19,919
	<hr/> <hr/>

**10 TRADE AND OTHER RECEIVABLES**

	<b>30 June 2016 USD'000</b>	<b>30 June 2015 USD'000</b>
Trade receivables	4,455	1,731
Due to brokers	-	1,872
Dividends receivable	-	1,919
Accrued trade receivables	-	2,416
Due to former owner of a subsidiary	-	900
Other receivables	-	3,177
	<hr/>	<hr/>
	4,455	12,015
Less: allowance for impairment of receivables	-	(285)
	<hr/>	<hr/>
Total	4,455	11,730
	<hr/> <hr/>	<hr/> <hr/>

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**10 TRADE AND OTHER RECEIVABLES (continued)**

The credit quality of the trade and other receivables as at the reporting date is as follows:

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
Trade receivables:		
- Not past due and not impaired	4,455	1,446
- Past due and impaired	-	285
Other receivables:		
- Current and not impaired	-	10,284
	<u>4,455</u>	<u>12,015</u>

As at 30 June 2016, there is a significant concentration of credit risk relating to a buyer who acquired Vina-CPK Limited (Note 5), that represents 96.8% of trade receivables. As at 30 June 2015, there was a significant concentration of credit risk relating to a BTS customer that represents 40% of trade receivables, which is secured by a bank guarantee.

Trade and other receivables are short-term in nature and their carrying values, after allowances for impairment approximate their fair values at the reporting date.

**11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Designated at fair value through profit or loss:</b>		
<i>Non-current:</i>		
Unlisted shares, fair value based on internal/ independent valuer's report	-	8,902
<i>Current:</i>		
Listed shares	-	66,543
Unlisted shares, fair value based on net asset value	38,245	-
Unlisted shares, fair value based on sales agreements	-	1,590
	<u>38,245</u>	<u>68,133</u>
	<u>38,245</u>	<u>77,035</u>

*Risk exposure and fair value measurements*

Information about the Group's exposure to price risk is provided in Note 29. Refer to Note 28(a) for information about the methods and assumptions used in determining fair value.

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

Movement of financial assets at fair value through profit or loss:

	Current listed shares USD'000	Current unlisted shares		Non-current unlisted shares USD'000	Total USD'000
		Fair value based on net asset value USD'000	Fair value based on sales agreements USD'000		
As at 30 June 2015	66,543	-	1,590	8,902	77,035
Proceeds from disposals of financial assets at fair value through profit and loss	(1,411)	-	(1,566)	(8,410)	(11,387)
Contribution to VVF units	(67,388)	102,424	-	-	35,036
Repurchase of LPS in exchange for VVF units	-	(67,983)	-	-	(67,983)
Purchase VVF unit to distribute to holders of PES	-	2,800	-	-	2,800
Distribute VVF unit to holders of PES	-	(2,800)	-	-	(2,800)
Change in fair value of financial assets at fair value through profit or loss	2,256	3,804	(24)	(492)	5,544
As at 30 June 2016	-	38,245	-	-	38,245

**12 SHORT-TERM INVESTMENTS**

Short-term investments of USD0.8 million (2015: USD4.6 million) which were classified to assets held for sale as at 30 June 2016 (Note 14(e)) are term deposits with original maturity longer than three months but less than one year, which have a range of annual interest rates from 6.0% to 6.8% (2015: 4.5% to 5.6%) for VND accounts at local banks.



**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**13 CASH AND CASH EQUIVALENTS**

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
Cash and cash equivalents	20,408	46,106
Cash and cash equivalents denominated in:		
USD	2,381	32,966
VND	18,027	13,140
	<u>20,408</u>	<u>46,106</u>

Included in cash and cash equivalents are short-term deposits of USD nil (2015: USD5.1 million which have an annual interest rates approximately 6.5%) for VND accounts.

**14 DISCONTINUED OPERATION AND ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE**

*Disposal of Vina-CPK Limited*

On 31 December 2015 the Group announced its intention to exit the industrial park business and initiated an active program to locate buyer for Vina-CPK Limited. Consequently, the assets and liabilities of Vina-CPK Limited were classified as held for sale.

Vina-CPK Limited was sold on 1 February 2016 (Note 5) and is reported in the current year as a discontinued operation.

*Classify SEATH BTS tower network and SEATH IBS as asset held for sales*

The associated assets and liabilities of the BTS tower network and IBS systems have been presented as held for sale in these consolidated financial statements on the basis that Company is actively seeking buyers for both assets and expects to dispose of them within 12 months. The disposal groups are reported in the current year as discontinued operations.

Financial information relating to the above discontinued operations is set out below.

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**14 DISCONTINUED OPERATION AND ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (continued)**

**(a) Financial performance and cash flow information**

The financial performance and cash flow information presented include the nine-month period ended 31 March 2016 of Vina-CPK Limited and for the financial year ended 30 June 2016 of BTS and of IBS. The comparative figures presented for these disposal groups are for the financial year ended 30 June 2015.

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
Revenue	19,646	14,243
Cost of sales	(14,699)	(5,929)
Net loss from fair value adjustment on investment properties (Note 6) (*)	(5,836)	(6,610)
Revaluation loss on fixed assets (Note 8) (**)	(9,072)	(1,257)
Administration expenses	(2,315)	(2,002)
Other income	498	860
Other expenses	(2,031)	(823)
	<hr/>	<hr/>
Loss before income tax	(13,809)	(1,518)
Income tax expense	(702)	(477)
Deferred income tax income	34	1,791
	<hr/>	<hr/>
Loss after income tax of discontinued operation	(14,477)	(204)
Gain on sale of a subsidiary before capital gain tax	1,719	-
Capital gain tax on disposal of a subsidiary	(190)	-
	<hr/>	<hr/>
<b>Loss from discontinued operation</b>	<b>(12,948)</b>	<b>(204)</b>
	<hr/> <hr/>	<hr/> <hr/>
Exchange differences on translation of discontinued operations	(207)	(908)
<i>In which:</i>		
- Reclassification of foreign currency translation reserve	1,518	-
- Exchange differences on translation of foreign operations	(1,725)	(908)
Other comprehensive income/(loss)	40	(27)
	<hr/>	<hr/>
<b>Other comprehensive income from discontinued operations</b>	<b>(167)</b>	<b>(935)</b>
	<hr/> <hr/>	<hr/> <hr/>
Net cash outflow from operating activities	2,005	27,905
Net cash inflow/(outflow) from investing activities (includes an inflow of USD 17,712,614 from the sale of Vina-CPK Limited)	15,674	(23,166)
Net cash inflow/(outflow) from financing activities	15	(500)
	<hr/>	<hr/>
<b>Net increase in cash generated by the disposal groups</b>	<b>17,694</b>	<b>4,239</b>
	<hr/> <hr/>	<hr/> <hr/>

(\*) Investment properties comprise of SEATH BTS tower network

(\*\*) Fixed assets comprise of SEATH IBS

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**14 DISCONTINUED OPERATION AND ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (continued)**

**(b) Details of the disposal of Vina-CPK Limited**

	<b>30 June 2016</b>
	<b>USD'000</b>
<b>Consideration received or receivable:</b>	
Cash (*)	17,713
Receivable (Note 30)	4,431
	<hr/>
Total disposal consideration	22,144
Carrying amount of net assets sold	(18,907)
	<hr/>
<b>Gain on sale before income tax and reclassification of foreign currency translation reserve</b>	<b>3,237</b>
Reclassification of foreign currency translation reserve	(1,518)
Capital gain tax on disposal	(190)
	<hr/>
<b>Gain on sale of the subsidiary after income tax</b>	<b>1,529</b>
	<hr/> <hr/>

The carrying amounts of assets and liabilities as at the date of sale were:

	<b>31 March 2016</b>
	<b>USD'000</b>
Investment properties	26,048
Property, plant and equipment	784
Trade and other receivables	881
Prepayment for suppliers	68
Short-term investments	4,567
Cash and cash equivalents (*)	2,403
	<hr/>
<b>Total assets</b>	<b>34,751</b>
	<hr/>
Long-term and short-term unearned revenue	13,346
Long-term and short-term borrowings and debts	388
Deferred tax liabilities	1,110
Advance from customers	516
Trade and other payables	371
Other reserves	113
	<hr/>
<b>Total liabilities</b>	<b>15,844</b>
	<hr/>
<b>Net assets</b>	<b>18,907</b>
	<hr/> <hr/>

(\*) For the purpose of presentation in the consolidated statement of cash flows, net proceeds from disposal of Vina-CPK Limited was USD15.3 million.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 14 DISCONTINUED OPERATION AND ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (continued)

- (c) The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations:

	As at 30 June 2016 USD'000
<b>Assets classified as held for sale</b>	
Investment properties	42,798
Property, plant and equipment	12,705
Long-term deferred expenses	1,313
Other long term receivables	406
Deferred tax assets	9
Inventories	948
Trade and other receivables	5,347
Prepayments to suppliers	1,565
Short-term investments	781
Cash and cash equivalents	4,380
	<hr/>
<b>Total assets of disposal group held for sale</b>	<b>70,252</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Long-term and short-term borrowings and debts	71
Corporate income tax payable	209
Advance from customers	62
Trade and other payables	1,670
Short-term unearned revenue	463
Other reserves	252
	<hr/>
<b>Total liabilities of disposal group held for sale</b>	<b>2,727</b>
	<hr/>
<b>Net assets of disposal groups classified as held for sale</b>	<b>67,525</b>
	<hr/> <hr/>

#### (d) Restating prior periods

Under IFRS 5 - *Non-current assets held for sale and discontinued operations*, the Company must disclose prior period information for discontinued operations in the consolidated financial statements so that the disclosure cover all operations that have been discontinued at the end of the reporting period of the latest period presented. The discontinued operations presented in the consolidated statement of comprehensive income and the consolidated statement of cash flows in the comparative period therefore include all operations that have been discontinued by the current year end. This means that the consolidated statements of comprehensive income and cash flows for the comparative period show as discontinued operations both reported as discontinued in the previous year together with those classified as discontinued in the current year. As a consequence the restated prior year statements of comprehensive income and cash flows will not be entirely comparable to the current year's figures.

In contrast, the balance sheet information for the prior year is neither restated nor remeasured.

VIETNAM INFRASTRUCTURE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DISCONTINUED OPERATION AND ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (continued)

(e) Movement of assets and liabilities of disposal groups classified as held for sale:

	As at 1 July 2015 USD'000	Transferred to assets and liabilities of disposal groups classified as held for sale (*) USD'000	Change in carrying amount of a subsidiary after classification as held for sale USD'000	Sale of subsidiary USD'000	As at 30 June 2016 USD'000
<b>Assets of disposal groups classified as held for sale</b>					
Investment properties	-	68,235	611	(26,048)	42,798
Property, plant and equipment	-	13,505	(16)	(784)	12,705
Long-term deferred expenses	-	1,313	-	-	1,313
Other long term receivables	-	406	-	-	406
Deferred tax assets	-	9	-	-	9
Inventories	-	948	-	-	948
Trade and other receivables	-	6,655	(427)	(881)	5,347
Prepayment for suppliers	-	1,633	-	(68)	1,565
Short-term investments	-	3,498	1,850	(4,567)	781
Cash and cash equivalents	-	7,880	(1,097)	(2,403)	4,380
	-	104,082	921	(34,751)	70,252
<b>Liabilities directly associated with assets classified as held for sale</b>					
Long-term and short-term borrowings and debts	-	473	(14)	(388)	71
Deferred tax liabilities	-	1,110	-	(1,110)	-
Corporate income tax payable	-	209	-	-	209
Advance from customers	-	778	(200)	(516)	62
Trade and other payables	-	2,150	(109)	(371)	1,670
Long-term and short-term unearned revenue	-	12,407	1,402	(13,346)	463
Other reserves	-	252	113	(113)	252
	-	17,379	1,192	(15,844)	2,727
<b>Net assets and liabilities of disposal groups classified as held for sale</b>	-	<b>86,703</b>	<b>(271)</b>	<b>(18,907)</b>	<b>67,525</b>

(\*) As at 31 December 2015, the associated assets and liabilities of Vina-CPK Limited were classified as held for sale. And as at 30 June 2016, the associated assets and liabilities of SEATH IBS and BTS were classified as held for sale.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 15 SHARE CAPITAL

At 1 July 2015 the Company had 10 billion authorised ordinary shares of USD 0.01 each and 350,221,094 outstanding ordinary shares (equating to share capital of USD3,502,211). Following the restructuring of the Company's share capital on 22 July 2015 the Company has had two classes of shares: PES and LPS. The PES give the holders the right to receive cash distributions from the realisation of the private equity investments. The LPS were subject to mandatory repurchase in August 2016 in return for VVF shares. Both classes of shares meet the definition for financial liabilities under International Accounting Standard 32 ("IAS 32") (refer Note 2.2).

Movements of LPS and PES during the year were as follows:

	<b>Listed Portfolio Shares</b>	
	<b>Number of shares</b>	<b>USD'000</b>
As at 1 July 2015	-	-
Issued during the year	350,221,094	102,774
Repurchased during the year	(242,939,353)	(67,983)
Increase in net assets attributable to holders of LPS	-	3,520
As at 30 June 2016	<u>107,281,741</u>	<u>38,311</u>

	<b>Private Equity Shares</b>	
	<b>Number of shares</b>	<b>USD'000</b>
As at 1 July 2015	-	-
Issued during the year	-	-
Re-designated from existing ordinary shares	350,221,094	99,741
Decrease in net assets attributable to holders of PES	-	(22,572)
As at 30 June 2016	<u>350,221,094</u>	<u>77,169</u>

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16 BORROWINGS**

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
Long-term borrowings:		
Bank borrowings	-	12,733
Others	-	338
Less:		
Current portion of long-term borrowings	-	(3,616)
Total	<u>-</u>	<u>9,455</u>
Short-term borrowings:		
Bank borrowings	-	217
Current portion of long-term borrowings	9,042	3,616
	<u>9,042</u>	<u>3,833</u>
Total	<u>9,042</u>	<u>13,288</u>

Under the liquidation basis, all long-term borrowings which are expected to be realised or settled within the next twelve months from the reporting date are classified as short-term borrowings as at 30 June 2016 (Note 2.1).

According to the original contract terms, the Group's borrowings mature on a range of dates up to October 2019 and bear a range of annual interest rates from 3.9% to 4.1% for amounts denominated in USD (2015: 3.9% for amounts denominated in USD and from 3.6% to 11.5% for amounts denominated in VND).

As at 30 June 2016, the Group's borrowings amounting to USD9.0 million are subject to floating interest rates (2015: USD12.5 million bore floating interest rates and USD 0.8 million was subject to fixed interest rates). On 30 November 2016, the loan was fully repaid to lender.

The borrowings are secured by the SEATH BTS tower network disclosed in Note 6.

The maturities of the Group's borrowings at the end of the reporting year based on the original contract term are as follows:

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
6 months or less	1,750	2,024
6 - 12 months	1,750	1,809
1 - 5 years	5,542	9,359
Over 5 years	-	96
	<u>9,042</u>	<u>13,288</u>

**VIETNAM INFRASTRUCTURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****16 BORROWINGS (continued)**

The fair value of short-term borrowings approximates their carrying amounts as the impact of discounting is not significant. The fair value of long-term borrowings as at 30 June 2016 is USD9.0 million (2015: USD8.6 million). They are level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk which are estimated using the discounted cash flow method. The Group's borrowings are denominated in the following currencies:

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
VND	-	746
USD	9,042	12,542
	<u>9,042</u>	<u>13,288</u>

**17 DEFERRED TAX LIABILITIES**

The analysis of deferred tax liabilities is as follows:

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after less than 12 months	-	-
Deferred tax liabilities to be recovered after more than 12 months	-	1,113
	<u>-</u>	<u>1,113</u>

The gross movement in the deferred income tax liabilities is as follows:

	<b>30 June 2016</b> <b>USD'000</b>	<b>30 June 2015</b> <b>USD'000</b>
Beginning of year	1,113	2,921
Income statement credited	-	(1,791)
Balance sold as part of disposal of Vina-CPK Limited (Note 14(b))	(1,110)	-
Effect of translation to presentation currency	(3)	(17)
	<u>-</u>	<u>1,113</u>
End of year	<u>-</u>	<u>1,113</u>

There are no other significant unrecognised deferred tax liabilities.



## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 18 TRADE AND OTHER PAYABLES

	30 June 2016 USD'000	30 June 2015 USD'000
Accrued realisation fees (Note 26(c))	1,692	-
Trade payables	176	1,380
Payables for acquisitions of subsidiaries	-	2,794
Unearned revenue	-	882
Accrued liabilities	-	568
Advance from customers	-	221
Other payables	-	364
Total	<u>1,868</u>	<u>6,209</u>

Trade and other payables as at 30 June 2016 primarily relate to the operations of the Company (2015: they primarily related to the SEATH BTS tower network and the SEATH IBS operations of the Group). The carrying amounts of trade and other payables approximate their fair values due to their short-term nature.

#### 19 PAYABLE TO RELATED PARTIES

	30 June 2016 USD'000	30 June 2015 USD'000
Payable to VinaCapital Investment Management Ltd.:		
- management fees (Note 26(a))	-	361
- realisation fees (Note 26(c))	525	-
- other payables	-	55
Payable to shareholders	6	6
Total	<u>531</u>	<u>422</u>

Payables to related parties are short-term in nature; hence their carrying values are considered a reasonable approximations of their values at the balance sheet date.

#### 20 REVENUE AND COST OF SALES

The Group's revenue represents rental income from the SEATH BTS tower network and the SEATH IBS and associated leasing and information rescue services which were classified as assets held for sale as at 30 June 2016 (Note 14). All revenue is derived from external customers, although 70% of total sales during the year amounting to USD13.6 million (2015: 77% amounting to USD10.8 million) was sourced from one customer.

The Group's cost of sales mainly relates to the operating costs of the BTS and IBS leasing business and provision of related services.

The analysis of cost of sales based on the nature of the more significant expenses is as follows:

	Year ended	
	30 June 2016 USD'000	30 June 2015 USD'000
Land rentals	3,187	2,175
Tools and equipment expenses	2,330	1,431
Employee expenses	883	664
	<u></u>	<u></u>

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**21 ADMINISTRATIVE EXPENSES**

	<b>Year ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
		<b>Restated</b>
Professional fees (*)	1,013	2,174
Realisation fees (Note 26(c))	2,561	-
Management fees (Note 26(a))	306	4,319
Directors' fees (Note 25)	209	225
Custodian fees	167	237
Other expenses	445	389
	<u>4,701</u>	<u>7,344</u>

(\*) Professional fees for the financial year ended 30 June 2016 included restructuring fees of USD0.6 million (2015: USD1.3 million).

**22 FAIR VALUE GAIN/(LOSS) OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Year ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
		<b>Restated</b>
Unrealised gains/(losses) based on changes in fair values using:		
- market and brokers' quoted prices	-	46
- sales agreements	-	1,590
- internal valuation	3,800	(1,582)
Gains/(losses) from realisations of financial assets	1,740	(5,047)
Unrealised gains/(losses) on foreign exchange translation	4	(1,549)
	<u>5,544</u>	<u>(6,542)</u>

The gains/(losses) for the financial year 2016 relate to the Company's holding in VVF.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 23 INCOME TAX EXPENSE

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 and so have tax exempt status.

The principal operating subsidiaries of the Group are established in Vietnam and are subject to corporate income tax in Vietnam. The income from these subsidiaries is taxable at the applicable tax rate in Vietnam. On 19 June 2013, the Vietnamese National Assembly approved a new corporate income tax law. Under the new law, the standard corporate income tax has been reduced from 22% to 20% effective 1 January 2016. A provision of USD0.7 million was provided for corporate income tax payable by the Vietnamese subsidiaries for the current year (2015: USD0.4 million).

The relationship between the expected income tax expense based on the applicable income tax rate and the tax expense actually recognised in the consolidated income statement can be reconciled as follows:

	<b>Year ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
		<b>Restated</b>
<b>Current tax</b>		
Current income tax on loss for the year	-	-
Adjustments for:		
Current income tax expense on Vietnamese subsidiaries (Note 14(a))	702	477
Capital gains tax on sale of a subsidiary (Note 14(a))	190	-
Total current tax expense	<u>892</u>	<u>477</u>
<b>Deferred income tax</b>		
Decrease in deferred tax assets	(31)	-
Increase in deferred tax liabilities	(3)	(1,791)
Deferred income tax benefit (Note 14(a))	<u>(34)</u>	<u>(1,791)</u>
Income tax expense/(income)	<u>858</u>	<u>(1,314)</u>
Income tax expense is attributable to:		
Charged to the consolidate income statement from continuing operation	-	-
Charged/(credited) to the consolidate income statement from discontinued operation	<u>858</u>	<u>(1,314)</u>

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**23 INCOME TAX EXPENSE (continued)**

Numerical reconciliation of income tax expense to prima facie tax payable:

	<b>Year ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
		<b>Restated</b>
Profit/(loss) from continuing operations before income tax expense	748	(9,166)
Loss from discontinuing operation before income tax expense	(12,090)	(1,518)
Group loss before tax	(11,342)	(10,684)
Group loss multiplied by applicable tax rate 0% (2015: 0%)	-	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Difference in overseas tax rates	702	477
Capital gains tax on sale of a subsidiary	190	-
Unearned revenue subjected to tax in the year	(34)	(1,791)
Total income tax expense/income	<u>858</u>	<u>(1,314)</u>
Income tax expense is attributable to:		
Charged to the consolidate income statement from continuing operation	-	-
Charged/(credited) to the consolidate income statement from discontinued operation	858	(1,314)
	<u><u>858</u></u>	<u><u>(1,314)</u></u>

**VIETNAM INFRASTRUCTURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**24 EARNINGS/(LOSS) PER SHARE AND NET ASSET VALUE PER SHARE**

**(a) Earnings/(loss) per share**

Earnings/(loss) per share is calculated by dividing the profit/(loss) from operations attributable to the shareholders of the Company by the weighted average number of shares in issue during the year excluding shares purchased by the Group and held as treasury shares (Note 15).

Year ended 30 June 2016

	<b>Listed Portfolio Shares</b>	<b>Private Portfolio Shares</b>
Profit/(loss) for the year attributable to shareholders of the Company (USD'000)	3,520	(11,040)
Weighted average number of shares in issue ('000)	152,501	350,221
Earnings/(loss) per share (USD/share)	<u>0.023</u>	<u>(0.032)</u>

Year ended 30 June 2015

	<b>Ordinary Shares</b>
Loss for the year attributable to shareholders of the Company (USD'000)	(9,488)
Weighted average number of ordinary shares in issue ('000)	370,885
Loss per share (USD/share)	<u>(0.026)</u>

**(b) Net asset value per share**

Net asset value ("NAV") per share is calculated by dividing the net asset value attributable to shareholders of the Company by the number of outstanding shares in issue at the reporting date. Net asset value is determined as total assets less total liabilities.

As at 30 June 2016:

	<b>Listed Portfolio Shares</b>	<b>Private Portfolio Shares</b>
Net asset value attributable to shareholders of the Company (USD'000)	38,311	77,169
Number of outstanding shares in issue ('000)	107,282	350,221
Net asset value per share (USD/share)	<u>0.357</u>	<u>0.220</u>

At 30 June 2015:

	<b>Ordinary Shares</b>
Net asset value attributable to shareholders of the Company (USD'000)	202,515
Number of outstanding ordinary shares in issue ('000)	350,221
Net asset value per share (USD/share)	<u>0.578</u>

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 25 DIRECTORS' FEES AND MANAGEMENT'S REMUNERATION

The aggregated directors' fees amounted to USD209,000 (2015: USD225,000) (Note 21), of which there was no outstanding amounts payable at the reporting date (2015: USD75,000). The directors are considered key management personnel of the Company for reporting purposes. The details of the remuneration for each director is summarised below:

	Year ended	
	30 June 2016 USD'000	30 June 2015 USD'000
Rupert Carington (*)	60	74
Robert Binyon (*)	45	57
Luong Van Ly (*)	45	35
Paul Garnett	35	24
Ekkehard Goetting (*)	24	35
Total	<u>209</u>	<u>225</u>

(\*) During the year additional fees of USD15,000 and USD10,000, respectively, were paid to Rupert Carington and each of Robert Binyon, Ekkehard Goetting and Luong Van Ly, in conjunction with the extra work undertaken to restructure the Company. In 2015, additional fees of USD29,000 and USD22,000, respectively, were paid to Rupert Carington and Robert Binyon for a similar purpose.

#### 26 RELATED PARTIES

##### (a) Management fees

The Group is managed by VinaCapital Investment Management Limited (the "Investment Manager"), incorporated and registered as a licensed fund manager in the Cayman Islands. From 1 July 2015 to 26 July 2015 the Investment Manager received a fee based on the gross asset value of the Group, payable monthly in arrears, at an annual rate of 2% (30 June 2015: 2%). On 20 November 2014, the Company signed a new investment management agreement with the Investment Manager, which became effective on 27 July 2015 (the "new Investment Management Agreement"). Under this agreement no management fee is charged by the Investment Manager to the Company on either the LPS or the PES.

Total management fees for the year amounted to USD0.3 million (30 June 2015: USD4.3 million) (Note 21), there was no outstanding accrued fees due to the Investment Manager at the reporting date (2015: USD0.4 million) (Note 19).

##### (b) Performance fees

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%. There was no performance fees payable for the financial years ended 30 June 2015 and 30 June 2016.

Under the new Investment Management Agreement, no management fee is charged by the Investment Manager to the Company. Instead, the Investment Manager will receive the incentive fees as indicated in Note 26(c).

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 26 RELATED PARTIES (continued)

##### (c) Realisation fees and incentive fees

Under the new Investment Management Agreement, the Investment Manager will receive a realisation fee and an incentive fee based on sales proceeds relating to the Private Equity Portfolio:

- 1) Upon realisation of the Company's private equity assets, the Company will pay a fee of 3% of the net sale proceeds of each asset realised once the net sale proceeds are received by the Company. Total realisation fees for the year amounted to USD2.6 million (2015: nil) (Note 21), with USD0.5 million (2015: nil) (Note 19) currently due to Investment Manager and USD1.7 million (Note 18) accrued as a future payable to the Investment Manager at the reporting date.
- 2) The Company will also pay an incentive fee of 10% of the amount by which the total return from the sale of private equity assets exceeds a hurdle amount of USD80.9 million. The total return equals the aggregate of all net sale proceeds and other distribution received by the Company from private equity investments. This incentive fee will be paid when the proceeds collected from private equity asset sales have exceeded the hurdle amount.

#### 27 OPERATING LEASE COMMITMENTS

The Group leases various offices, land for SEATH BTS tower network and the SEATH IBS under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are negotiated.

The Group has commitments under non-cancellable operating lease agreements as follows:

	30 June 2016 USD'000	30 June 2015 USD'000
Within one year	6,755	4,829
Within two to five years	9,897	3,623
Over five years	435	20,085
Total	<u>17,087</u>	<u>28,537</u>

Included in these future operating lease commitments are commitments of SEATH BTS tower network amounting to USD15.3 million which will be transferred to the buyer as a result of the divestment (Note 5).

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 28 RECOGNISED FAIR VALUE MEASUREMENTS

##### a) Financial assets and financial liabilities

###### i) Fair value hierarchy

The following table presents financial assets measured at fair value by valuation method. The different levels have been defined as below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- 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 assets that are not based on observable market data (unobservable inputs).

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

The financial assets measured at fair value in the balance sheet are grouped into the fair value hierarchy as follows:

Recurring fair value measurements	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
<b>30 June 2016</b>				
<b>Financial assets</b>				
Ordinary shares – unlisted	-	38,245	-	<b>38,245</b>
<b>Total financial assets</b>	<b>-</b>	<b>38,245</b>	<b>-</b>	<b>38,245</b>
<b>30 June 2015</b>				
Ordinary shares – listed	66,543	-	-	<b>66,543</b>
Ordinary shares – unlisted	-	1,590	8,902	<b>10,492</b>
<b>Total financial assets</b>	<b>66,543</b>	<b>1,590</b>	<b>8,902</b>	<b>77,035</b>

During the year, there were no transfers between the fair value hierarchy levels (2015: nil). There were also no other reclassifications of financial assets in the current year and prior year.

###### ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for level 1 listed shares;
- the use of dealer quotes or published daily net asset value for level 2 unlisted shares;
- the fair value of level 3 unlisted equity as at 30 June 2015 and of borrowing is determined using discounted cash flow analysis.

###### iii) Valuation process

The Company's internal investment officers perform the valuation of listed and unlisted securities for financial reporting purposes. The valuation results are reported directly to the Audit and Valuation Committee and approved by the Board for adoption.

The main level 3 inputs used by the Group are derived and evaluated as follows:



## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 28 RECOGNISED FAIR VALUE MEASUREMENTS (continued)

##### a) Financial assets and financial liabilities (continued)

###### iii) Valuation process (continued)

- Interest rate on borrowings - based on the terms of existing commercial loans and financial lease contracts with Export Credit Agency;
- Discount rates - reflecting current market assessment of the uncertainty in the amount and timing of cash flows; and
- Salvage value of aircraft - based on forecasted income from selling the aircraft at the end of the leasing period.

###### iv) Valuation input and relationship to level 3 fair value

The following table analyses the significant unobservable inputs and the impact of possible changes to the fair value of the private equity instrument:

Sensitivity as at 30 June 2015:

	Significant input	Sensitivity on management's estimates	
		Changes of input	Impact
	Forecast of 3M and 6M LIBOR and 12M deposit rate		
Interest rate		+/-1%	(USD0.6m) – USD0.6m
Discount rate	22.8%	+/-1%	(USD0.1m) – USD0.2m
Salvage value	43.3% - 50%	-/+10%	(USD0.5m) – USD0.6m

##### b) Non-financial assets and financial liabilities

###### i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 28(a).

Recurring fair value measurements	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2016				
Assets classified as held for sale				
Investment properties - SEATH BTS tower network	-	-	42,798	42,798
Plant and machinery - SEATH IBS	-	-	11,362	11,362
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>54,160</b>	<b>54,160</b>
As at 30 June 2015				
Investment properties				
SEATH BTS tower network	-	-	48,798	48,798
Vina-CPK Limited (*)	-	-	24,637	24,637
Property, plant and equipment				
Plant and machinery - SEATH IBS	-	-	25,088	25,088
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>98,523</b>	<b>98,523</b>

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 28 RECOGNISED FAIR VALUE MEASUREMENTS (continued)

##### b) Non-financial assets and financial liabilities (continued)

###### i) Fair value hierarchy (continued)

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

(\*) During the year, the Group disposed of its 100% equity interest in Vina-CPK Limited for a total consideration of USD22.1 million. The book value of the net assets at the disposal date was USD20.4 million, resulting in a gain of USD1.5 million for the Group which was recognised in the consolidated income statement (Note 14).

There were no transfers between levels in prior year.

###### ii) Valuation technique used to determine level 3 fair values

Specific valuation techniques used to determine the level 3 fair value include:

- sale comparison approach for level 3 investment properties as at 30 June 2016;
- discounted cash flow ("DCF") method for level 3 investment properties as at 30 June 2015 and level 3 plant and machinery.

###### iii) Significant unobservable inputs (level 3)

The significant unobservable inputs used in the DCF calculation for the respective investment properties and plant and machinery are as follows:

###### SEATH IBS

- Future IBS growth to generate incremental rental cash inflows - such growth is funded by recurring cash inflows from existing leases while rental for new IBS and tenants is based on the same terms as those of existing leases;
- Discount rates - reflecting current market assessment of the uncertainty in the amount and timing of cash flows; and
- Terminal value – reflecting management's view of long-term growth in the sector.

###### SEATH BTS tower network

- Future tower and tenancy growth to generate incremental rental cash inflows - such growth is funded by recurring cash inflows from existing leases while rental for new towers and tenants is based on the same terms as those of existing leases;
- Discount rates - reflecting current market assessment of the uncertainty in the amount and timing of cash flows; and
- Terminal value – reflecting management's view of long-term growth in the sector.

###### Vina-CPK Limited (Ba Thien Industrial Park)

- Sale price per square metre – based on current market comparable;
- Costs to complete the development of the property - based on management's experience and knowledge of market conditions;
- Completion dates – expected completion dates based on management's experience and knowledge taking into account the need for approvals from oversight bodies at various times in the development process; and
- Discount rates – reflecting the current market assessment of the uncertainty in the amount and timing of cash flows.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 28 RECOGNISED FAIR VALUE MEASUREMENTS (continued)

##### b) Non-financial assets and financial liabilities (continued)

###### iv) Valuation process

The Group's plant and machinery (IBS) and investment properties (BTS and Vina-CPK Limited) are valued by the independent professional qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the investment properties being valued (IBS and Vina-CPK) or the Company's internal investment officers (BTS). The estimated fair values provided by the independent professional valuers and the Company's internal investment officers are used by the Audit and Valuation Committee as the primary basis for estimating each property's fair value. Management reviews the valuations performed by the Company's internal investment officers and the independent professional valuers for financial reporting purposes, and the valuations, as adjusted if appropriate, are approved by the Board for adoption after deliberation in the Audit and Valuation Committee.

###### v) Valuation inputs and relationship to fair value

The following table analyses the range of the significant unobservable inputs and the impact of changes of these to the fair value of investment properties and property, plant and equipment:

*Sensitivity as at 30 June 2016:*

	Range of Unobservable inputs	Sensitivity on management's estimates	
		Change of input	(Loss)/gain to fair value due to change
<b>Assets classified as held for sale</b>			
Plant and machinery - SEATH IBS			
- IBS growth	5%	-/+1%	(USD0.4m) – USD0.4m
- Discount rate	16%	+/-1%	(USD1m) – USD1m
- Terminal growth	0%	+1%	USD2.1m
- Leasing price per square metre per month	USD0.22 - USD0.29	-/+10%	(USD1.8m) – USD1.8m

###### Investment Properties – SEATH BTS

Before and after being classified as asset held for sale, the fair value of BTS was measured based on the price quoted on the sale and purchase agreement plus the additional cash generated from BTS business post year end which was confirmed by the buyer and utilised by the Company in November 2016.

*Sensitivity as at 30 June 2015:*

	Range of unobservable inputs	Sensitivity on management's estimates	
		Change of input	(Loss)/gain to fair value due to change
<b>Property, plant and equipment</b>			
SEATH IBS			
- IBS growth	6%	-/+1%	(USD0.7m) – USD0.6m
- Discount rate	16%	+/-1%	(USD0.7m) – USD0.8m
- Terminal growth	1%	-/+1%	(USD0.7m) – USD0.8m
- Leasing price per square metre per month	USD0.22 - USD0.29	-/+15%	(USD7m) – USD7m

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 28 RECOGNISED FAIR VALUE MEASUREMENTS (continued)

##### b) Non-financial assets and financial liabilities (continued)

##### v) Valuation inputs and relationship to fair value (continued)

Sensitivity as at 30 June 2015 (continued):

	Range of unobservable inputs	Sensitivity on management's estimates	
		Change of input	(Loss)/gain to fair value due to change
<b>Investment properties</b>			
SEATH BTS tower network			
- Tower and tenancy growth	7% and 2%	-/+10%	(USD 1.0m) - USD 1.0m
- Discount rate	16%	+/-1%	(USD 3.5m) - USD 4.1m
- Terminal growth	2%	-/+1%	(USD 1.6m) - USD 1.4m
Vina-CPK Limited			
- Sale price per square metre	USD44 - USD52	-/+10%	(USD4.1m) - USD4.1m
- Cost to complete	USD13 - USD15	+/-10%	(USD2.7m) - USD2.7m
	5 periods - 7		
- Expected completion date	periods	Delay 2 periods	(USD2.8m) - USD2.4m
- Discount rate	18% - 20%	+/-1%	(USD1.0m) - USD1.0m

#### 29 FINANCIAL RISK MANAGEMENT

The Group invests in listed and unlisted equity instruments, debt instruments, assets and other opportunities in Vietnam and other 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 the Investment Manager who manages the distribution of the assets to achieve the investment objectives.

Since the restructuring of the Group on 15 December 2014 the Company has sought to progressively realise its Private Equity Portfolio with an objective of completing this exercise by 30 June 2017. Consequently, the Group's objective to maximise capital returns to its shareholders.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 29 FINANCIAL RISK MANAGEMENT (continued)

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

##### (a) Market risk analysis

###### *Foreign exchange and foreign currency sensitivity risks*

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

The Group has not entered into any hedging mechanisms as the estimated benefits of available instruments outweigh their costs. On an ongoing basis the Investment Manager analyses the current economic environment and expected future conditions and decides the optimal currency mix considering the risk of currency fluctuation, interest rate return differentials, and transaction costs. The Investment Manager updates the Board regularly and reports on any significant changes for further actions to be taken.

As at 30 June 2016, the Group has foreign currency exposure mainly arising from holding financial assets and financial liabilities which is not denominated in its functional currency. At the reporting date, had the VND weakened/strengthened by 5% in relation to USD, with all other variables held constant, there would be a net exchange loss/gain of USD1.1 million (2015: a net exchange gain/loss of USD0.3 million).

###### *Price risk*

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or factors affecting all instruments traded in the market.

The Group invests directly and indirectly in listed and unlisted equity securities and is exposed to market price risk of these securities due to the uncertainties about future values of the investment securities.

As at 30 June 2016, all equity investments of the Group are the Group's interest in an open-ended fund which in turn invests in the listed securities that publicly traded on the Vietnam stock exchanges. For the financial year 2015, the majority of the Group's equity investments were publicly traded on the Vietnam stock exchanges. The Group has no concentration in individual equity positions exceeding 5% of the Group's net assets.

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 at each quarterly meeting.

If the prices of the securities increased or decreased by 10%, the impact on the net asset value of the Group would be a gain or loss of USD3.4 million (2015: gain or loss of USD6.3 million).

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

The Group's exposure to interest rate risk is related to interest bearing financial assets and financial liabilities. Cash and cash equivalents are subject to interest at fixed rates. They are exposed to fair value changes due to interest rate changes. The Group currently has financial liabilities arising from long-term borrowings in USD with floating interest rates. The Group's forecast of the interest rates is favourable for the borrowings and it has limited exposure to cash flow and interest rate risk.

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 29 FINANCIAL RISK MANAGEMENT (continued)

##### (b) Credit risk analysis

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

The Investment Manager maintains a list of approved banks for holding deposits and set aggregate limits for deposits or exposures to individual banks. While this list is formally reviewed each month, it is updated to reflect developments in the market on a timely basis as new information becomes available.

Of the USD25.6 million (30 June 2015: USD50.7 million) cash and cash equivalents and short-term investments as at 30 June 2016, USD20.8 million (30 June 2015: USD37.0 million) was deposited with a bank that has a Standard and Poors ('S&P') rating of AA- at the reporting date. Another USD3.9 million (30 June 2015: USD9.5 million) was deposited with banks that have S&P ratings of between B+ and BB- at the reporting date. The remaining USD0.9 million (30 June 2015: USD4.2 million) was held with banks that have no credit rating by any rating agencies.

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

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

As at 30 June 2016, the Group did not provide impairment for trade and receivables of assets of disposal groups classified as held for sale (30 June 2015: nil). The credit quality of financial assets that are neither past due nor impaired is assessed by management for each period end. This assessment takes into account the financial health of the customers, or history of payments and defaults of existing customers of the Group. Debtors and amounts due from a related party that are neither past due nor impaired are substantially companies with good collection records with the Group.

No credit limits were exceeded during the reporting period other than those impaired as disclosed in Notes 3.1(d) and Note 7 relating to the prepayment for acquisition of investment in the Long An Industrial Service project. Management does not expect any losses from non-performance by these counterparties.

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

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

## VIETNAM INFRASTRUCTURE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 29 FINANCIAL RISK MANAGEMENT (continued)

##### (c) 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 Exchanges. However, there have been times in the past when, due to restrictions imposed by the market daily trading bands, shares cannot be sold immediately. Under such circumstances it is likely that the Group's holdings in listed shares are not immediately realisable.

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 which have contractual maturities are summarised below:

	Within 6 months USD'000	6 to 12 months USD'000	1 to 5 years USD'000	Over 5 years USD'000	Total USD'000
<b>30 June 2016</b>					
Borrowings	1,913	1,897	5,750	-	9,560
Trade and other payables (*)	-	1,868	-	-	1,868
Payable to related parties	531	-	-	-	531
Liabilities directly associated with assets classified as held for sale:					
- Borrowing	34	19	18	-	71
- Trade and other payables (*)	-	1,670	-	-	1,670
Net assets attributable to holders of the LPS	38,311	-	-	-	38,311
Net assets attributable to holders of the Private Equities Shares	-	77,169	-	-	77,169
	<u>40,789</u>	<u>82,623</u>	<u>5,768</u>	<u>-</u>	<u>129,180</u>
<b>30 June 2015</b>					
Borrowings	2,236	1,950	9,187	26	13,399
Trade and other payables (*)	-	5,106	-	-	5,106
Payable to related parties	422	-	-	-	422
	<u>2,658</u>	<u>7,056</u>	<u>9,187</u>	<u>26</u>	<u>18,927</u>

(\*) These balances exclude unearned revenue and advance from customers.

The above contractual maturities reflect the gross cash flows, which may differ to the carrying value of the liabilities at the reporting date. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

## **VIETNAM INFRASTRUCTURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **29 FINANCIAL RISK MANAGEMENT (continued)**

##### **(d) Capital management**

The Group's capital management objective is to maximise the return of capital to shareholders.

The Group considers the capital managed as equal to the net assets attributable to the holders of ordinary shares. The Group is not subject to any externally imposed capital requirements. The Group has engaged the Investment Manager to allocate the net assets in such a way so-as-to maximise the return of capital to shareholders.

#### **30 SUBSEQUENT EVENTS**

##### **(a) Agreement to sell equity interest in Southeast Asia Telecommunications Holdings**

On 4 August 2016, the Company signed a share sale and purchase agreement to transfer 100% of its holding of BTS tower network in Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH") to OCK Vietnam Towers Pte. Ltd. Details of SEATH disposal is provided in Note 5.

##### **(b) Compulsory repurchase and cancellation of trading LPS on the AIM**

All of the remaining 107,281,741 LPS were repurchased by the Company on 17 August 2016 in exchange for 3,288,435,511 Class A VVF Shares. The Class A VVF Shares were transferred to the shareholders' accounts on 25 August 2016.

Following the compulsory repurchase none of LPS remain in issue and the admission of the LPS to trading on AIM under the ticker VNIL was cancelled with effect on 18 August 2016. The PES are continuing to be traded as normal.

##### **(c) Final payment on disposal of Vina-CPK Limited**

On 22 November 2016, the Group received the final 20% of sale proceeds of USD4.4million from the buyer.