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VietNam Holding Limited

ISIN: KYG9361X1043.

VietNam Holding Limited (the "Company") is pleased to announce interim results for the six month period from 1st of July 2007 to 31st of December 2007. Copies of the interim report have been sent to shareholders and will be available, free of charge, from the offices of Grant Thornton Corporate Finance, 30 Finsbury Square, London, EC2P 2YU or Vietnam Holding Asset Management, Gartenstrasse 19, CH 8002 Zurich, Switzerland. A pdf version of the interim report will also be available for download from the Company's website www.vietnamholding.com/news.htm.

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Highlights

During the period covered by this interim report, the Company approached full investment in Vietnamese equities, acquired at attractive valuations. By end-2007, 82% of VietNam Holding's total net asset value was represented by equity investments, and a further 12% was in Vietnamese Brady bonds.

During this period, growth in the net asset value of VietNam Holding out-paced the VNI index. Despite a 9.5% decline in VNI equities index for the latter half of calendar year 2007, VietNam Holding's net asset value grew by 4.6% over this same period.

VietNam Holding's investment portfolio comprises a diverse spectrum of business sectors, including those sectors anticipated to perform particularly well at this stage of Vietnam's economic development. Such prospective sectors include: construction and materials, chemicals, oil and gas, and food and beverages.

The strategy of investing in former state-owned enterprises, at attractive valuations, prior to their subsequent listing on a stock exchange has proven to be successful. A number of VietNam Holding's investee companies have seen their valuations increase markedly, upon or shortly after listing.

Just over 31% of VietNam Holding's equity investments are in companies that have still to list on a formal stock market. We believe this positions VietNam Holding well for anticipated upward revisions in valuations for these companies during 2008, as they proceed to enact a stock market listing.

At end-2007, the weighted average trailing price/earnings ratio for VietNam Holding's equity investments was 20.4. This compares favorably with a weighted average trailing price/earnings ratio, for all the companies in the VNI index, of 27.1.

Chairperson's Statement

Performance

I am pleased to report that in the first half of fiscal year 2008, VietNam Holding's pace of investment was on target, as we approached full deployment of capital. By 31 December 2007, approximately 82% of total capital was held in Vietnamese equities, with the remainder in USD denominated bonds and cash. This compares with 24% of total capital invested in Vietnamese equities a year earlier. Moreover, VietNam Holding's net asset value (NAV) grew by 4.63% between 1 July 2007 and 31 December 2007, from USD 124.76 million to USD 130.54 million. In so doing, VietNam Holding out-performed the VNI equity index, which saw a decline of 9.5% over the same period.

Investment objective

VietNam Holding is well on its way to fulfilling its primary objective of a well-diversified Vietnamese equity portfolio, positioned for long-term capital appreciation. By 31 December 2007, VietNam Holding's portfolio was comprised of 34 companies, with an average investment size of USD 3.15 million. Furthermore, the portfolio spans some of the most dynamic areas of industrial and economic growth in today's Vietnam. At the end of December 2007, the construction and materials sector accounted for 17% of the portfolio, chemicals made up 14%, the oil and gas sector was 11%, and food and beverages represented 10%.

Investment strategy

A key element of VietNam Holding's investment strategy is to acquire equity interests in former state-owned enterprises (SOEs) prior to their listing on one of the two domestic securities trading centers. For the six months ending 31 December 2007, our Investment Manager pursued this goal successfully, and the investment team was instrumental in accumulating unlisted shares – through the over-the-counter market or privately negotiated deals – in such exciting business prospects as Imexpharm and An Giang Plant Protection. The inherent value of this strategy is the potential capital appreciation to be derived from acquiring equity in unlisted firms, at relatively low price/earnings multiples, when compared with their listed peers that typically trade at higher multiples. By the end of December 2007, eight out of the ten largest investments made by VietNam Holding were purchased prior to, or upon, an initial public offering.

Financial highlights

VietNam Holding's investment portfolio generated USD 9.03 million in net investment income during the first 6 months of fiscal year 2008, compared with USD 11.09 million reported for the same period in fiscal year 2007. The decrease in net investment income was partially due to lower unrealized gains on investment, from USD 7.57 million a year earlier to USD 2.98 million this year.

As the market value of VietNam Holding's investment portfolio continued to grow, so did some of the fees paid to outside service providers (such as accounting service charges), as these are based on a fixed percentage of the investment portfolio's size. Despite such increases in third party costs, total expenses for the period were USD 3.25 million; slightly lower than the USD 3.38 million recorded for the first half of fiscal year 2007, primarily due to lower performance fees.

After accounting for total expenses, net investment income brought a USD 5.78 million increase in VietNam Holding's NAV for the six months ending 31 December 2007; lower than the USD 7.71 million increase in NAV for the same period a year earlier. It is worth noting, however, that the NAV growth of the previous year was supported by the stronger performance of the VNI index. In comparison, VietNam Holding achieved a positive NAV performance for the first half of fiscal year 2008, despite the downward trend in Vietnam's equity markets since April 2007.

Outlook

Given that the global financial market backdrop may remain in a state of flux in the near term, VietNam Holding intends to focus on the quality of corporate earnings in its investee companies, as much as on earnings growth itself. Non-core earnings by Vietnamese firms, sometimes stemming from equity and/or real estate speculation, tends to add to earnings volatility, and should be discounted during valuation. In the coming months of 2008, Vietnamese companies that successfully sustain growth in their operating profits, generated by focusing on their core competencies, will rightly earn greater investor confidence. We continue our efforts to maintain such companies in the portfolio and to build the long-term value of your investment.

Min-Hwa Hu Kupfer

Chairperson

29th February 2008

Investment Manager's Report

The economy

Vietnam remains a market of great interest and significant potential for the careful and committed investor. It is also a market that requires detailed analysis, a well-balanced investment portfolio, and should be approached with a long-term perspective.

The country's economic fundamentals are strong and growing. The Vietnam economy expanded by 8.4% in 2007, and is widely expected to perform almost as well in 2008. Foreign direct investment inflows, led by large companies from other East

Asian countries, exceeded USD 20 billion last year, and show no sign of abating. Literally thousands of new private sector companies are being established each year, and a new enterprise and investment legislative framework is creating a more level playing field for a growing number of participants in Vietnam's fast-paced business environment.

Vietnam's exports are equivalent to nearly 65% of its ever-expanding GDP; considerably higher than China's export-to-GDP ratio of around 40%. International trade is blossoming in a wide array of business sectors, and further buoyed by Vietnam's accession to the WTO. Vietnam is a net exporter of hydrocarbons, and its first oil refinery is in the later stages of construction. Although Vietnam's economy remains very much a 'people story', the country is increasingly being seen as more than a platform for high labor content, export-oriented manufacturing. The recent arrival of Intel and the construction of a USD 1 billion chip assembly and testing plant is testament to the fact that Vietnam is moving up the value added chain, and becoming an active participant in cross-border production networks. The 'made in Vietnam' label is becoming an increasingly common sight in the stores of the US and Europe.

Investment activity

Portfolio investment inflows have been growing steadily, as smart money from around the world has sought to gain exposure to the inspiring development of one of Asia's most exciting economies. This trend has been supported by the rapidly growing range of assets, and equity securities in particular, in which foreign and institutional investors may safely invest. Gaining genuine exposure to the Vietnam growth phenomenon is becoming an increasingly viable – but not yet easy – investment proposition.

The country is changing at a pace that almost defies adequate description. Modern factories and equipment are replacing dilapidated workshops and antiquated tools. High-rise buildings are replacing colonial-era buildings and slum dwellings. Imported cars are overtaking bicycles and motorbikes. Office clothes that reflect modern fashion have relegated the traditional 'ao dai' to the back of many closets. And the work ethic of Vietnam's young population is exceeded only by their lofty, but attainable, aspirations to help build – and enjoy the fruits of – a more prosperous economy.

Risks

Inevitably, there are threats to this good news story, emanating from both inside and outside the country. Like all markets, Vietnam is not immune to the vagaries and pressures of the global economy, nor the many challenges posed by rival economies seeking to host foreign investment or serve the same export markets. Internally, the strains posed by rapid urbanization and an overly stressed infrastructure loom precariously. In the latter half of 2007, the specter of double digit inflation became apparent for the first time in over a decade. Necessary monetary counter measures by the government will put pressure on bank lending, domestic liquidity, marginal investments, and perhaps corporate growth, in 2008. These measures may also have a positive impact on equity financing, as debt financing becomes more expensive and less readily available.

The team

Against this background of both risk and opportunity, our investment management company continues to serve VietNam Holding and its shareholders with skill and

enthusiasm. Our team is strong and growing, and I am pleased to announce that it is being led by a newly appointed Managing Director, Vinnie James Yu. Vinnie brings the many benefits of a highly successful financial services career with such companies as Citibank, First National Bank of Chicago (now part of JP Morgan-Chase) and Lehman Brothers. Our modern offices in Hanoi and Ho Chi Minh City house a team that is united in the pursuit of a well structured and successfully managed investment portfolio, with net asset value growth as a driver of share price. A revised and improved human resources and compensation scheme better rewards our team members, and ensures their retention in a marketplace that is hiring aggressively. In addition, newly identified functional assignments for Board members facilitate the best focus of their individual support to the Managing Director and staff.

I am encouraged by the progress we have made during the second half of 2007. As reported by the Chairperson, VietNam Holding is nearly fully invested. Consequently, our efforts are currently focused on managing the portfolio to take maximum advantage of the inherent strength of value stocks. Our strategy of balancing former SOEs listed securities with OTC securities purchased early has borne fruit. In a number of cases we have benefited from a substantial share premium realized at listing. At the time of writing, the Company continues to hold 31.2% of its net asset value in unlisted securities, with the expectation of future price rises.

Future outlook

Looking ahead, more than 2,000 Vietnamese SOEs remain to be equitized. And many of the SOEs that have already been partially equitized will seek to further reduce the State's equity stake. (The establishment of the State Capital Investment Corporation (SCIC) will play a key role in this on-going divestment process.) A growing number of robust private stock companies also provide attractive investment opportunities.

To be in a position to take advantage of these situations, we will be actively exploring a capital increase with existing and new European investors, principally in Germany, where we have recently obtained the important tax status of a transparent fund for German investors. We are also working with investor communications specialists, the Buchanan Company, and new broker, JP Morgan Cazenove, to improve our investor reach. By continuing to improve communication of our investment thesis, we aim to derive a share price that more accurately reflects the Company's net asset value and portfolio strength. We also continue our efforts to maintain an operating budget that will ensure professional investment origination and management, in both good times and bad.

In conclusion

I feel justifiably proud of the proven success of our investment strategy, and the development of the skills and experience of our management and staff. We look forward to employing these important strengths in the future growth of VietNam Holding's net asset value, and to the value of our shareholders' investment. Let me take this opportunity to thank you, VietNam Holding's shareholders, for your continued support.

Juerg Vontobel
Chairman
VietNam Holding Asset Management

29th February 2008

Balance sheet as at December 31, 2007

		at 31.12.07	at 31.12.06
	Note	USD	USD
Assets			
Cash and cash equivalents		9,060,719	70,903,621
Investments in securities at fair value	2	122,366,295	43,591,871
Accrued interests on bonds and dividends due		314,524	492,420
Accrued interest on deposits		-	315,333
Amounts due from brokers		134,562	2,222,590
Total assets		<u>131,876,100</u>	<u>117,525,835</u>
Liabilities			
Accrued expenses		1,339,170	1,736,466
Total liabilities		<u>1,339,170</u>	<u>1,736,466</u>
Net assets attributable to shareholders		130,536,930	115,789,369

Income statement for the 6 month period from July 1, 2007 to December 31, 2007

		01.07.07 to 31.12.07	01.07.06 to 31.12.06
	Notes	USD	USD
Income			
Interest income	5	1,176,706	2,835,874
Dividend income		283,299	-
Realised gain on investments		4,571,775	697,630
Net foreign exchange gain/(loss)	2	10,108	(11,786)
Movement in unrealised gain on investments	2	2,983,758	7,573,085
Net investment income		<u>9,025,646</u>	<u>11,094,803</u>

Expenses	2		
Investment management fee	6	1,274,212	1,086,599
Performance fee	6	657,754	1,273,399
Advisory fees		100,000	95,146
Accounting fees	8	64,649	55,033
Custodian fee	7	179,677	165,586
Director fees and expenses	6	262,500	201,333
Brokerage fees		15,000	21,236
Audit fees		20,000	37,558
Publicity and Investor Relations fees		132,500	-
Insurance fees		21,250	64,000
Administration expenses		102,501	131,134
Risk management expenses		272,500	247,500
Technical assistance for investee companies		142,500	-
Operating expenses		3,245,043	3,378,524
Change in net assets attributable to shareholders		5,780,603	7,716,279

Statement of changes in net assets attributable to shareholders for the 6 month period from July 1, 2007 to December 31, 2007

		01.07.07 to 31.12.07	01.07.06 to 31.12.06
	Notes	USD	USD
Net assets at June 30, 2007		124,756,327	108,073,090
Change in net assets attributable to shareholders as a result of operations		5,780,603	7,716,279
Issue of shares during the period	4	-	-
Net assets at December 31, 2007		130,536,930	115,789,369

The net asset per share at December 31, 2007 was USD 2.321 (December 31, 2006 USD 2.058)

Statement of cash flows for the 6 month period from July 1, 2007 to December 31, 2007

01.07.07	01.07.06
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	to 31.12.07	to 31.12.06
	USD	USD
OPERATING ACTIVITIES		
Interest received	1,659,919	2,028,121
Dividend received	274,434	-
Operating expenses paid	(5,024,683)	(1,668,214)
Receipt from repurchase agreements	5,027,234	-
Net foreign exchange gain/(loss) on operating activities	10,108	(11,786)
Cash flows from operating activities	1,947,012	348,121
INVESTING ACTIVITIES		
Purchase of investments	(64,226,500)	(38,241,377)
Proceeds from sale of investments	19,943,491	697,630
Cash flows from Investing activities	(44,283,009)	(37,543,747)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	-
Cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	(42,335,997)	(37,195,626)
Cash and cash equivalents at the beginning of the period	51,396,716	108,099,247
Cash and cash equivalents at the end of the period	9,060,719	70,903,621

Notes to the Financial Statements

1 THE COMPANY

VietNam Holding Limited (the Company) is a closed-end investment holding company incorporated on April 20, 2006 as an exempt company under the Companies Law in the Cayman Islands and commenced its operations on June 15, to invest principally in securities of former SOEs in Vietnam, prior to, at or after the time such securities become listed on the Vietnam Stock Exchange, including

the initial privatisation of the SOEs. The Company may also invest in the securities of private companies in Vietnam, whether Vietnamese or foreign owned, and the securities of foreign companies if a significant portion of their assets are held or operations are in Vietnam.

The investment objective of the Company is to achieve long-term capital appreciation by investing in a diversified portfolio of companies that have high growth potential at an attractive valuation.

Vietnam Holding Asset Management Limited (VNHAM) has been appointed as the Company's Investment Manager and is responsible for the day-to-day management of the Company's investment portfolio in accordance with the Company's investment policies, objectives and restrictions. quondam vietnam partners Ltd. has been appointed as VNHAM's Investment Advisor and is responsible for providing strategic advice to VNHAM on a non-exclusive basis.

Credit Suisse (Luxembourg) has been appointed to act as custodian of the Company's assets (as can be legally held outside of Vietnam). Vietnamese law requires that the Company's shares in listed companies must be held by a custodian registered as such in Vietnam and these assets will therefore be held by the Vietnam sub-custodian. HSBC (Vietnam) has been appointed to act as sub-custodian. Credit Suisse Asset Management Fund Service (Luxembourg) SA has been appointed to act as the administrator of the Company.

The registered office of the Company is Card Corporate Service Ltd, Zephyr House, Mary Street 122, Grand Cayman, Cayman Islands.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standard Board.

(b) Basis of preparation

The financial statements are presented in US Dollars (USD) and rounded to the nearest USD. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss or stated at amortised cost.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Foreign currency translation

Transactions in foreign currencies other than the functional currency are translated at the rate ruling on the dates of the transactions. Monetary assets and liabilities, denominated in foreign currencies are re-translated to USD at the rates ruling on the year-end date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are included in the income statement. Foreign currency exchange differences relating to financial instruments held-for-trading are included in the realised and unrealised gains and losses on those investments. All other foreign currency exchange differences relating to other monetary items, including cash and cash equivalents, are included in net foreign exchange gain and losses in the income statement.

(d) Financial instruments

(i) Classification

The Company designated all its investments into the financial assets at fair value through profit and loss category.

The category of financial assets and financial liabilities at fair value through profit and loss comprises:

Financial instruments held-for-trading. These include futures, forward contracts, options, interest rate swaps and liabilities from short sales of financial instruments. All derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held-for-trading.

Financial instruments designated at fair value through profit and loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange-traded debt and equity instruments, unlisted off-shore open-ended investments funds, unlisted equity instruments and commercial paper.

Financial assets that are classified as loans and receivables include balances due from brokers, receivables from reverse repurchase agreements and accounts receivable.

Financial liabilities that are not at fair value through profit and loss include balances due to brokers, payables under repurchase agreements, accounts payable and financial liabilities arising on redeemable shares.

(ii) Recognition

The Company recognises financial assets held for trading on the trade date, being the date they commit to purchase the instruments. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of IAS 39.

(iii) Derecognition

A financial asset is derecognised when the Company no longer has control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered.

Assets held-for-trading that are sold are derecognised, and corresponding receivables from the buyer for the payment are recognised on the trade date, being the date the Company commits to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The weighted average method is used to determine realised gains and losses on derecognition.

(iv) Measurement

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities held for trading, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost.

Valuation

Marketable securities are carried at fair value. The fair value of the securities is based on their quoted price at the balance sheet date without any deduction for transactions costs.

If quoted market prices are unavailable or do not, in the opinion of the Board of Directors, represent probable realisable values, or if the securities are not listed, the value of the relevant securities is

ascertained by the Board Directors in good faith using valuation methods which they consider fair in the circumstances including quotes received from brokers and other third party sources where possible.

Any increase or decreases in carrying values are recognized in the statement of operations as an unrealised gain or loss.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments are recognised in the income statement.

(vi) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with banks, fixed deposits, margin accounts and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Reverse repurchase transactions

Securities purchased under agreements to resell (reverse repurchase agreements) are reported as receivables and are carried in the balance sheet at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised as interest income or interest expense, over the life of each agreement using the effective interest method.

Forward foreign exchange contracts

Forward foreign exchange contracts are stated at market value, with the resulting net realised and unrealised gains and losses reflected in the income statement.

(e) Interest income and expense

Interest income and expense is recognised in the income statement on an accruals basis.

Interest income includes the amortisation of any discount or premium on zero coupon bonds, which is taken to income on the basis of yield to redemption, from the date of purchase.

(f) Miscellaneous income

Miscellaneous income is recognised in the income statement on an accruals basis.

(g) Formation expenses

Costs and expenses attributable to the establishment of the Company have been written off in full.

(h) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

(i) Amounts due to/from brokers

Amounts due to/from brokers represent security purchases and sales transactions which are contracted for but not yet delivered at the period end.

(j) Taxation

Under the current system of taxation in Cayman Islands, the Company is exempt from paying taxes on income, profits or capital gain. Accordingly, no provision for income taxes is made in these financial statements.

(k) Expenses

Expenses in the income statement are equal to half of the expected yearly cost except from the line items "Investment management fee", "Accounting fees" and "Custodian fees" which are based on a set percentage of net asset value.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

1. Financial assets of the Company include investments, receivables from reverse repurchase agreements, cash at banks and with brokers and debtors, prepaid expenses and accrued income. Financial liabilities include bank loans and overdrafts, creditors and accrued charges. Accounting policies for financial assets and liabilities are set out in note 2.

2. The Company's investment activities expose it to various types of risk that are associated with the financial instruments and the markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk.

Asset allocation is determined by the Company's Investment Manager who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Investment Manager.

Market risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of changes in market prices, whether or not those changes are caused by factors specific to the individual asset or factors affecting all assets in the market. The Company will be exposed to market risk on all of its investments, but in the case of its investments in Listed Companies, such market risk relates to the Vietnamese market, which is at or near an all-time high, and other exchanges, if any, where the Company's investments are to be listed. Furthermore, there is no certainty that the market price of the Ordinary Shares will fully reflect their underlying net asset value. Shares of closed-end investment companies frequently trade at a discount to net asset value. This characteristic of shares of a closed-end investment company is a risk separate and distinct from the risk that the Net Asset Value may decrease.

The overall market positions are monitored on a regular basis by the investment manager and the Board of Directors.

The Company's investments in securities are exposed to market risk and are disclosed by the following generic investments types:

Description	31.12.07		31.12.06	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Bonds and similar investments	15,302,308	11.72%	21,559,907	18.62%
Shares and similar investments	107,063,987	82.02%	22,031,964	19.03%
Total	122,366,295	93.74%	43,591,871	37.65%

Currency risk

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than USD.

The Company may, however, enter into arrangements to hedge currency risks if such arrangements become desirable and practicable in the future in the interest of efficient portfolio management.

Currency	Assets Fair value	Assets Fair value
	31.12.07	31.12.06
	USD	USD

Vietnamese Dong

110,683,088

28,158,846

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

At December 31, 2007, the following financial assets were exposed to credit risk: investments in debt instruments. Total carrying amount of financial assets exposed to credit risk amounted to USD 15,601,695 (31.12.06: USD 22,052,327).

Credit risk arising on transactions with brokers relates to transactions awaiting settlement and cash collateral provided against open contracts. Risk relating to unsettled transactions is considered small due to the short settlement period involved.

Liquidity risk

The Company, a closed-end investment company, will invest in Companies through listings on the Vietnam Stock Exchange or on other stock exchanges. There is no guarantee however that the Vietnam Stock Exchange will provide liquidity for the Company's investments in Unlisted Companies. The Company may have to resell such investments in privately negotiated transactions.

The Company's shares are listed on AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the United Kingdom Listing Authority. AIM has been in existence since June 1995 but its future success, and any liquidity in the market for the Company's securities, cannot be guaranteed. An investment in Ordinary Shares may be difficult to realise.

Interest rate risk

The Company will be exposed to interest rate risk, due to investment in fixed interest rate bonds. The prices of these securities are sensitive to interest rate fluctuations, and unexpected fluctuations in interest rates could cause the valuations of the fixed interest rate bonds to move in a direction which was not anticipated.

4 SHARE CAPITAL

The Ordinary Shares have been created pursuant to the Companies Law in the Cayman Islands. The Company was incorporated with an authorised share capital of USD 100,000,000 divided into 100,000,000 Ordinary Shares of USD 1.00 each. The one Ordinary Share in issue was transferred to the Investment Manager on 28 April 2006 and purchased by the Company on June 15, 2006 for USD 1.00 and was immediately cancelled.

On June 6, 2006, the Board resolved that up to 56,250,000 Ordinary Shares would be allotted at a placing price of USD 2.00 per Ordinary Share at, but conditional upon, admission. The Ordinary Shares' ISIN number is KYG9361X1043. No shares have been issued or redeemed since June 6, 2006.

Redeemable shares

The Company's general intention is to reinvest the capital received on the sale of investments. However, the Board may from time to time and at its discretion, either use the proceeds of sales of investments to meet the Company's expenses or distribute them to Shareholders. Alternatively, the Board may offer to redeem Ordinary Shares with such proceeds for Shareholders pro rata to their shareholding upon not less than 30 calendar days' notice to Shareholders (subject always to applicable law) or purchase Ordinary Shares pursuant to a tender offer to repurchase Ordinary Shares at a price not exceeding the last published Net Asset Value per Share.

5	INTEREST INCOME		
			01.07.07
	01.07.06		
		to 31.12.07	to
	31.12.06		
			USD
	USD		
	Interest income arising from:		
	cash and cash equivalent	607,574	
	2,346,729		
	investment in other debt securities and receivable from		
	reverse repurchase agreement	<u>569,132</u>	
	<u>489,145</u>		
	Total	<u>1,176,706</u>	
	<u>2,835,874</u>		

6 RELATED PARTY TRANSACTIONS

Investment Management fees

The Manager is entitled to an investment management fee of 2% per annum on the monthly net assets under management. The fee is payable monthly and in advance and is calculated by reference to the NAV at the end of the preceding month.

The Company will pay to the Investment Manager a performance bonus each year at the rate of 20% of the annual increase in Net Asset Value over the higher of an annualised hurdle rate of 5% and a "high water mark" requirement.

The total fees accruing to the Investment Manager during the last six months were USD 1,274,212 (31.12.06: USD 1,086,599) as management fee and USD 657,754 (31.12.06: USD 1,273,399) as performance fee.

Directors' fees and expenses

The Board will determine the fees payable to each Director, subject to a maximum aggregate amount of USD 350,000 per annum being paid to the Board as a whole. The Company will also pay reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company will pay for directors and officers liability insurance coverage.

The charges for the six month period to December 31, 2007 for the Directors' fees were USD 175,000 (31.12.06: USD 126,333) and expenses were USD 87,500 (31.12.06: USD 75,000).

7 CUSTODIAN FEES

The custodian will receive a fee of 0.26% per annum of the value of the assets held by it. The custodian will also charge fees for transactions and is entitled to charge out-of-pocket and any third party expenses.

The charges for the six month period to December 31, 2007 for the Custodian fees were USD 179,677 (31.12.06: USD 165,586).

8 ADMINISTRATION AND ACCOUNTING FEES

The Administrator will receive a fee of 0.1% per annum calculated on the basis of the net assets of the Company during the last half year, with the fee payable at the end of each half year, subject to an annual minimum amount of 100.000 USD per annum.

The charges for the six month period to December 31, 2007 for the Administration and Accounting fees were USD 64,649 (31.12.06: USD 55,033).

9 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at December 31, 2007 or as at December 31, 2006.

10 FAIR VALUE INFORMATION

For certain of the Company's financial instruments not carried at fair value, such as cash and cash equivalents, debtors, prepaid expenses and accrued income and creditors and accrued charges, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Other financial instruments are measured at fair value on the statement of the net assets attributable to holders of redeemable shares.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

END