VietNam Holding

Interim Report 2015

"In 2015 Vietnam's GDP growth accelerated to 6.7%, in contrast to China's deceleration and to the performance of most other emerging markets. Recent estimates suggest that aggregate global emerging market economic growth is running at about zero, making Vietnam one of the very best growth stories in the world."

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited

Performance

1 January to 31 December 2015

8.4% **VNH NAV per share**

13.1% **VNH share price**

0.8% **VNAS Index USD-adjusted**

“We observe a very positive trend in earnings per share (EPS) growth of listed companies in Vietnam. For a universe of 84 listed companies, representing 88% of the Ho Chi Minh Stock Exchange’s market capitalization, the Bloomberg consensus EPS growth for 2016 is projected at 19%.”

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited

Chairperson's Statement

Dear Shareholder,

Our financial half-year ended 31 December 2015 was a relatively sound one in a challenging environment. VNH's NAV per share rose 6.6% to USD 2.23, and our share price was up 6.4% to USD 1.92, versus the dollar-terms decline of the Vietnam All Share (VNAS) Index of 2.6%. For the full calendar year 2015, NAV per share rose 8.4%, the share price rose 13.1%, and the VNAS index in USD terms fell 0.8%. As a result, we are pleased to have continued our long established record of outperformance of a free-float stock index that is objectively the most sensible benchmark for our fund.

These results for the July-December 2015 period imply that we broadly maintained our prior progress in reducing the discount of our share price to the NAV, albeit this slightly having widened during the period from just 13% to 14.1%. It remains our goal to see this discount, which was 17.7% twelve months ago, further reduced over time. During the reported half-year, the company bought back 2.1m shares, bringing total shares outstanding to 57.3m as at 31 December 2015, plus 9.4m treasury shares, with 476,000 treasury shares having been cancelled.

"Vietnam is, of course, closely linked to China - geographically, politically, culturally and economically. Because of this, the recent China developments loom large."

The six-month period leading up to 31 December 2015 was dominated by news about the Chinese economy and currency. Official Chinese statistics suggest a moderate ca. 1% slowdown in the GDP growth rate to just under 7%, but it is likely that the true situation is worse than this. Slowing Chinese growth has hit the emerging world particularly hard, given the supply-chain, commodity sector, and financial linkages involved. Meanwhile, partly as a result of this slowdown, many markets have reacted to the initial lead from the Chinese authorities, who reduced the value of the Renminbi versus the US Dollar, by ca. 5.5% in total since the initial move in August, and by nearly 0.5% so far in January 2016 at the time of writing.

Vietnam is, of course, closely linked to China - geographically, politically, culturally and economically. Because of this, the recent China developments loom large. However, Vietnam is beating

> "Vietnam, for its own part, continues to move in the right direction with the bulk of its economic policy making decisions."

to its own economic drum: in 2015 its GDP growth has accelerated to 6.7%, in contrast to China's deceleration and to the performance of most other emerging markets. Recent estimates suggest that aggregate global emerging market economic growth is running at about zero, making Vietnam one of the very best growth stories in the world. We discuss the effects on Vietnam of the China growth slowdown in a separate section of this interim report.

Vietnam, for its own part, continues to move in the right direction with the bulk of its economic policy making decisions. These include: (a) the raft of new free trade agreements, which Vietnam stands to benefit from directly in terms of long term export performance, and indirectly from their implications for reforms at home, both acting to raise the country's long term sustainable growth rate by in excess of 1% p.a.; (b) the steady if slow recovery from its recent non-performing loans problem of the past five years; (c) its improved attention to infrastructure development and its willingness to involve the private sector in it; and (d) the attempt to improve the rate of privatisation of state-owned enterprises. The most important weaknesses it needs to improve are (a) a willingness to allow, indeed force, the disposal of bad debts to new owners from both the government's bad debt warehouse (the Vietnam Asset Management Corporation, VAMC) and from the banks themselves; and (b) a more vigorous and effectual approach to privatisation that generates dramatic change in the outlook for drearily-run state-owned enterprises.

These two efforts alone would truly amount to a new revolution for Vietnam's economy and make the overall Vietnamese investment case unambiguously superlative.

Below we update the table we first presented in our Annual Report for the fiscal year to 30 June 2015. We tabulate fund performance rankings by NAV for all (non-Vietnam-domiciled) Vietnam funds with assets under management of over USD 20m, taking all full-year track record periods ranging from one to six years, ending 31 December 2015.

Vietnam Fund Universe – Historical NAV Performance

Period	Rank 1	Rank 2	Rank 3
1 year	**VNH 8.4%**	VEEF 7.3%	VGF 6.9%
2 years	**VNH 29.0%**	LVF 21.0%	VEEF 20.9%
3 years	**VNH 81.2%**	VEEF 57.9%	VEIL 50.8%
4 years	**VNH 117.8%**	VEEF 97.2%	DWS 84.3%
5 years	**VNH 79.1%**	DWS 48.9%	VEIL 47.1%
6 years	**VNH 64.5%**	VGF 53.2%	JPM 45.7%

Sources: Bloomberg and fund websites. As at 31 December 2015. Where 31 December data not available, the closest date is used. Funds covered: VNH, Lumen Vietnam Fund (LVF), PXP Vietnam Emerging Equity Fund (VEEF), DWS Vietnam, JP Morgan Vietnam Opportunities (JPM), Vietnam Enterprise Investments Ltd (VEIL), Vietnam Growth Fund (VGF), Vietnam Equity Holding (VEH), Vietnam Opportunity Fund (VOF), and Vietnam Infrastructure Fund. The total combined NAV of these 10 funds as of 31 December 2015 is USD 2,395m.

On behalf of the VNH board, I wish to thank all of our shareholders for their continued support, and the VietNam Holding Asset Management team for its ongoing market-leading performance. We all remain committed to ensuring that VNH is the investment vehicle of choice for long-term, value-oriented Vietnamese equity market investors who share our strong commitment to environmental, social and good governance practices.

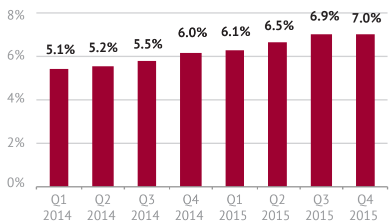
Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited
28 January 2016

Investment Manager's Report

Dear Investor,

Most of Vietnam's macro-economic indicators showed satisfactory progress during the second half of 2015. If we look at two-year GDP, we observe a steady increase in quarterly growth, and this trend has continued in the second half of 2015.

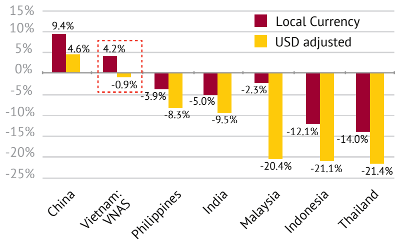
Vietnam Quarterly GDP Growth: 2014-2015



Source: Bloomberg.

Regretfully, the performance of Vietnam's equity market during this period reflects more the regional and global uncertainties than the country's continuing economic progress. However, Vietnam's overall market performance for the full year 2015 proves to be quite respectable when compared to its regional peer markets, after adjusting their local currency denominated performance into USD:

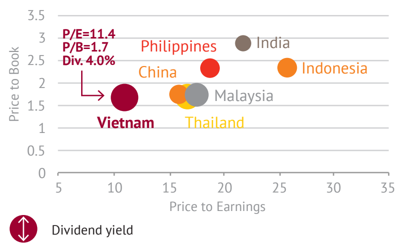
Regional Stock Market Performance 2015



Source: Bloomberg. 31 December 2014 to 31 December 2015.

Continuing the comparison of Vietnam's stock market to its regional peers, using three key valuation parameters – price/book, price/earnings and dividend yield – we are able to show the following results:

Regional Stock Market Valuations



Source: Bloomberg. As at 31 December 2015.

Additionally, we observe a very positive trend in earnings per share (EPS) growth of listed companies. For a universe of 84 listed companies, representing 88% of the Ho Chi Minh Stock Exchange market capitalization, the Bloomberg consensus EPS growth for 2016 is projected at 19%. For 2017, a slightly smaller available sample of 55 companies totaling 81% of the market capitalization shows EPS growth well above 30%. This compares to our EPS growth forecast for our own VNH portfolio of 22% in 2016 and 15% in 2017.

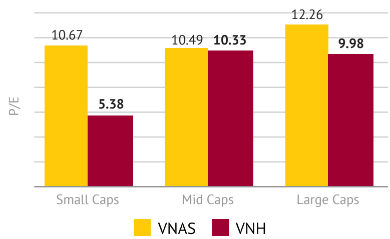
VietNam Holding's performance has been tracked against the Vietnam All Share Index for the last several years. The VNAS is a free float index, and in our opinion therefore reflects the market's performance better than the VNI. The VNAS USD performance was +1.8% for the first half and -2.6% for the second half of 2015. By comparison, the USD adjusted performance of the total market capitalization index VNI was +7% for the first half and -5.7% for the second half of the year.

As a value investor, we are not only constantly comparing the overall VNH portfolio valuation with that of the market as a whole, but also the

> "Vietnam's overall market performance for the full year 2015 proves to be quite respectable when compared to its regional peer market"

valuation of each of the portfolio's small-, mid- and large-cap market segments with those sectors of the overall market Our investors are thus able to track whether we continue to "walk the talk" in our professed value investing style:

Segment Valuations



Source: Bloomberg. As at 31 December 2015.

The above chart shows that our mid-cap stocks' trailing valuations are only slightly lower than those of the overall market. The reason is that for our newest investment theme, Urbanization, we recently invested in several companies whose earnings performance mirrored the real estate sector's dismal historic performances but promise high future earnings. The higher anticipated earnings of those companies compared to the market is the key driver for our higher projected EPS growth for the entire portfolio compared to the market's.

One of the major benefits of having the VNAS as a benchmark is the ability to compare the three market segments of the index against those of the VNH portfolio. In terms of segment distribution in the VNH portfolio versus the VNAS our mid-cap focus is clearly shown. The large-cap VN30 makes up 72% of the HOSE's market capitalization; yet in the VNH portfolio, this segment makes up merely 26% of the total. The mid-cap companies (ranked 31 to 100 by free float market cap) make up 29% of the HOSE, compared to 68% in VNH's portfolio. VNH has only 2% of its portfolio invested in the small-cap space, which in turn makes up 8% of total market capitalization.

With the 10th VNH Forum focused on corporate reputation and responsible business practices having just ended, and having drawn inspiration from such notable 2015 sustainability events as the UN's Principles of Responsible Investment PRI in Person event in London, and the COP 21 Conference in Paris, VNHAM made a number of bold new decisions to strengthen the implementation of strict adherence to ESG norms and values throughout the portfolio it manages. Important steps have been taken to ensure that future endeavours will continue on this path to successful sustainable value investing. A UNPRI case study on VNH's ESG integration into the investment process is currently being prepared, and VNHAM will focus on establishing and reporting the carbon footprint of the VNH portfolio. With these and other engagements VNH and VNHAM will continue to strengthen their positions as the leading sustainable investment fund and fund manager in Vietnam.

As we do so, we continue our historical efforts to help VNH exceed the performance of our peer funds and the expectations of our many stakeholders. We thank all of them for their continued support and our team for its ongoing professionalism and outstanding results.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited
28 January 2016

China On All Minds: The Impact of China's Troubles On Vietnam

Here we try to assess the impact on Vietnam of the economic and financial situation in China. We see three main considerations to weigh:

#1: The direct trade effects of slowing economic growth in China:
Though Chinese government pronouncements are still proclaiming a GDP growth outlook of 6.5% (already itself a notable slowing from the average of the past decade) the growing opinion is that the true outcome for the coming year or two - even if the official data is fiddled with to hide the truth - will be significantly worse than this. Somewhere in the 2-4% range is more likely, and possibly worse still. A source of particular worry is the Chinese economy's high level of total debt. At USD 23tn-29tn (depending on the data source), it is a high 230%-290% of its GDP, with over half of it owed by non-financial corporations. As of last year, China is the world's largest economy on the basis of purchasing power parity, and the world's top exporting nation. It is unavoidable that a slowdown will affect most other nations' growth negatively. This will be seen in both slower Chinese demand for imports and increased competition from Chinese exports in global markets.

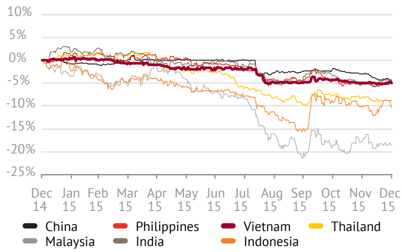
Vietnam looks very resilient here, relative to most other markets. It is a massive net importer from China, not net exporter: imports equal to roughly 25% of her GDP, exports about 8%. If the imports from China were to get cheaper (a possibility in such a scenario), that would be helpful to Vietnam. The export number of 8% of GDP is on its own quite significant, and there could be some vulnerability here; however, these export items are mostly soft commodities with low elasticity of demand. A slowing of global growth would see weaker demand conditions in other major export markets, presenting greater challenges for Vietnam. However, it is worth noting the recent strong performance of Vietnamese exports – up 8% YoY in 2015, despite declines in most other Asian countries including China. This demonstrates that Vietnam is improving its market share from a very low base, a trend that we expect to continue.

Our conclusion is that Vietnam's economic growth should remain broadly strong, with one of the very fastest growth rates in the world, even if China slows dramatically. That's not to say that 2015's 6.7% GDP growth will necessarily be maintained or increased, but we'd be surprised if the "floor" scenario for Vietnam is less than 5%. Even that rate would represent a very good growth scenario, in a world where overall global emerging market growth is already hovering at little more than zero.

#2: The effect on Vietnam of a weaker renminbi:

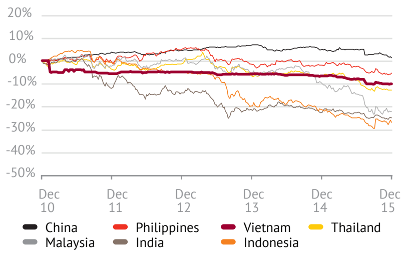
With the renminbi down some 6% versus the US dollar since August, we have the benefit of hindsight to see what the impact on Vietnam of this has been – if the renminbi falls, the Vietnamese dong may fall too. At heart, Vietnam and its investors see the country as an export manufacturing alternative or supplement to China, and therefore are sensitive to the relative costs of operating there. Additionally, there are major Vietnamese industries such as steel that the government will be very keen to protect from the threat of cheaper Chinese imports. A weaker currency protects a nation's cost competitiveness, but it has three relevant negative effects: (a) it makes dollar GDP less than it would otherwise be, essentially making the country's people poorer; (b) it makes generating returns harder for dollar investors such as VNH; and (c) as a "surrogate share price of a country", a weak currency is generally negative for investor confidence. We need to plan for a return of dong weakness versus the dollar - the first time since 2011 that this has been a major factor. Good investor returns are still possible, because there are companies that can be expected to benefit from a weaker currency. And it is worth remembering that relative to other Asian emerging market currencies over the past few years, the dong has held up very well:

1-Year FX Comparison vs USD



Source: Bloomberg. As at 31 December 2015.

5-Year FX Comparison vs USD

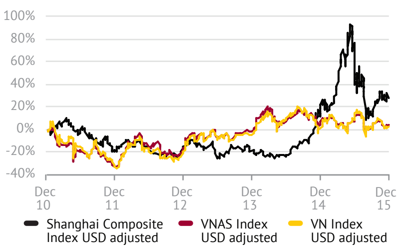


Source: Bloomberg. As at 31 December 2015.

#3: The effects of a falling Chinese stock market, lower capital flows into emerging markets, and a higher cost of capital:

It is rational, under the economic scenario we described, to expect continuing weakness and volatility in the Chinese stock market. This certainly can pose a problem for Vietnam, given the heightened correlation between the Chinese and Vietnamese stock markets observed over the past year:

5-Year Comparison: Chinese vs Vietnamese Stock Market



Source: Bloomberg. As at 31 December 2015.

This correlation may or may not hold, and there are arguments for considering it fundamentally unjustified. For example, the different stages of economic development, and completely different stock market profiles - Vietnam market cap is USD 55bn versus Shanghai/Shenzhen at USD 6.7tn; the Vietnam trailing P/E is 11x versus China at 28x. Despite these significant differences in the two markets, a strong recent correlation is an immutable fact.

> “It is rational, under the economic scenario we described, to expect continuing weakness and volatility in the Chinese stock market.”

A troubled China is not the only bad news bedeviling major emerging markets. From Russia to South America, negative developments have led to a halt in net capital inflows into emerging and frontier markets as a whole. In 3Q2015 this net flow of equity and debt was zero. The good news is that Vietnam is not primarily a “hot money” destination. The foreign ownership in its stock markets is mostly in the form of dedicated country funds and other long-term institutional holders. The foreign direct investment component (USD 14.5bn in 2015) of inward capital flows remains large, and inward remittances (USD 12.5bn in 2015) are also sizable and steadily growing. Importantly, most of these inflows are from countries other than China. Certainly a more difficult environment for foreign capital inflows into emerging markets is not helpful for Vietnam, but it seems to be very resiliently positioned in this regard. It’s also worth noting that Vietnam’s inward flows of FDI and capital generally are mostly not from China.

The global cost of capital - for both equity and debt - is on the rise because of the new US interest rate cycle, the negative issues in giant China, and the tarnished outlook for emerging market assets in general – much of this self-inflicted. This upstream current of higher costs of capital will inevitably apply to Vietnam too, although the country has the potential to differentiate itself from its peers through its improved governance and more enlightened economic policy making.

Statement of Financial Position

as at 31 December 2015

	Note	Unaudited As at 31.12.15 USD	Unaudited As at 31.12.14 USD	Audited As at 30.06.15 USD
Assets				
Cash and cash equivalents		3,739,479	4,104,677	4,146,270
Investments in securities at fair value	3	123,780,871	117,300,722	120,754,647
Accrued dividends and interest		300,230	87,003	500,219
Receivables on sale of investments		408,167	464,595	620,123
Other receivables		9,874	3,119,036	2,123
Total assets		**128,238,621**	**125,076,033**	**126,023,382**
Equity				
Share capital	5	110,393,491	116,946,921	114,375,064
Retained earnings		17,680,889	7,521,739	9,984,471
Total equity, representing net assets attributable to shareholders		**128,074,380**	**124,468,660**	**124,359,535**
Liabilities				
Payables on purchase of investments		129,416	334,520	955,420
Other payables		133		144
Accrued expenses		34,692	272,853	708,283
Total liabilities		164,241	607,373	1,663,847
Total equity and liabilities		**128,238,621**	**125,076,033**	**126,023,382**

The financial statements on pages 15 to 18 were approved by the Board of Directors on January 28th, 2016 and were signed on its behalf by

Min-Hwa Hu Kupfer
Chairperson of the Board of Directors

Nguyen Quoc Khanh
Chairman of the Audit Committee

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

for the six-month period from 1 July 2015 to 31 December 2015

	Note	Unaudited 01.07.15 – 31.12.15 USD	Unaudited 01.07.14 – 31.12.14 USD	Audited 01.07.14 – 30.06.15 USD
Interest income		22,853		
Dividend income from equity securities at fair value through profit or loss		1,775,833	1,715,650	4,070,467
Net gain from equity securities at fair value through profit or loss	7	7,783,360	8,026,183	9,990,217
Net foreign exchange loss		(65,181)	(45,962)	(125,693)
Net investment income		**9,516,865**	**9,695,871**	**13,934,991**
Investment management fees	8	1,207,770	1,238,979	2,444,321
Incentive fees	8	-	-	580,890
Advisory fees		74,000	91,000	185,162
Administrative and accounting fees	10	40,601	108,595	93,032
Custodian fees	9	56,228	63,193	141,333
Directors' fees and expenses	8	135,000	135,000	317,586
Brokerage fees		34,500	29,500	71,822
Audit fees		19,000	22,000	36,457
Publicity and investor relations fees		68,000	147,000	160,510
Insurance costs		7,750	7,750	15,500
Administrative expenses		92,598	114,369	199,860
Risk management expenses		50,000	65,000	67,626
Technical assistance for investee companies		35,000	25,000	28,783
Total operating expenses		**1,820,447**	**1,984,193**	**4,342,882**
Change in net assets attributable to shareholders		**7,696,418**	**7,711,678**	**9,592,109**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

for the six-month period from 1 July 2015 to 31 December 2015

	Share capital USD	Reserve for own shares USD	Retained earnings USD	Total USD
Balance at 1 July 2014	126,127,956	(6,033,625)	392,362	120,486,693
Total comprehensive income				
Change in net assets attributable to shareholders	-	-	7,711,678	7,711,678
Total comprehensive income	**-**	**-**	**7,711,678**	**7,711,678**
Contributions and distributions				
Repurchase of own shares	-	(3,729,711)	-	(3,729,711)
Total contributions and distributions	**-**	**(3,729,711)**	**-**	**(3,729,711)**
Balance at 31 December 2014	**126,127,956**	**(9,763,336)**	**8,104,040**	**124,468,660**
Balance at 1 July 2015	125,788,264	(11,413,200)	9,984,471	124,359,535
Total comprehensive income for the year				
Change in net assets attributable to shareholders	-	-	7,696,418	7,696,418
Total comprehensive income	**-**	**-**	**7,696,418**	**7,696,418**
Contributions and distributions				
Issuance of ordinary shares	58,089	-	-	58,089
Shares cancellation	(467,243)	467,243	-	-
Repurchase of own shares (note 5)	-	(3,642,774)	-	(3,642,774)
Warrants issuance cost	(396,888)	-	-	(396,888)
Total contributions and distributions	**(806,042)**	**(3,175,531)**	**-**	**(3,981,573)**
Balance at 31 December 2015	**124,982,222**	**(14,588,731)**	**17,680,889**	**128,074,380**
Balance at 1 July 2014	126,127,956	(6,033,625)	392,362	124,486,693
Total comprehensive income				
Change in net assets attributable to shareholders	-	-	9,592,109	9,592,109
Total comprehensive income	**-**	**-**	**9,592,109**	**9,592,109**
Contributions and distributions				
Issuance of ordinary shares	95,445	-	-	95,445
Shares cancellation	(292,655)	292,655	-	-
Repurchase of own shares	-	(5,672,230)	-	(5,672,230)
Warrants issuance cost	(142,482)	-	-	(142,482)
Total contributions and distributions	**(339,692)**	**(5,379,575)**	**-**	**(5,719,267)**
Balance at 30 June 2015	**125,788,264**	**(11,413,200)**	**9,984,471**	**124,359,535**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

for the six-month period from 1 July 2015 to 31 December 2015

	Note	Unaudited 01.07.15–31.12.15 USD	Unaudited 01.07.14–31.12.14 USD	Audited 01.07.14–30.06.15 USD
Cash flows from operating activities				
Change in net assets attributable to shareholders		7,696,418	7,711,678	9,592,109
Adjustments to reconcile change in net assets attributable to shareholders to net cash from operating activities:				
Interest income		(22,853)		
Dividend income		(1,775,833)	(1,715,650)	(4,070,467)
Net gain from equity securities at fair value through profit or loss		(7,783,360)	(8,026,183)	(9,990,217)
Purchase of investments		(29,324,445)	(21,280,164)	(52,747,130)
Proceeds from sale of investments		33,255,577	30,261,012	60,858,987
Net foreign exchange loss		65,181	45,962	125,693
Decrease/(Increase) in receivables on sale of investments		204,205	(2,890,572)	70,813
(Decrease)/Increase in accrued expenses		(615,502)	(940,005)	(409,130)
(Decrease)/Increase in other payables		(11)		144
Dividends received		1,998,652	2,254,458	4,196,059
Net cash from/(used in) operating activities		**3,698,029**	**5,420,536**	**7,626,861**
Cash flows from financing activities				
Issuance of ordinary shares*		-	-	–
Repurchase of own shares	5	(3,642,774)	(3,729,711)	(5,672,230)
Warrants issuance cost		(396,888)	-	(142,482)
Net cash (used in)/from financing activities		**(4,039,662)**	**(3,729,711)**	**(5,814,712)**
Net increase/(decrease) in cash and cash equivalents		**(341,633)**	**1,690,825**	**1,812,149**
Cash and cash equivalents at beginning of the year		4,146,270	2,459,814	2,459,814
Effect of exchange rate fluctuations on cash held		(65,158)	(45,962)	(125,693)
Cash and cash equivalents at end of the year		**3,739,479**	**4,104,677**	**4,146,270**

The accompanying notes form an integral part of these financial statements.

Significant non-cash transaction:
*On 27 August 2014, the Company announced that in partial payment of the incentive fee due to VietNam Holding Asset Management Limited ("VNHAM"), the Company's Investment Manager, for the year ended 30 June 2014, it had agreed that 63,499 ordinary shares of USD 1.00 each in the Company ("Ordinary Shares") then held as treasury shares would be transferred to VNHAM (the "Transfer"). The Transfer took place with effect from 25 March 2015.

On 17 December 2015, the Company announced that in partial payment of the incentive fee due to VietNam Holding Asset Management Limited ("VNHAM"), the Company's Investment Manager, for the year ended 30 June 2015, it had agreed that 32,335 ordinary shares of USD 1.00 each in the Company ("Ordinary Shares") then held as treasury shares would be transferred to VNHAM (the "Transfer"). The Transfer took place with effect from 24 December 2015.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

1 THE COMPANY

VietNam Holding Limited ("VNH" or "the Company") is a closed-end investment holding company incorporated on 20 April 2006 as an exempt company under the Companies Law in the Cayman Islands and commenced its operations on 15 June 2006, to invest principally in securities of former State-owned Entities ("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.

During the Extraordinary General Meeting in April 2015 the shareholders voted in favour of a special resolution to defer the continuation vote scheduled to take place at the Annual General Meeting of the Company in 2016 until the Annual General Meeting of the Company in 2018, thereby authorising the Company to operate in its current form through to the 2018 Annual General Meeting when a similar resolution will be put forward for shareholders' approval.

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.

Standard Chartered Bank, Singapore Branch and Standard Chartered Bank (Vietnam) Limited are the custodian and the sub-custodian respectively. Standard Chartered Bank, Singapore Branch is also the administrator.

The registered office of the Company is Collas Crill Ltd., Floor 2, Willow House, Cricket Square, PO Box 709, George Town, Grand Cayman, Cayman Islands, KY1-1107

2 PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

(b) Basis of preparation

The financial statements are presented in United States dollars ("USD"), which is the Company's functional currency. They are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. Other assets and liabilities are stated at amortised cost.

The Company's shares were issued in USD and the listings of the shares on the AIM market of the London Stock Exchange and the Entry Standard of the Frankfurt Stock Exchange are in USD and Euro, respectively. The performance of the Company is measured and reported to the investors in USD, although the primary activity of the Company is to invest in the Vietnamese market. The Board considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Company's functional currency.

The preparation of financial statements in accordance 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these 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.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

2 PRINCIPAL ACCOUNTING POLICIES (continued)

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company is engaged in a single segment of business, being investment in Vietnam. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's net asset value ("NAV") calculated as per the prospectus.

(c) Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 2 (d) to (l) to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2015.

(a) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (2012)

The Fund has adopted Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (2012) (the amendments) with a date of initial application of 1 July 2014. Management concluded that the Fund meets the definition of an investment entity. The Fund has no subsidiaries; therefore, the amendments did not have an impact on the Fund's financial statements.

(b) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (2014)

The amendments clarify that an entity currently has a legally enforceable right to set off if that right is not contingent on a future event; and, enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminates or results in insignificant credit and liquidity risk; and, process receivables and payables in a single settlement process or cycle. The adoption of the above amendment did not have an impact on the financial statements.

(d) 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 statement of comprehensive income. Foreign currency exchange differences relating to financial instruments at fair value through profit or loss 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 gains and losses in the statement of comprehensive income.

(e) Financial instruments

(i) Classification

The Company classifies all its investments as financial assets at fair value through profit or loss category. Financial instruments are classified at fair value through profit or 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 equity instruments and unlisted equity instruments.

Financial assets that are classified as loans and receivables include accrued dividends.

Cash and cash equivalents are measured at amortised cost.

Financial liabilities that are not at fair value through profit or loss include accrued expenses.

(ii) Recognition

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Financial assets and financial liabilities at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in profit or loss.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

2 PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets or financial liabilities not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(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.

Financial assets that are sold are derecognised, and the 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.

(iv) Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at last traded price.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

As at 31 December 2015, 0.0% (2014: 0.6%) of the valuations of the net assets of the Company were based on quotes obtained from brokers.

As at 31 December 2015, 1.47% (2014: 0.0%) of the valuations of the net assets of the Company were based on valuation techniques.

Any increases or decreases in values are recognised in the statement of comprehensive income 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 statement of comprehensive income.

(vi) Impairment
Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the impairment is reversed through the statement of comprehensive income.

(vii) Cash and cash equivalents
Cash comprises current deposits with banks and fixed deposits. 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.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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.

(g) 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 end of the accounting period.

(h) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(i) Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

At present, no income, profit, capital, or capital gain taxes are levied in the Cayman Islands, and accordingly, no provision for such taxes has been recorded by the Company in the accompanying financial statements. In the event that such taxes are levied, the Company has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all such taxes for a period of twenty years from 2 May 2006.

The Company is liable to Vietnamese tax of 0.1% (2014: 0.1%) on the sales proceeds of the onshore sale of equity investments.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Interest income and expense

Interest income and expense is recognised in the statement of comprehensive income using the effective rate method.

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

(k) Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at fair value through profit or loss is recognised in profit or loss in a separate line item.

(l) Fee and commission expense

Fees and commission expenses are recognised in profit or loss as the related services are performed.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Company include investments in securities, cash and cash equivalents and accrued income. Financial liabilities comprise payables on purchase of investments and accrued expenses. Accounting policies for financial assets and liabilities are set out in note 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, currency risk, interest rate 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 is predominately exposed to market risk within its securities purchased in the Vietnamese market.

The overall market positions are monitored continuously by the Investment Manager and at least quarterly by the Board.

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

	Unaudited as at 31.12.15		Unaudited as at 31.12.14		Audited as at 30.06.15	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Shares and similar investments – listed	121,964,856	95.22	116,515,605	93.61	116,850,605	93.96
Shares and similar investments – unlisted	1,816,015	1.42	785,117	0.63	3,904,042	3.14
	123,780,871	**96.64**	**117,300,722**	**94.24**	**120,754,647**	**97.10**

At 31 December 2015, a 5% reduction in the market value of the portfolio would have led to a reduction in NAV and profit or loss of USD 6,189,044 (2014: USD 5,865,036). A 5% increase in market value would have led to an equal and opposite effect on NAV and profit or loss.

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 and have an adverse effect on the value of the Company's assets or liabilities denominated in currencies other than USD.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

The Company's net assets are calculated every month based on the most up to date exchange rates while the general economic and foreign currency environment is continuously monitored by the Investment Manager and reviewed by the Board at least once each quarter.

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

As at 31 December 2015 the Company had the following foreign currency exposures:

		Fair value	
	31.12.15 USD	31.12.14 USD	30.06.15 USD
Vietnamese Dong	126,290,631	117,953,377	122,940,708
Pound Sterling	3,017	25,371	24,575
Swiss Franc	15,845	67	26,470
Euro	7,226	23,789	14,469
	126,316,719	**118,002,604**	**123,006,222**

At 31 December 2015, a 5% reduction in the value of the Vietnamese Dong, Pound Sterling, Swiss Franc, Euro versus the US Dollar would have led to a reduction in NAV and profit or loss of USD 6,315,836 (2014: USD 5,900,130. A 5% increase in value would have led to an equal and opposite effect.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or reprice in the short-term, no longer than twelve months. As a result, the Company is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

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 31 December 2015, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, accrued dividend, receivable from sale of investments and other receivables. The total amount of financial assets exposed to credit risk amounted to USD 4,457,750 (31.12.14: USD 7,775,311).

Substantially all of the assets of the Company are held by the Company's custodian, Standard Chartered Bank, Singapore Branch. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to cash and securities held by the custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the custodian the Company uses.

Liquidity risk

The Company, a closed-end investment company, invests in companies through listings on the Vietnam stock exchanges. There is no guarantee however that the Vietnam stock exchanges will provide liquidity for the Company's investments. The Company also invests in equity securities which are not listed on stock exchanges. The Company may have to resell such investments in privately negotiated transactions.

The Company's overall liquidity risks are monitored on at least a quarterly basis by the Board. The Company is a closed-end investment company so shareholders cannot redeem their shares directly from the Company.

4 OPERATING SEGMENTS

Information on gains and losses derived from investments are disclosed in the statement of comprehensive income.

The Company is domiciled in the Cayman Islands. Entity wide disclosures are provided as the Company is engaged in a single segment of business, investing in Vietnam. In presenting information on the basis of geographical segments, segment investments and the corresponding segment net investment income arising thereon are determined based on the country of domicile of the respective investment entities.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

4 OPERATING SEGMENTS (continued)

All of the Company's investments in securities at fair value are in Vietnam as at 31 December 2015 and 2014. All of the Company's investment income can be attributed to Vietnam for the years ended 30 June 2015 and 2014.

5 SHARE CAPITAL

Ordinary shares of USD1 each

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 each. On 23 September 2010, during its Annual General Meeting, the shareholders approved that the Company's authorised share capital be increased by USD 100,000,000, divided into 200,000,000 shares of a nominal or par value of USD 1.00 each. According to the Companies Law and articles of association, the Company may from time to time redeem all or any portion of the shares held by the shareholders upon giving notice of not less than 30 calendar days to the shareholders.

On 6 June 2006, the Board resolved that 56,250,000 ordinary shares would be allotted at a placing price of USD2 per ordinary share. The ISIN number of the ordinary shares is KYG9361X043.

On 23 September 2010, during its annual general meeting, the shareholder approved a Share Repurchase Programme. The approvals were renewed at the Company's annual general meetings in 2011, 2012, 2013, 2014 and 2015.

	31.12.15 No. of shares	31.12.14 No. of shares	30.06. 15 No. of shares
Total shares issued and fully paid (after repurchases and cancellations) at beginning of the period	67,235,739	67,537,240	67,537,240
Shares issued upon exercise of warrants during the period	-	-	–
Shares cancellation	(476,000)	-	(301,501)
	66,759,739	67,537,240	67,235,739
Repurchased and reserved for own shares			
At beginning of the period	(7,819,500)	(4,815,215)	(4,815,215)
During the period	(2,078,240)	(2,265,491)	(3,369,285)
Shares reissued to ordinary shares	32,335	-	63,499
Shares cancellation	476,000	-	301,501
	(9,389,405)	(7,080,706)	(7,819,500)
Total outstanding ordinary shares with voting rights	**57,370,334**	**60,456,534**	**59,416,239**

As a result, as at 31 December 2015 the Company has 57,370,334 (31.12.14: 60,456,534) ordinary shares with voting rights in issue (excluding the reserve for own shares), and 9,389,405 (31.12.14: 7,080,706) are held as reserve for own shares. The Company strives to invest the capital raised to meet the Company's investment objectives which are to achieve long term capital appreciation through a diversified portfolio of companies that have high potential in Vietnam. The Company achieves this aim by investing principally in securities of former State-owned Entities ("SOEs") in Vietnam prior to, at or after such securities becoming listed on the Vietnam stock exchange.

The Company does not have any externally imposed capital requirements.

Incremental costs directly attributable to the issue or redemption of ordinary shares are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

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 of Directors may redeem ordinary shares with such proceeds for shareholders pro rata to their shareholding upon giving notice of not less than 30 calendar days to shareholders (subject always to applicable law) or repurchase ordinary shares at a price not exceeding the last published net asset value per share.

Warrants

On 19 May 2015, the Company issued a Prospectus for a bonus issue of warrants to shareholders pro rata, on the basis of one warrant for every three ordinary shares held. The exercise dates of these warrants will be on 1 June 2016, 1 December 2016 and 1 June 2017 with the exercise price of USD 1.998. A total of 19,977,746 warrants were issued and were listed on London Alternative Investment market. At the reporting date 19,977,746 warrants are outstanding.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

5. SHARE CAPITAL (continued)

Although there can be no certainty as to whether any or all of the warrants will be exercised, if the bonus issue proceeds and all of the warrants are exercised on the exercised dates at the exercise price, the maximum net proceeds that could arise on such exercise would be approximately USD 39.92 million. The net proceeds arising on the exercise of the warrants will be invested in accordance with the Company's investment policy.

6 NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Total equity of 128,074,380 (31.12.14: USD 124,468,660) represents net assets attributable to shareholders. There is no difference between net assets attributed to shareholders calculated as per the prospectus and in accordance with the Company's policy (2014: none).

7 NET GAIN FROM EQUITY SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.15 USD	31.12.14 USD	30.06.15 USD
Net gain from equity securities at fair value through profit or loss:			
Realised gain	1,761,505	10,303,574	16,802,070
Adjustment to fair value of equity securities at fair value through profit or loss	6,021,855	(2,277,391)	(6,811,853)
	7,783,360	**8,026,183**	**9,990,217**

8 RELATED PARTY TRANSACTIONS

Investment management fees

The Company's Shareholders approved an amendment to the Investment Manager Agreement as detailed in the Company's circular dated 16 August 2013. Pursuant to the amended agreement the Investment Manager is entitled to receive a monthly management fee, paid in the manner set out as below:

- On the amount of the Net Asset Value of the Company up to and including USD 100 million, one-twelfth of two per cent.;
- On the amount of the Net Asset Value of the Company above USD 100 million up to and including USD 150 million, one-twelfth of 1.75 per cent.; and
- On the amount of the Net Asset Value of the Company that exceeds USD 150 million, one-twelfth of 1.50 per cent.

The management fee accruing to the Investment Manager for the six-month period to 31 December 2015 was USD 1,207,770 (31.12.14: USD 1,238,979).

Incentive fees

The Company will pay the Investment Manager an incentive fee equal to 15 per cent of the Excess Performance amount each year, subject to certain criteria being met. Excess performance amount is calculated as follows:

Excess Performance amount = (Adjusted NAV per share – Initial High Water Mark) x Weighted Average number of shares

The initial high water mark is equal to 30 September 2013 NAV per share increased by 8%. After the initial accounting period (i.e. 30 June 2015), the initial high water mark will be compounded by 5% annually.

The fee is calculated and payable as set out in the Investment Management Agreement Side Letter dated 11 September 2013.

Directors' fees and expenses

The Board determines 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 also pays reasonable expenses incurred by the Directors in the conduct of the Company's business including travel and other expenses. The Company pays for directors and officers liability insurance coverage.

The charges for the six-month period for the Directors fees were USD 135,000 (31.12.14: USD 135,000) of which expenses were USD 60,000 (31.12.14: USD 60,000).

Directors' ownership of shares and warrants

As at 31 December 2015, three Directors, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs held 36,667 (2014: 36,667), 10,000 (2014: 10,000) and 30,000 (2014: 30,000) ordinary shares of the Company respectively, representing 0.06% (2014: 0.06%), 0.02% (2014: 0.02%) and 0.05% (2014: 0.05%) of the total shares outstanding.

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

9 CUSTODIAN FEES

Custodian fees are charged at a minimum of USD 12,000 per annum and received as a fee at 0.08% on the assets under administration ("AUA") per annum. Custodian fees comprise safekeeping fees, transaction fees, money transfer fees and other fees. Safekeeping of unlisted securities up to 20 securities is charged at USD 12,000 per annum. Transaction fees, money transfers fees and other fees are charged on a transaction basis.

The charges for the six-month period for the Custodian fees were USD 56,228 (31.12.14: USD 63,193).

10 ADMINISTRATIVE AND ACCOUNTING FEES

The administrator receives a fee of 0.07% per annum for AUA less than USD 100,000,000; or 0.06% per annum for AUA greater than USD 100,000,000 calculated on the basis of the net assets of the Company, subject to an annual minimum amount of USD 5,500 per month.

The charges for the six-month period for the Administration and Accounting fees were USD 40,601 (31.12.14: USD 45,402).

11 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 31 December 2015 or 31 December 2014.

12 FAIR VALUE INFORMATION

For certain of the Company's financial instruments not carried at fair value, such as cash and cash equivalents, accrued dividends, other receivables, receivables/payable upon sales/purchase of investments and accrued expenses, the 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 comprehensive income.

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.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchange traded derivatives like futures (for example, Nasdaq, S&P 500).
- 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). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 31.12.15				
Financial assets classified at fair value upon initial recognition				
Equity investments	121,964,856	-	1,816,015	123,780,871
As at 31.12.14				
Financial assets classified at fair value upon initial recognition				
Equity investments	116,515,605	-	785,117	117,300,722

Notes to the Financial Statements

for the six-month period from 1 July 2015 to 31 December 2015

12 FAIR VALUE INFORMATION (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing whether an input is significant requires judgement including consideration of factors specific to the asset or liability. Moreover, if a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that fair value measurement is a Level 3 measurement.

Although the Company believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, if the reasonable possible alternative assumptions were increased/decreased by 10%, the impact on profit/(loss) would be 181,602 (2014: 78,512).

Level 3 reconciliation

Financial assets designated at fair value through profit or loss	01.07.15–31.12.15 USD	01.07.14–31.12.14 USD
Balance at 1 July 2015	**-**	**1,394,750**
Sales	-	-
Purchases	1,790,510	-
Transfers to level 1	-	-
Total gains and losses recognised in profit or loss *	25,505	(1,403,073)
Balance at 31 Dec 2015	**1,816,015**	**785,117**

* Total gains or losses recognised in profit or loss for assets and liabilities held at the end of the reporting period, as included in the statement of comprehensive income.

13 CLASSFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below provides a breakdown of the line items in the Company's statement of financial position to the categories of financial instruments.

	Note	Fair value through profit or loss USD	Loans and receivables USD	Other liabilities USD	total carrying amount USD
2015					
Cash and cash equivalents		-	3,739,479	-	3,739,479
Investments in securities at fair value	3	123,780,871	-	-	123,780,871
Accrued dividends and interest		-	300,230	-	300,230
Receivables from sale of investments		-	408,167	-	408,167
Other receivable		-	9,874	-	9,874
		123,780,871	4,457,750	-	128,238,621
Payables on purchase of investments		-	-	129,416	129,416
Other payable		-	-	133	133
Accrued expenses		-	-	34,692	34,692
		-	**-**	**164,241**	**164,241**
2014					
Cash and cash equivalents		-	4,104,677	-	4,104,677
Investments in securities at fair value	3	117,300,722	-	-	117,300,722
Accrued dividends		-	87,003	-	87,003
Receivables from sale of investments		-	464,595	-	464,595
Other receivable		-	3,119,036	-	3,119,036
		117,300,722	7,775,311	-	125,076,033
Payables on purchase of investments		-	-	334,520	334,520
Other payable		-	-	-	-
Accrued expenses		-	-	272,853	272,853
		-	**-**	**607,373**	**607,373**

14 EARNINGS PER SHARE

The calculation of earnings per share at 31 December 2015 was based on the change in net assets attributable to ordinary shareholders of USD 7,696,418 (31.12.14: USD 7,711,678) and the weighted average number of shares outstanding of 62,024,773 (31.12.14: 60,456,534).

15 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

Key Parties

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Signatory of:

PRI Principles for Responsible Investment

VietNam Holding became a signatory of the UN Principles for Responsible Investment (PRI) in 2009. Our investment practices and corporate behavior incorporate environmental, social and corporate governance issues. We promote the principles in our markets and align the fund's goals with the broader objectives of sustainable progress.

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