Interim Report
as of 31 December 2014
“We at VietNam Holding are excited about the investment prospects for the year ahead after the considerable progress made in the latter half of 2014 to bring Vietnam’s economy back towards its long-term growth trajectory. With the equity market yet to ‘price in’ this improvement in the corporate sector’s operating environment, we believe a buying opportunity is presenting itself for value investors like VietNam Holding.”

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited

PHOTOGRAPH: The Temple of Literature in Hanoi, Vietnam’s first university founded in 1070, is subject of national pride. VNH’s corporate logo is inspired by the shape of the Temple.
Highlights

“We observe that the steady outperformance by VNH of both the benchmark as well as of its peers improved noticeably after VNHAM first started fully integrating the sustainable investing approach. We are convinced that this is no coincidence, as adoption of core ESG standards and the disciplined application of those concepts by our investee companies reflect the superior quality of their management.”

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited

Performance
1 January to 31 December 2014

18.1%
VNH’s NAV per share

32.2%
VNH’s share price

7.9%
VNAS USD-adjusted
As Vietnam prepares to enter the lunar Year of the Goat, we at VietNam Holding are excited about the investment prospects for the year ahead after the considerable progress made in the latter half of 2014 to bring Vietnam’s economy back towards its long-term growth trajectory. With the equity market yet to ‘price in’ this improvement in the corporate sector’s operating environment, we believe a buying opportunity is presenting itself for value investors like VietNam Holding.

Examples of positive economic performance improvements in 2014 included (but are not limited to):

• **GDP growth** in the final quarter of calendar 2014 was estimated to be 6.96% YoY, taking the full year figure to 5.98%.

• The **Purchasing Managers’ Index** in December 2014 was 52.7 (indicating accelerating activity in the industrial sector).

• **Inflation** was a mere 1.84% YoY, and the VND lost just 1.3% of its value against the USD.

• **Credit growth** rose by 12.6%.

• Vietnam registered a positive **trade surplus** of around USD 2 billion, for the third consecutive year, with rising foreign exchange reserves and a net positive balance of payments.

VietNam Holding’s net asset value (NAV) performance for calendar 2014 was 18.1%, and 7.2% for the latter half of 2014 (ie. the current reporting period on which this interim report focuses), ending the year at USD 2.059 per share. In the subsequent Investment Manager’s Report my colleague, Mr. Christophe Ganz, explains the primary drivers of this strong NAV growth, including the performance contribution by our new investment theme, urbanization.

A research report on the Vietnamese equity investment funds by Numis, a securities firm in the UK, was published during the second week of January 2015. It took an in-depth look at the Vietnam closed-end investment funds. The report gives VNH top rankings both for its NAV as well as its share price performance for the past one-year, three-year and five-year periods. VNH ranked first in both NAV and share price gains for the last year as well as over the past five years, and second in both categories for the three-year period.

Numis commented that “VNH has had a good track record in recent years against the Vietnam Index. Over the past three years, the NAV is up 87% (23.3% pa) versus 72% (19.9% pa) for the index, helped by exposure to mid-caps. Furthermore, a reduction in exposure to Vinamilk in early 2014 proved well timed and VNH benefitted from a foreign premium of c. 10%.”

VNH’s share price increased by 32.2% during the calendar year 2014 and by 15.9% in the last six months, reaching USD 1.695 as of the end of December. This performance was assisted by the Company’s share buy-back strategy in 2014, to which we remain firmly committed. During 2014, the Company bought back 2.91 million shares, of which 78% were executed in the six months following Winterflood Securities adopting the role of the Company’s AIM listing broker in July 2014.
VietNam Holding continues to emphasize sustainability in all of its investing activities. This mainstreaming of an ESG approach was exemplified by 29 Director Engagement visits to 25 investee companies since Q42013. These engagement dialogues covered various issues of materiality concerning the portfolio companies, including strategic management and core business, functions of Supervisory Board and Independent Board members, leadership transitional process, disclosure of environmental impacts, improvement in Sustainability Reports and ERP system implementation.

Following the well-received 9th VNH Forum which focused on “Corporate Reputation in the Digital World”, some investee companies have started experimenting with digital marketing channels for their key products. During 2014, the Investment Manager attended and voted in 25 AGMs, covering each of the portfolio companies. In 2014 VietNam Holding also exited from a portfolio company that had consistently missed ESG standards. The company firmly believes in the merits of investing in sustainable firms and those firms working to become sustainable.

As the Investment Manager’s Report points out, a number of short-term developments served to distract Vietnam’s equity markets in the latter part of 2014. These included in our opinion the overly adverse reaction by the investors to the State Bank of Vietnam’s announcement in late November 2014 regarding the upcoming regulatory restrictions in the financial sector. ‘Circular 36’ which comes into effect in February 2015 will lower margin lending limits, as well as set new limitations pertaining to corporate governance practices in the financial sector. These welcome (in our view) regulatory changes should reduce the level of systemic risks among banks, making the entire sector more robust and its restructuring easier to attain.

The awakening of China’s equity markets, after an extended period of deep slumber, also probably served to divert some portfolio flows away from Vietnam. The chart below illustrates the cumulative flows of foreign portfolio investment into Vietnam’s equity markets during 2014 and displays a correlation between the outflows and the recovery of the Shanghai Composite Index.

![Vietnam Equity Markets - Foreign Capital Inflow vs. Shanghai Composite Index](source: Bloomberg)
The significant drop in global oil prices which began in the second half of 2014 has triggered a reversal of the strong returns achieved by the oil and gas sector during the early part of the year. We, however, believe that the lower fuel prices will not only help to keep inflationary forces in check, but also boost Vietnamese businesses – both local- and foreign-owned – and their competitiveness in the region. While Vietnam is a net importer of refined oil products, it still manages to cover an estimated 70% of the country’s needs for refined products with the oil it gets from its own fields. However a large part of this oil is still refined outside of the country as the only local refinery currently covers just around 30% of the country’s needs for refined products. According to Mr. Bui Quang Vinh, Minister of Planning and Investment, a drop in domestic fuel prices by 10% may lead to a 0.57% decrease in manufacturing costs, a 0.55% decrease in CPI and a 0.91% growth in GDP.

In a Special Report that follows we offer some interesting analyses of the possible positive impacts of lower oil prices on Vietnam’s economy and its corporate sector. We thank Dr. Le Dang Doanh, a renowned economist in Vietnam and a member of our senior advisory council, for his contribution to the Report. His views on the government’s 2015 initiatives for institutional reforms and its preparation for the closely-watched party leadership change in 2016 are invaluable and worth reading.

On behalf of VietNam Holding and the Investment Manager, we express our sincere gratitude to all the shareholders for your ongoing interest in our company. On our part, we strongly believe that Vietnam continues to provide some intriguing investment opportunities, and that our value-oriented approach with a sustainability focus is able to present to you, our shareholders, an insightful means to capture the potential that ‘Vietnam Inc.’ has to offer.

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited
28 January 2015

PHOTOGRAPH: Agri-Business remains a vital part of Vietnam’s economy, even though in terms of output value it has been surpassed by both manufacturing and services. Agriculture remains one of VNH’s three main investment themes.
Investment Manager’s Report

In terms of investment performance, the six-month period under review got off to a good start. By October 10th, the Vietnam All Share Index (VNAS) had gained 8.24%, whereas the VNH net asset value (NAV) per share had increased by 15.6%. However, most of that advantage evaporated during the last three months of our reporting period: the USD-adjusted VNAS closed merely 0.11% higher for the half-year ended 31 December 2014. In contrast, the VNH NAV closed the half-year 7.18% higher for the six month period while the VNH share price increased by 15.9%.

As Mrs. Kupfer pointed out in the Chairperson’s Letter, 2014 as a whole was a bit more rewarding. VNH’s NAV per share increase of 18.06% and the share price’s surge of 32.16% exceeded the USD-adjusted VNAS increase of 7.92% and the VN Index’s increase of 6.51% during 2014. This was VNH’s second year in a row during which the NAV’s performance was more than twice the benchmark’s.

Over a five-year period leading up to year-end 2014, VNH’s NAV per share has shown a cumulative increase of 51.7% - from USD 1.257 to USD 2.058. During the same period both the USD-adjusted VNAS and the USD-adjusted VNI declined by 6.8% and 5.7% respectively. We are very pleased with the excellent performance of our team in Vietnam. This industry-leading track record is firmly rooted in VNH’s multi-faceted approach.

Rewarding performances are achieved by:

Integrating Sustainability Analysis

In 2009, VNHAM was the first investment manager in Vietnam that integrated into its analytical process an in-depth and systematic analysis of the portfolio companies’ environmental policies and practices, their corporate social responsibilities and their corporate governance standards. Today, VNHAM is still the only asset management company that systematically gives these ESG criteria a weighting equal to those of the financial analysis. This integration was preceded by an examination of our portfolio according to the methodology of the Swiss-based Inrate in 2009. Ever since, we have modeled our approach on theirs when reviewing our portfolio companies. We regularly update our methodology to reflect the evolution in our own investment field, and the evolution in the world of global, sustainable investment practices.

An important pillar of our sustainability methodology is an extensive engagement with our investee companies. This process requires our analysts to dedicate a substantial amount of time to regular visits with these companies. This routine is complimented by the board members of both VNH and VNHAM, each of whom individually engages annually, onsite with a selected group of portfolio companies.

Looking back on the historic performance of VNH, we observe that the steady outperformance by VNH of both the benchmark as well as of its peers improved noticeably after VNHAM first started fully integrating the sustainable investing approach. We are convinced that this is no coincidence, as adoption of core ESG standards and the disciplined application of those concepts by our investee companies...
reflect the superior quality of their management.

**Tackling the Value Investment challenges in a high-growth market**

Vietnam continues to show the second-highest cumulative economic growth measured over the past 25 years, surpassed only by China. Such high economic growth would logically seem to fit the momentum investors best. It is not a surprise, therefore, that most domestic and many foreign investors take a “top-down” view of the Vietnam equity markets and focus on the companies with the highest market capitalizations and the highest trading liquidity. This tends to restrict their investment universe to the 30 companies that represent 75% of the Vietnam All Share Index (VNAS), plus a few large caps with a mini float. Many of these well-promoted and speculative shares went out of favor during the second part of the year, thus becoming the primary culprits for the dismal performance of the index by year-end.

A Value Investor’s investment horizon is substantially longer, and consequently we follow a different tactic. We cover the entire investment universe when looking for places where we can find attractive values. As a consequence of this quest, mid-caps make up well over half of VNH’s portfolio. Our portfolio includes only 9 of the VNAS’ top 30 companies. Thus, VNH’s portfolio valuation of 10.65x trailing earnings is over 17% lower than the VNAS’ trailing P/E of 12.5x.

**Focusing on Investment Themes**

Early on in VNH’s corporate life we reviewed how to adapt our Value Investment strategy to Vietnam’s volatile economic and market environment. We approached this challenge by looking at the country’s major growth drivers that were relevant for the equity markets. The major “mega trends” that we identified were agriculture and the domestic consumption growth. We first went public with the identification of these trends and their use as portfolio investment themes in our annual report of 2011. In 2013 we started observing, analyzing and investing in yet another important trend: urbanization. The impact of these themes on our portfolio’s performance during the past year is shown below.

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**VNH Investment Themes: Performance Attribution**

![Performance Attribution Chart](https://via.placeholder.com/150)

*Source: Bloomberg.*
Implementing a dynamic investment process
We have tasked ourselves with continually finding good companies with attractive valuations within as well as outside of our main investment themes. In fact, we aim to increase the probability that we identify tomorrow’s winners by having at least a quarter of our portfolio outside of our investment themes. VNHAM’s portfolio management policy provides a range within which an investment in a specific company can be over- and underweighted from the neutral target investment level. We also take into account the investee companies’ ongoing ability or willingness to respond to our active ESG engagement. Our level of investment in each company is thus constantly tested and the portfolio is subject to regular tactical and strategic rebalancing.

VNH passed the ultimate sustainable investment test
A common investment management argument against sustainable investments is that they produce lower returns than non-restricted investments. In her Chairperson’s Statement, Mrs. Min Kupfer mentioned the favorable position of VNH among its peers, as presented by Numis’ recent Report on Closed-End Funds in Vietnam. Being best in class in a relatively small, albeit exclusive and rather sophisticated group, is indeed rewarding. However, VNH’s track record of out-performing its peers goes back many more years, and includes a larger peer group than the one reported on by Numis. This validates our conviction that sustainability leads to higher rather than lower investment performance.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited
28 January 2015

PHOTOGRAPH: Domestic Consumption is the second VNH investment theme. As in many other emerging markets, it is an important growth driver for Vietnam. After a few sluggish years, 2014 saw the country’s inflation adjusted retail sales increased by 6.5% compared to 5.6% in 2013.
2015 Outlook and the Impact of Low Oil Price

2015 Outlook

In 2015, Vietnam will prepare for the 12th National Congress of the Communist Party of Vietnam, which is expected to take place in early 2016. The drafted documentation presented at the 12th National Congress will be available for discussion via mass media channels, and Party meetings to discuss these will occur at the communal and provincial levels. The increasing political pressure ahead of the 12th National Congress should encourage the Government to make a stronger push for reforms.

The restructuring of the economy, including the restructuring of commercial banks and State-owned Enterprises (SOEs), will be accelerated. Privatization programs will be significantly improved. For instance, not only should the number of SOEs being equitized reach 532 by the end of 2015, so too should the number of SOEs in which state ownership is below 49% increase noticeably. It is expected that more foreign-attractive SOEs will be available in 2015. The Government plans to divest its interests in its semi-administrative organizations within the State Groups and General Organization, including highway transportation projects and water transportation projects, which may prove to be attractive for financial investment.

It is expected that Vietnam will sign FTAs with Korea and with the Customs Union of Russia, Belarus and Kazakhstan in 2015. In addition, the important FTA between Vietnam and the EU should be signed in 2Q2015. Furthermore, the planned Trans-Pacific Partnership (TPP) might conclude its negotiations in March 2015 and be signed in May 2015.

The ASEAN Economic Community (AEC) should be operational by late 2015. The treaties of 8 FTAs that have already been signed require further reductions in tariffs and market opening in order to adhere to the committed roadmap. Thus, both opportunities and concerns will be present. The reason is that local businesses will need to have the necessary expertise to compete with foreign companies as the competition in the domestic market will increase rapidly as soon as AEC is in effect. The Vietnamese economy has faced enormous challenges which require aggressive institutional reforms to become more resilient and responsive to global changes and in order to grow sustainably. However, it is a possible trepidation that at present time, the government and businesses are not fully prepared to overcome these challenges.

Growth in the economy and exports might not be easy to achieve due to high market risks and rising competition. Vietnam needs to show some effort in implementing reforms to achieve the forecasted GDP growth rate of 6.2% while controlling inflation at 5% in 2015.

Smaller and weaker commercial banks might be merged into the stronger and larger ones. This could lead to investment opportunities in the banking industry as it gets more accessible to foreign investors. Bad debts should be resolved more aggressively, and VAMC might be granted more power to do so. The reduction in impaired loans will benefit future credit growth rates.
Private enterprises shall need to restructure to move from doing business based on preferential relationships for short-term gains to a more sustainable strategy, participating in the global value chains, leveraging technology benefiting businesses and improving the quality of human resources. Severe market competition may pressure businesses to become more agile and to grow domestically and regionally, especially within the AEC.

Ultimately, it is important for government authorities to accelerate institutional reforms, improve the business environment, enforce the strict implementations of laws and resolutions and increase transparency and disclosure in government activities in order to curtail corruption and eliminate unnecessary bureaucracy.

In summary, it is predicted that 2015 could be an exciting year for Vietnam’s economy - even more so if the reform and restructuring processes are implemented effectively.

Impact of Low Oil Prices

The tumbling oil price has a negative effect on the state revenue, which is expected to decrease between USD 1.5 and 2.0 billion. This is in part because crude oil export revenues as well as taxes on the domestic production of oil and oil related products will be sharply reduced, and in part because the taxation of imported oil and oil-related products will also suffer from the low oil prices. The government estimates that for 2015 the absolute contribution will reach USD 4.3 billion, or 10.2% of the budgeted revenue. The state budget of 2015 was created with a crude oil price assumption of USD 100 per barrel.

On the other hand, as a net importer of refined oil products Vietnam will definitely gain from lower oil prices because of low inflation, sharp price drops in imported goods, and increasing GDP growth rates as forecasted by global financial institutions such as the IMF and the ADB. While all these are encouraging developments, the forecast made by the Frontier Strategy Group, a US advisory firm servicing emerging market business leaders, that if the oil price drops to USD 70 and USD 50 per barrel, Vietnam’s GDP would grow 8.5% and 10% respectively, could be unrealistic at least in 2015.

As companies and consumers benefit from the low oil prices, the government could very well end up being better off, despite the reduced income from oil revenue taxation. Fuel remains a primary input cost for many consumer goods and services, and the amount of savings brought on by the current oil prices could reach up to USD 6 billion. This in turn would translate to higher consumption and companies paying more taxes due to increased profits.

Inflation in Vietnam will also be affected by low oil prices. Decreased production costs will keep inflation low enough that the government could even ease monetary policy and cut interest rates which may further boost GDP growth. Additionally, the manufacturing sector,
which still has the largest impact on the country’s GDP, will most likely profit from the low oil prices. It is therefore less likely that Vietnam’s GDP will be negatively affected by the current situation on the world’s energy markets.

Analyzing other sectors, the following conclusions can be reached:

**Oil & Gas Sector**
In general, all of the oil & gas sector, be this downstream, midstream or upstream are negatively impacted by the low oil prices. But it is safe to say that not all subsectors of oil & gas will be equally affected. In fact midstream companies may profit from cheaper transportation costs - provided contracts held with companies from the other two subsectors are not renegotiated as a result of low oil prices.

**Production of Synthetic Goods**
The production of goods such as plastic pipes used in construction and car tires will profit from reduced oil prices, as crude oil accounts for a large percentage of the cost of sold goods (COGS). In terms of the plastic pipes market, this reduction of production costs will most likely be passed on to the consumer as the market is quite competitive. For car tires, synthetic ingredients derived from crude oil are estimated to make up 20% of COGS. This is estimated to add a possible 5% to the gross margin of tire manufacturers.

**Steel Industry**
The indirect impact of low crude oil prices on Vietnam’s steel sector may be significant if the Ruble continues to weaken and transportation cost from Russia reduces materially, making steel from Russia more competitive. And with Vietnam possibly entering into a Free Trade Agreement with the Russia-Belarus-Kazakhstan Custom Union, in which export tariffs on steel products is 0% compared to the current 10%-15%, this may exacerbate the effect. However, there is expectation that steel will be included in the list of special products to be protected by local government by committing gradual tax reduction over 2-3 years rather than having an immediate implication after the FTA agreement.

**Textile Industry**
The cost of polyester has historically shown minimal adjustment for plummeting oil prices. As such the drop in oil price should have minor impact on the industry.

**Food & Beverage Sector**
With fuel for transportation accounting for an average of 2.5% of COGS of companies in this sector, the resulting increase of their margins should not exceed 1%, taking into account that consumer prices remain the same.

**Logistics & Transportation Services**
Taxi and Bus companies, as well as logistical transportation and shipping companies in Vietnam will profit from the low oil prices. However the government will most likely significantly increase taxes on fuel and diesel. Also, as Taxi companies such as Vinasun have their drivers pay for fuel out of their own earnings, the companies themselves may not see much of an increase in revenue.
PHOTOGRAPH: The Binh Duong province’s rapid development from a predominantly rural area to one of the nation’s major industrial centers is a prime example of the strong trend towards urbanization in Vietnam. VNIH has taken this trend into account by making Urbanization a main investment theme.
## Balance Sheet

as at 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Assets</th>
<th>Unaudited As at 31.12.14 USD</th>
<th>Unaudited As at 31.12.13 USD</th>
<th>Audited As at 30.06.14 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>2 4,104,677</td>
<td>2,965,135</td>
<td>2,459,814</td>
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<td></td>
<td>Investments in securities at fair value</td>
<td>2 117,300,722</td>
<td>107,745,708</td>
<td>118,526,227</td>
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<td>Accrued interest dividends</td>
<td>87,003</td>
<td>121,709</td>
<td>625,811</td>
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<td>Receivable from sale of investment</td>
<td>464,595</td>
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<td>693,059</td>
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<td></td>
<td>Other receivable</td>
<td>3,119,036</td>
<td>22,500</td>
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<td></td>
<td><strong>Total assets</strong></td>
<td><strong>125,076,033</strong></td>
<td><strong>110,855,052</strong></td>
<td><strong>122,304,911</strong></td>
</tr>
<tr>
<td></td>
<td>Equity</td>
<td>116,946,921</td>
<td>121,028,708</td>
<td>120,094,331</td>
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<tr>
<td></td>
<td>Retained earnings</td>
<td>7,521,739</td>
<td>(10,529,955)</td>
<td>392,362</td>
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<td></td>
<td><strong>Total equity</strong></td>
<td><strong>124,468,660</strong></td>
<td><strong>110,498,753</strong></td>
<td><strong>120,486,693</strong></td>
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<td>Liabilities</td>
<td>334,520</td>
<td>156,057</td>
<td>605,360</td>
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<td>Accrued expenses</td>
<td>272,853</td>
<td>200,242</td>
<td>1,212,858</td>
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<td><strong>Total liabilities</strong></td>
<td><strong>607,373</strong></td>
<td><strong>356,299</strong></td>
<td><strong>1,818,218</strong></td>
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<td></td>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>125,076,033</strong></td>
<td><strong>110,855,052</strong></td>
<td><strong>122,304,911</strong></td>
</tr>
</tbody>
</table>

The financial statements on pages 14 to 17 were approved by the Board of Directors on 28 January 2015 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 notes on pages 18 to 36 form an integral part of these financial statements.
## Statement of Comprehensive Income

for the 6 month period from 1 July 2014 to 31 December 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>Unaudited 01.07.14 USD</th>
<th>Unaudited – 31.12.14 USD</th>
<th>Audited 01.07.13 USD</th>
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</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend income from equity securities designated at fair value through profit or loss</td>
<td>1,715,650</td>
<td>1,669,965</td>
<td>4,087,013</td>
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<tr>
<td>Net gain from equity securities at fair value through profit or loss</td>
<td>8,026,183</td>
<td>11,796,279</td>
<td>23,123,195</td>
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<tr>
<td>Net foreign exchange (loss)/gain</td>
<td>(45,962)</td>
<td>(8,655)</td>
<td>(16,647)</td>
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<td>Net investment income</td>
<td>9,695,871</td>
<td>13,457,589</td>
<td>27,193,561</td>
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<tr>
<td>Expenses</td>
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<td></td>
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<td>Investment Management fee</td>
<td>1,238,979</td>
<td>957,845</td>
<td>2,142,403</td>
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<td>Incentive fees</td>
<td>-</td>
<td>-</td>
<td>954,449</td>
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<td>Advisory fees</td>
<td>91,000</td>
<td>75,000</td>
<td>149,834</td>
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<td>Accounting fees</td>
<td>45,402</td>
<td>43,584</td>
<td>95,281</td>
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<td>Custodian fee</td>
<td>63,193</td>
<td>87,719</td>
<td>141,827</td>
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<tr>
<td>Director fees and expenses</td>
<td>135,000</td>
<td>135,000</td>
<td>296,238</td>
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<td>Brokerage fees</td>
<td>29,500</td>
<td>40,000</td>
<td>56,571</td>
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<td>Audit fees</td>
<td>22,000</td>
<td>21,334</td>
<td>42,334</td>
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<td>Publicity and investor relations fees</td>
<td>147,000</td>
<td>157,500</td>
<td>267,344</td>
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<tr>
<td>Insurance fees</td>
<td>7,750</td>
<td>22,500</td>
<td>45,000</td>
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<tr>
<td>Administration expenses</td>
<td>114,369</td>
<td>107,644</td>
<td>229,240</td>
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<tr>
<td>Risk management expenses</td>
<td>65,000</td>
<td>75,000</td>
<td>100,000</td>
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<tr>
<td>Technical assistance</td>
<td>25,000</td>
<td>25,000</td>
<td>41,260</td>
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<tr>
<td>Total operating expenses</td>
<td>1,984,193</td>
<td>1,748,126</td>
<td>4,561,781</td>
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<tr>
<td>Change in net assets attributable to shareholders</td>
<td>7,711,678</td>
<td>11,709,463</td>
<td>22,631,780</td>
</tr>
</tbody>
</table>

The notes on pages 18 to 36 form an integral part of these financial statements.
Statement of Changes in Equity
for the six month period from 1 July 2014 to 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>Share Capital USD</th>
<th>Reserve for own shares USD</th>
<th>Retained Earnings USD</th>
<th>Total USD</th>
</tr>
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<tbody>
<tr>
<td><strong>Balance at 1 July 2013</strong></td>
<td>110,944,115</td>
<td>(1,436,175)</td>
<td>(22,239,418)</td>
<td>87,268,522</td>
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<tr>
<td><strong>Issuance of ordinary shares</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Repurchase of own shares</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warrants issuance cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit or loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 December 2013</strong></td>
<td>126,133,851</td>
<td>(5,105,143)</td>
<td>(10,529,955)</td>
<td>110,498,753</td>
</tr>
<tr>
<td><strong>Balance at 1 July 2014</strong></td>
<td>126,127,956</td>
<td>(6,033,625)</td>
<td>392,362</td>
<td>120,486,693</td>
</tr>
<tr>
<td><strong>Repurchase of own shares</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warrants issuance cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit or loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 31 December 2014</strong></td>
<td>126,127,956</td>
<td>(9,763,336)</td>
<td>8,104,040</td>
<td>124,468,660</td>
</tr>
</tbody>
</table>

The notes on pages 18 to 36 form an integral part of these financial statements.
Statement of Cash Flows
for the 6 month period from 1 July 2014 to 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets attributable to shareholders</td>
<td>7,711,678</td>
<td>11,709,463</td>
<td>22,631,780</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend income</td>
<td>(1,715,650)</td>
<td>(1,669,965)</td>
<td>(4,087,013)</td>
</tr>
<tr>
<td>Net gain from equity securities at fair value through profit or loss</td>
<td>(8,026,183)</td>
<td>(11,796,279)</td>
<td>(23,123,195)</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(21,280,164)</td>
<td>(24,429,393)</td>
<td>(38,903,628)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>30,261,012</td>
<td>11,869,800</td>
<td>27,339,735</td>
</tr>
<tr>
<td>Unrealised foreign currency loss</td>
<td>45,962</td>
<td>8,655</td>
<td>16,647</td>
</tr>
<tr>
<td>Decrease/(Increase) in other receivables</td>
<td>(2,890,572)</td>
<td>1,303,554</td>
<td>632,995</td>
</tr>
<tr>
<td>(Decrease)/Increase in accrued expenses</td>
<td>(940,005)</td>
<td>(137,087)</td>
<td>875,529</td>
</tr>
<tr>
<td>Dividends received</td>
<td>2,254,458</td>
<td>1,922,364</td>
<td>3,835,310</td>
</tr>
<tr>
<td><strong>Net cash from / (used in) operating activities</strong></td>
<td><strong>5,420,536</strong></td>
<td><strong>(11,218,888)</strong></td>
<td><strong>(10,781,840)</strong></td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of ordinary shares</td>
<td>-</td>
<td>15,189,736</td>
<td>15,189,736</td>
</tr>
<tr>
<td>Repurchase of own shares</td>
<td>(3,729,711)</td>
<td>(3,668,968)</td>
<td>(4,597,450)</td>
</tr>
<tr>
<td>Warrants issuance cost</td>
<td>-</td>
<td>-</td>
<td>(5,895)</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td>(3,729,711)</td>
<td>11,520,768</td>
<td>10,586,391</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>1,690,825</td>
<td>301,880</td>
<td>(195,449)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>2,459,814</td>
<td>2,671,910</td>
<td>2,671,910</td>
</tr>
<tr>
<td>Effect of exchange rate fluctuations on cash held</td>
<td>(45,962)</td>
<td>(8,655)</td>
<td>(16,647)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>4,104,677</td>
<td>2,965,135</td>
<td>2,459,814</td>
</tr>
</tbody>
</table>

The notes on pages 18 to 36 form an integral part of these financial statements.
Notes to the Financial Statements

1 THE COMPANY
VietNam Holding Limited (“VNH” or 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, 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 Annual General Meeting in September 2013 shareholders voted in favour of the continuance resolution, authorizing Vietnam Holding to operate in its current form through the 2016 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 & CARD Ltd., Fourth Floor, Zephyr House, 122 Mary Street, PO Box 709 GT, Grand Cayman, KY1-1107, Cayman Islands.

2 PRINCIPAL ACCOUNTING POLICIES
(a) Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

(b) Basis of preparation
The financial statements are presented in United States dollars (“USD”). 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 IFRSs 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.

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. Therefore a reconciliation between the measure of NAV used by the Board and that contained in these financial statements has been provided in a footnote to the statement of financial position.

(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 2013.
IFRS 13 Fair Value Measurement; In accordance with the transitional provisions of IFRS 13, the Company has applied the new definition of fair value, as set out in Note 2(e)(iv), prospectively.

As a result, the Company has changed the valuation approach for financial assets and financial liabilities measured at fair value for which a quoted price in an active market is available. Management concluded that last traded prices for such instruments are representative of fair value and generally to use last traded prices for such instruments. In 2013, such financial assets were measured at bid price and such financial liabilities at asking price. The change in accounting policy did not have a significant impact on the measurement of the Company’s assets and liabilities.

The Company has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information.

However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Company has provided the relevant comparative disclosures under those standards.

(d) Changes in accounting policies

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 designates all its investments as financial assets at fair value through profit or loss category. Financial instruments are designated 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 valued 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, which transaction costs recognised in profit or loss. 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
Policy applicable from 1 July 2013

‘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 a bid 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
Notes to the Financial Statements

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 2014, 0.6% (2013: 9.0%) of the valuations of the net assets of the Company were based on quotes obtained from brokers.

Any increases or decreases in values are recognised in the statement of comprehensive income as an unrealised gain or loss.

Policy applicable before 1 July 2013
‘Fair value’ is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction on the measurement date.

When available, then the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as ‘active’ if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length basis.

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm’s length transactions between knowledgeable, willing parties (if they are available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

Assets and long positions are measured at a bid price; liabilities and securities sold short are measured at an asking price.

(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 balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit or loss 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.

(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.
Notes to the Financial Statements

(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% (2013: 0.1%) on the sales proceeds of the onshore sale of equity investments. This is included in net gain/(loss) from equity securities at fair value through profit or loss.

(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 are comprised of accrued charges. 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, 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
Notes to the Financial Statements

to the individual asset or factors affecting all assets in the market. The Company is predominately exposed to market risk within its securities purchased on the Vietnamese market.

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>31.12.14 Fair Value in USD</th>
<th>% of net assets</th>
<th>31.12.13 Fair Value in USD</th>
<th>% of net assets</th>
<th>30.06.14 Fair value in USD</th>
<th>% of net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares and similar investments - listed</td>
<td>116,515,605</td>
<td>93.61</td>
<td>99,644,138</td>
<td>90.18</td>
<td>117,131,478</td>
<td>97.22</td>
</tr>
<tr>
<td>Shares and similar investments - unlisted</td>
<td>785,117</td>
<td>0.63</td>
<td>8,101,570</td>
<td>7.33</td>
<td>1,394,749</td>
<td>1.16</td>
</tr>
<tr>
<td></td>
<td><strong>117,300,722</strong></td>
<td><strong>94.24</strong></td>
<td><strong>107,745,708</strong></td>
<td><strong>97.51</strong></td>
<td><strong>118,526,227</strong></td>
<td><strong>98.38</strong></td>
</tr>
</tbody>
</table>

At 31 December 2014, a 5% reduction in the market value of the portfolio would have lead to a reduction in net asset value of USD 5,865,036 (31.12.13:5,387,285). A 5% increase in market value would have lead to an equal and opposite effect.

**Currency risk**

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency of USD. 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.

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 VNH Board of Directors at least once per 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 2014, the Company had the following currency exposure:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Fair value 31.12.14</th>
<th>Fair value 31.12.13</th>
<th>Fair value 30.06.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnamese Dong</td>
<td>117,953,377</td>
<td>108,424,518</td>
<td>120,036,280</td>
</tr>
<tr>
<td>Pound Sterling</td>
<td>25,371</td>
<td>1,285</td>
<td>11,144</td>
</tr>
<tr>
<td>Swiss Franc</td>
<td>67</td>
<td>33,349</td>
<td>13,350</td>
</tr>
<tr>
<td>Euro</td>
<td>23,789</td>
<td>1,003</td>
<td>997</td>
</tr>
</tbody>
</table>

|            | 118,002,604 | 108,460,155 | 120,061,771 |

At 31 December 2014, a 5% reduction in the value of the Vietnamese Dong, Pound Sterling, Swiss Franc and Euro would have lead to a reduction in net asset value of USD 5,900,130 (31.12.13: USD 5,423,008). A 5% increase in value would have lead to an equal and opposite effect.

**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 2014, the following financial assets were exposed to credit risk (including settlement risk): cash and cash equivalents, accrued dividend and other receivables. The total amount of financial assets exposed to credit risk amounted to USD 7,775,311 (31.12.13: USD 3,109,346).

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

**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 overall liquidity risks are monitored on at least a quarterly basis by the Board of Directors. The Company is a closed-end Investment Company so shareholders cannot redeem their shares directly from the Company.
Notes to the Financial Statements

**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.

4 OPERATING SEGMENTS
Information on realised gains and losses derived from sales of investments are disclosed on the statement of comprehensive income.

The Company is domiciled in the Cayman Islands. Entity wide disclosures are necessary 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.

All of the Company’s investments in securities at fair value are domiciled in Vietnam as at 31 December 2014 and 2013. All of the Company’s investment income can be attributed to Vietnam for the years ended 30 June 2014 and 2013.

5 OTHER RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>31.12.14 USD</th>
<th>31.12.13 USD</th>
<th>30.06.14 USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other receivables</td>
<td>3,111,286</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepayment</td>
<td>7,750</td>
<td>22,500</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>3,119,036</td>
<td>22,500</td>
<td>-</td>
</tr>
</tbody>
</table>

6 SHARE CAPITAL
Ordinary shares of USD 1 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 USD 2 per ordinary share. The ISIN number of the ordinary shares is KYG9361X043.

On 23 September 2010, during its annual general meeting, the shareholders approved a Share Repurchase Programme. The approval was renewed on its annual general meetings on 2011, 2012, 2013 and 2014.

<table>
<thead>
<tr>
<th></th>
<th>31.12.14</th>
<th>31.12.13</th>
<th>30.06.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total shares issued and fully paid (after repurchases and cancellations) at beginning of the period</td>
<td>67,537,240</td>
<td>54,836,792</td>
<td>54,836,792</td>
</tr>
<tr>
<td>Shares issued upon exercise of warrants during the period</td>
<td>-</td>
<td>12,700,448</td>
<td>12,700,448</td>
</tr>
<tr>
<td></td>
<td>67,537,240</td>
<td>67,537,240</td>
<td>67,537,240</td>
</tr>
<tr>
<td>Repurchased and reserved for own shares:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of the period</td>
<td>(4,815,215)</td>
<td>(1,306,381)</td>
<td>(1,306,381)</td>
</tr>
<tr>
<td>During the period</td>
<td>(2,265,491)</td>
<td>(2,867,179)</td>
<td>(3,508,834)</td>
</tr>
<tr>
<td></td>
<td>(7,080,706)</td>
<td>(4,173,560)</td>
<td>(4,815,215)</td>
</tr>
<tr>
<td>Total outstanding ordinary shares with voting rights</td>
<td>60,456,534</td>
<td>63,363,680</td>
<td>62,722,025</td>
</tr>
</tbody>
</table>

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 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).

Warrants
On 21 May 2012, the Company issued a Prospectus for a bonus issue of warrants to
Notes to the Financial Statements

shareholders pro rata, on the basis of one warrant for every three ordinary shares held. The exercise date of these warrants was initially on 13 December 2012 with an exercise price of USD 1.196 per share. Both Shareholders and Warrant holders gave their approval to a proposal of extension of the term of the warrants through the addition of two exercise dates, 25 April 2013 and 25 September 2013. At the reporting date, all warrants were either exercised or expired and no warrants were outstanding.

On 25 September 2013 and 9 October 2013, 12,700,448 (1H-2013: 221,750) shares were issued following the exercise of subscription rights by holders of the warrants and the remaining 5,238,909 unexercised warrants were lapsed.

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

<table>
<thead>
<tr>
<th></th>
<th>31.12.14 No. of shares</th>
<th>31.12.13 No. of shares</th>
<th>30.06.14 No. of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net gain from equity securities at fair value through profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realised loss</td>
<td>10,303,574</td>
<td>(4,227,090)</td>
<td>38,415</td>
</tr>
<tr>
<td>Adjustment to fair value of equity securities at fair value through profit or loss</td>
<td>(2,277,391)</td>
<td>16,023,369</td>
<td>23,084,780</td>
</tr>
<tr>
<td></td>
<td>8,026,183</td>
<td>11,796,279</td>
<td>23,123,195</td>
</tr>
</tbody>
</table>

8  RELATED PARTY TRANSACTIONS

Investment Management fees

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 USD100 million, one-twelfth of two per cent.;
- On the amount of the Net Asset Value of the Company above USD100 million up to and including USD150 million, one-twelfth of 1.75 per cent.; and
- On the amount of the Net Asset Value of the Company that exceeds USD150 million, one-twelfth of 1.50 per cent.

The total fees accruing to the Investment Manager for the six month period to 31 December 2014 were USD 1,238,979 (31.12.13: USD 957,845) as a management fee and
USD 80,000 (31.12.13: USD 80,000) for administrative support. At 31 December 2014, USD 102,429 due to the Investment Manager are included in accrued expenses (31.12.13: USD 89,665).

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:

$$\text{Excess Performance Amount} = (\text{Adjusted NAV per share} - \text{Initial High Water Mark}) \times \text{Weighted Average number of shares}.$$ 

The initial high water mark is calculated as the NAV as at 30 September 2013 increased by 8%. After the initial accounting period (i.e. 30 June 2014), the initial high water mark will be increased by 5% per annum on a compound basis.


However, the maximum incentive fee that can be earned by and paid to the investment manager in respect of any accounting period shall be equal to three per cent of the NAV of the Company at the end of the relevant accounting period.

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 31 December 2014 for the Directors fees were USD 135,000 (31.12.13: USD 135,000) of which expenses were USD 60,000 (31.12.13: USD 60,000).

Directors’ ownership of shares
As at 31 December 2014, three Directors, Min-Hwa Hu Kupfer, Nguyen Quoc Khanh and Rolf Dubs held 36,667 (2013: 36,667), 10,000 (2013: 10,000) and 30,000 (2013: 30,000) ordinary shares of the Company respectively, representing 0.06% (2013: 0.06%), 0.02% (2013: 0.02%) and 0.05% (2013: 0.05%) of the total shares outstanding.
Notes to the Financial Statements

9 CUSTODIAN FEES
Custodian fees are charged at a minimum of USD 12,000 per annum and received as a fee of 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 to 31 December 2014 for the Custodian fees were USD 63,193 (31.12.13: USD 87,719)

10 ADMINISTRATION AND ACCOUNTING FEES
The administrator receives a fee of 0.07% per annum for assets under administration (“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 USD5,500 per month.

The charges for the six month period to 31 December 2014 for the Administration and Accounting fees were USD 45,402 (31.12.13: USD 43,584).

11 CONTROLLING PARTY
The Directors are not aware of any ultimate controlling party as at 31 December 2014 or 31 December 2013.

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 and other assets and creditors and accrued charges, 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.

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
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 exchanges 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 Group 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:

<table>
<thead>
<tr>
<th>Financial assets designated at fair value upon initial recognition</th>
<th>Level 1 USD</th>
<th>Level 2 USD</th>
<th>Level 3 USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Investments</td>
<td>116,515,605</td>
<td>-</td>
<td>785,117</td>
<td>117,300,722</td>
</tr>
<tr>
<td></td>
<td>116,515,605</td>
<td>-</td>
<td>785,117</td>
<td>117,300,722</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets designated at fair value upon initial recognition</th>
<th>Level 1 USD</th>
<th>Level 2 USD</th>
<th>Level 3 USD</th>
<th>Total USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Investments</td>
<td>99,644,138</td>
<td>-</td>
<td>7,529,735</td>
<td>67,505,788</td>
</tr>
<tr>
<td></td>
<td>99,644,138</td>
<td>-</td>
<td>7,529,735</td>
<td>67,505,788</td>
</tr>
</tbody>
</table>

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 USD 78,512 (2013: USD 791,301).

### Level 3 Reconciliation

<table>
<thead>
<tr>
<th>Financial assets designated at fair value through profit or loss</th>
<th>01.07.14</th>
<th>01.07.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>All amounts stated in USD</td>
<td>01.07.14</td>
<td>01.07.13</td>
</tr>
<tr>
<td>Opening balance</td>
<td>1,394,750</td>
<td>7,913,006</td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total gains and losses recognised in profit or loss*</td>
<td>(1,403,073)</td>
<td>188,564</td>
</tr>
<tr>
<td>Closing balance</td>
<td>785,117</td>
<td>8,101,570</td>
</tr>
</tbody>
</table>

* 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 CLASSIFICATIONS AND FAIR VALUES OF FINANCIAL ASSETS & LIABILITIES

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash and cash equivalents</th>
<th>Investments in securities at fair value</th>
<th>Accrued dividends</th>
<th>Receivables from sale of investments</th>
<th>Other receivables</th>
<th>Payables on purchase of investments</th>
<th>Accrued expenses</th>
<th>Carrying Amount USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014</strong></td>
<td></td>
<td>3 117,300,722</td>
<td>87,003</td>
<td>464,595</td>
<td>3,119,036</td>
<td>141,905</td>
<td>78,010</td>
<td>125,076,033</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>4,104,677</td>
<td></td>
<td>117,300,722</td>
<td>141,905</td>
<td>517,627</td>
<td>141,905</td>
<td>125,076,033</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td>3 107,745,708</td>
<td></td>
<td>121,709</td>
<td>22,500</td>
<td>156,057</td>
<td>200,242</td>
<td>110,855,052</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>2,965,135</td>
<td></td>
<td>107,745,708</td>
<td>121,709</td>
<td>200,242</td>
<td>200,242</td>
<td>110,855,052</td>
</tr>
</tbody>
</table>
14 EARNINGS PER SHARE
The calculation of earnings per share at 31 December 2014 was based on the change in net assets attributable to shareholders of USD 7,711,678 (31.12.13: USD 11,709,463) and the number of shares outstanding of 60,456,534 (31.12.13: 63,363,680).

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 2013, 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.

(a)Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is considered to be equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 July 2014 and interim periods within those annual periods. Early application is permitted. The standard is not expected to have a material impact on the Company’s financial statements.
Key Parties

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Min-Hwa Hu Kupfer
Professor Dr. Rolf Dubs
Nguyen Quoc Khanh

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