Annual Report 2012

VietNam Holding

I am pleased to report that while the VNI fell by 2.4% in the full fiscal year, VNH's own NAV rose by 12.4%. Combined with the 3% accretion which resulted from the Company's share buy-back program during the same period, this generated an NAV per share increase of 15.4% to USD 1.295.

Min-Hwa Hu Kupfer, Chairperson
VietNam Holding Limited

Overview

Our disciplined focus on two well-chosen investment themes continues to be the main reason for this performance. During the last 12 months, investments in the two theme sectors have generated returns of 29.5% and 20.8% respectively. VNH's continuing adherence to value investing principles is evidenced by its comparatively lower portfolio valuations.

By the end of 2011, VNHAM had taken key steps to re-balance its portfolio. In the expectations of a stock market upturn in the new year, we reduced weightings in defensive shares and increased allocations to equity positions in companies with a higher beta and greater promise.

Jean-Christophe Ganz, Chairman
VietNam Holding Asset Management Limited

Performance

1 July 2011 to 30 June 2012

15.4%

NAV per share

37.3%

VNH share price

- Continued outperformance of the benchmark VNI
- Share price discount to NAV at 18%

Chairperson's Statement

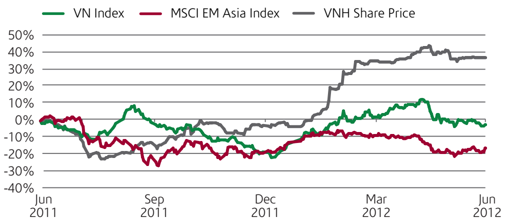
We have been encouraged that market reactions to the discount control measure have been positive, as evidenced by the healthy 37.3% increase in VNH's share price over the last twelve months.

I have pleasure in presenting the VietNam Holding annual report for 2012.

In my chairperson's statement last year, I indicated that VNH was well positioned for a more inspiring performance in the year ahead. Unfortunately, the global economic backdrop over the last twelve months has not been helpful for a strong and sustained rally in Vietnamese equities. Like their Asian peers, Vietnamese companies have been obliged to navigate a challenging international business environment, and portfolio investors remain rightly unsettled by the problems faced in Europe and elsewhere. Markets are fragile and investor sentiment is weak.

And yet, despite the hostile international business environment, Vietnam's stock markets performed surprisingly well in the first half of 2012. In Ho Chi Minh City, the VNI rose by 20%, while the smaller HNX in Hanoi rose by 21%. These performances compare favorably with benchmark indices such as the MSCI EM Asia Index, which rose by 4% during the same period.

Performance Comparison
June 2011 - June 2012



Source: Bloomberg

As for VNH's own performance, I am pleased to report that while the VNI fell by 2.4% in the full fiscal year, VNH's own NAV rose by 12.4%. Combined with the 3% accretion which resulted from the Company's share buy-back program during the same period, this generated an NAV per share increase of 15.4% to USD 1.295.

This out-performance serves as a vindication of the asset allocation strategy conducted over the last year, more details of which are provided in the investment manager's report that follows. We remain fully committed to the underlying value investing approach, and in applying the principles of ESG investing in all that we do.

> "While the VNI fell by 2.4% in the full fiscal year, VNH's own NAV rose by 12.4%. Combined with the 3% accretion, which resulted from the Company's share buy-back program during the same period, this generated an NAV per share increase of 15.4% to USD 1.295."

The macro-economic situation in Vietnam has changed considerably over the last twelve months. In August 2011, overall inflation was 23% YoY, the highest in Asia, and food price inflation was at a punishing 34% YoY. Vietnamese firms were caught in a vice-like grip between higher input prices and reduced consumer demand. But a series of monetary and other policy measures – including the enforcement of a sharp contraction in credit growth – were introduced by the government in the second half of 2011. By June 2012, consumer price increases had dropped to a more manageable 6.9% YoY. Interest rates have also lessened considerably for VND-denominated loans.

> "There is continuing recognition by Vietnamese policy-makers that macro-economic growth must be sustainable."

The cost has been a more modest growth rate. Whereas GDP growth in the first half of 2011 was 5.6%, in the first half of 2012 it was 4.3%. It is widely anticipated that Vietnam's total growth in 2012 will probably not be more than 5%, well below the average pace set in recent years. There is continuing recognition by Vietnamese policy-makers that macro-economic growth must be sustainable, and that social and environmental issues should not be overlooked on the road to modernity. The dash for growth at all costs seems to be over.

Despite this back-drop, overall earnings growth by Vietnam's corporate sector remains commendably robust, and valuations remain low. Thus, we anticipate further advances in the stock market indices in the year ahead. This should provide a helpful tailwind for VNH's own NAV performance, which will be further enhanced by our proven investment strategy.

In this context, VNH enacted a bonus warrants issue in late May 2012. One warrant was issued for every three VNH shares, and they now trade on the London AIM. The maturity date is 13 December 2012, with a strike price of USD1.196 per share; the NAV per share in February 2012.

In addition, VNH has taken the step of creating treasury shares as a tool for further controlling discounts in its share price, relative to our NAV. Since September 2011, the company has bought back shares on 18 occasions.

We have been encouraged that market reaction to the discount control measure, and the bonus warrants issue, have been positive, as evidenced by the healthy 37.3% increase in VNH's share price over the last twelve months.

Readers may detect a change from previous years in the broad format of this annual report. We have sought to adopt a more tailored approach to its structure and content. The aim is to provide greater depth of information on the structure of the portfolio, and how we have developed it.

Finally, I wish to express my thanks to the members of the Senior Advisory Council of VNH, each of whom has continued to provide invaluable expertise and guidance.

I hope that you enjoy reading this report as much as we have enjoyed developing and growing VNH's portfolio in recent years.

Min-Hwa Hu Kupfer
Chairperson
VietNam Holding Limited
13 August, 2012

Investment Manager's Report

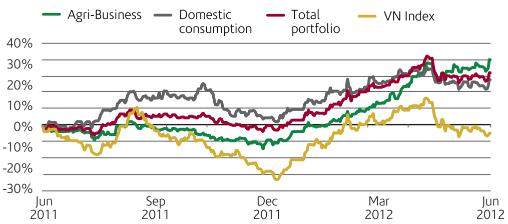
The VNH portfolio has outperformed the benchmark index VNI both in the bear market second half 2011, as well as during the bull market first half of 2012.

In her preceding letter, Mrs. Kupfer has referred to both the excellent performance of the Vietnamese stock markets during the first half of 2012, as well as to the rewarding increase in VNH's net asset value. The VNH portfolio has outperformed the benchmark index VNI both in the bear market second half 2011, as well as during the bull market first half of 2012. One conclusion is clear and rewarding: our disciplined focus on two well-chosen investment themes continues to be the main reason for this performance.

The two complementary investment themes that drive our portfolio performance are growing domestic consumer spending as the country moves to middle income status, and the considerable potential shown by Vietnam's often overlooked agricultural production and processing sector. Across a range of agricultural products, Vietnamese farmers achieve some of the highest yields in the world. During the last 12 months, investments in the two theme sectors have generated returns of 29.5% and 20.8% respectively. The aggregate of the two grew from 67% to 70% of the total portfolio at 30 June this year.

The chart below shows the two theme sectors vs. the VNI, and compared to the total portfolio.

VNH Performance Components
June 2011 - June 2012



Source: VNHAM and Bloomberg

The agri-business portfolio outperformed the VNI by 13.4% in the first half of the fiscal year, and by 31.9% for the full year. The consumer portfolio outperformed it by 23.2% during the first half as well as for the full year. On a local currency basis and neglecting the VNH's administrative, board and management expenses, the total portfolio has outperformed the VNI by a gratifying 26.2% for the full year.

Together with increasing asset allocations to the two main theme portfolios, shifts also took place among the components within each theme. By the end of 2011, VNHAM had taken key steps to re-balance its portfolio. In the expectations of a stock market upturn in the new year, we reduced weightings in defensive shares and increased allocations to equity positions in companies with a higher beta and greater promise.

> "The two complementary investment themes that drive our portfolio performance are growing domestic consumer spending and the considerable potential shown by Vietnam's agricultural sector."

The valuations of Vietnam's listed equities continue to be very attractive. The VNI – which covers 86% of the market capitalization of all listed equities in both Hanoi and Ho Chi Minh City – had a trailing P/E of 10.95x as of mid-year, compared to China's (Shanghai Composite) at 11.98x, India's 14.62x, Thailand's 15.07x and Indonesia's 19.98x. The VNI's dividend yield of 4.17% is also higher than that of any of its peers, Thailand's 3.67% being the closest rival.

> "VNH's continuing adherence to value investing principles is evidenced by its portfolio's trailing P/E of 6.94x as at June 30, a full 36.6% lower than the PE of the overall market."

VNH's continuing adherence to value investing principles is evidenced by its comparatively lower portfolio valuations. The portfolio's trailing P/E at 30 June 2012 was 6.94x, a full 36.6% lower than the PE of the overall market. VNH's portfolio dividend yield was 6.9%, 65% higher than that of the companies constituting the VNI.

These achievements are the result of the inspired leadership by our new CEO, Mr. Vu Quang Thinh. Mr. Thinh has strengthened his team over the past 12 months by recruiting the right persons, introducing many new management tools, and by transmitting his skills and experience to his colleagues on a daily basis. As a result, the team is today more competent and motivated than ever before.

> "These achievements are the result of the inspired leadership by our new CEO, Mr. Vu Quang Thinh. His team is more competent and motivated than ever before."

We are also grateful for the active support of the members of our Advisory Council. Our three Vietnamese members have been of invaluable assistance in anticipating economic pressure points and important shifts in the country's monetary policies. Our Swiss member has been an important discussion partner and a source of inspiration for our warrants issuance.

Finally, my assumption of the Chairmanship was greatly expedited by the active support of my predecessor, Donald Van Stone, who has resumed his previous position as Vice Chairman. Our resident Asian board member, Iris Fang, continues as a valuable decision maker and trusted advisor to our local team in Ho Chi Minh City.

We operate in a challenging market and have generated success with a positive difference. That difference is the result of a competent team, well managed and well guided by dedicated experts. We are grateful to all of them.

Jean-Christophe Ganz
Chairman
VietNam Holding Asset Management Limited
13 August, 2012

Market and Economic Overview

The HOSE in Ho Chi Minh City has 301 listed companies, with a combined market capitalization of US$32.0bn, while the HNX in Hanoi serves 392 listed companies, cumulatively worth around US$5.1bn.

The fiscal year ending June 2012 saw Vietnam's policy makers steadily regain control over what had been a rather worrisome macro-economic picture. Inflation is now firmly back under control. The VND has held relatively stable against major currencies, and the trade deficit has lessened considerably. In the financial sector, excessive credit growth has been reined in, interest rates have been coming down, and efforts are being made to strengthen the banking sector. The stock market rewarded the welcome economic news with a surprisingly good performance in the first half of 2012.

“The fiscal year ending June 2012 saw Vietnam's policy makers steadily regain control over what had been a rather worrisome macro-economic picture. Inflation is now firmly back under control. The VND has held relatively stable against major currencies, and the trade deficit has lessened considerably.”

The HOSE stock market in Ho Chi Minh City is now home to 301 listed companies, with a combined market capitalization of around US$32.0bn, while the HNX in Hanoi serves as a trading platform for 392 listed companies, cumulatively worth around US$5.1bn.

A foreign investor-driven rally occurred on both exchanges in the fist quarter of 2012, making the VNI one of Asia's best performing equity markets in the first half of the year. However, as of end-June, the VNI was still down by 2.4% year-on-year. The smaller HNX was down 4.4% over the same period.

The State Securities Commission recently announced the merger of the two stock markets into a single entity, which should bring increased liquidity to the combined bourse. Details on this welcome initiative remain fairly sketchy at present. Initial public offerings by some of the large state-owned enterprises continue, although still not at the pace and to the extent that was planned. Recent listings on HOSE have included PV Gas and Vietcombank, adding considerably to the aggregate capitalization of the stock market.

As at end-June 2012, the VND was trading at 20,828 against the USD. This marked a very modest 1.02% decline in the local currency against the USD in the twelve months since June 2011, as confidence in the VND has gradually improved. Although information on Vietnam's foreign exchange reserves are never made public, a recent IMF report indicated that they have probably been increasing since late 2011. This has been achieved in part as a result of the substantial contraction in the trade deficit figures in the first half of 2012.

In a long overdue but welcome move, the State Bank of Vietnam announced a revised figure for total non-performing loans in the banking sector, as of end-March 2012. Previously, a figure of 4.4% of total loans (around VND117 trillion) had been provided. It was widely disbelieved by observers as an under-estimate. The new figure of 8.6% of total bank credit, or around VND202 trillion, seems more realistic. A number of small banks have encountered a liquidity squeeze over the last year, as a sector-wide cap was placed by the central bank on the deposit rates that commercial banks could offer. Depositors reacted by gravitating to the bigger institutions. This in turn has triggered a number of bank mergers. The banking regulator recently emphasized credit quality over growth. As a result, credit growth was a modest 4.4% year-on-year in June 2012; down from the unsustainable 20% of a year earlier and the 30% figure of June 2010.

“Although information on Vietnam's foreign exchange reserves are never made public, a recent IMF report indicated that they have probably been increasing since late 2011. This has been achieved in part as a result of the substantial contraction in the trade deficit figures in the first half of 2012.”

Global conditions for overseas market demand have been far from benign. Yet Vietnam's export volumes and earnings have held up relatively well, reflecting the country's heavy emphasis on agricultural produce, commodities, garments and footwear, and various other essential items. Looking ahead, Vietnam is one of just three ASEAN economies pursuing a free trade area agreement with the EU. Also, Hanoi aims to be part of the new Trans-Pacific Partnership initiative, which includes the US. If attained, these agreements should also be a fillip for FDI inflows, as it will increase the attractiveness of Vietnam as a host country platform for export-oriented manufacturing. Foreign-invested enterprises have become a critical source of total exports for Vietnam, particularly if one excludes commodities.

Just as the collapse of ship-builder Vinashin in the 2011 fiscal year was disappointing news, the year 2012 produced a similar corporate implosion, this time at shipping line Vinalines. This served to emphasize yet again the dire need for improved corporate governance standards, particularly among the large State-owned corporations. The brief stint of the 24-year old daughter of a Politburo member as Chairperson and CEO of a large State-owned construction company earlier this year has not helped perceptions in this regard.

> “ The corporate implosion of Vinalines served to emphasize yet again the dire need for improved corporate governance standards. ”

Outside of the economic and business realm, a number of land disputes have attracted the attention of social networks and traditional media alike. While land disputes in Vietnam, like China, are frequent, recent events have served to underline the challenges posed by increasing urbanization and industrialization, and the pressure this is placing on scarce land, and particularly agricultural land in the country’s two delta regions. The issue is further exacerbated by an opaque land title and ownership system in Vietnam. Should the few isolated incidents of farmer-revolt stir up sufficient public interest to start the necessary political debates regarding the reform of land use rights, both domestic and foreign investors may stand to benefit from such process.

> “ Frequent land disputes in Vietnam served to underline the challenges posed by increasing urbanization and industrialization. ”

On the external front, Vietnam’s leaders will no doubt closely watch the impending leadership changes in Beijing for any signs of policy change. Tensions with China, primarily over competing offshore territorial claims, have persisted throughout the last fiscal year, and show no immediate sign of abating. And with Washington now seeking to re-engage much more closely with Vietnam (and East Asia as a whole), the geo-strategic dynamics of the South China Sea – known as ‘East Sea’ in Vietnam – issue are becoming more complex.

Portfolio

The development of Vietnam's agricultural output and exports was already considered an astonishing success in the 1990's.

VietNam Holding's portfolio management processes are determined by three key components: (1) a clear focus on specific investment themes; (2) an adherence to value investment principles; and (3) our sustainable investing approach.

INVESTMENT THEMES

When we began building our initial portfolio, between the second half of 2006 and summer of 2007, we analyzed Vietnam's competitive advantages and the key market drivers to determine which investment themes were most relevant for Vietnam and its fast-evolving corporate sector.

The development of Vietnam's agricultural output and exports was already considered an astonishing success in the 1990's. But could we possibly identify companies that would build successful and sustainable businesses models based on Vietnam's achievements in the agricultural sector? Would it be possible to invest in such companies? Yes we could, and we did.

We determined that investing in Vietnam's domestic consumption theme was another attractive proposition. It was easier to identify attractive potential investments in a sector that continues to show considerable growth and promise, as Vietnam's per capita GDP transitions into middle-income status.

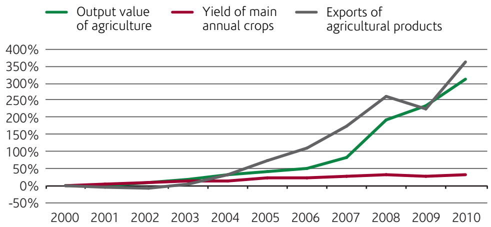
Agriculture

Vietnam's agricultural sector success story began with land use and ownership rights reform in the 1980s, supported by conducive economic policies. Individual families, collectives and other economic groupings began generating some of the highest crop yields seen in Asia, across a range of products. As a result, total agricultural production grew at a compound annual rate of 20.2% during the 1990s. The principal cash crops were rice, Robusta coffee, green tea, cashews, black pepper, cassava, rubber and increasing volumes of seafood.

Vietnam has become one of the largest exporters of a range of agricultural commodities, including rice and coffee. Removing SOEs' control over trading and exporting such crops was a key factor in the gradual development of both domestic and foreign-owned private companies in the agricultural sector. To date, most agricultural production in Vietnam is still conducted by small-holding farmers, whose hard work and dynamism have largely driven growth over the last three decades. Entrepreneurship and small- and medium-sized businesses contribute to the sectors' broad products and services.

Chart (a) depicts agricultural production, productivity and export earnings growth over the last 10 years.

(a) Development of Vietnam's Agricultural Sector
2000 to 2010



Source: GSO General Statistics Office Vietnam

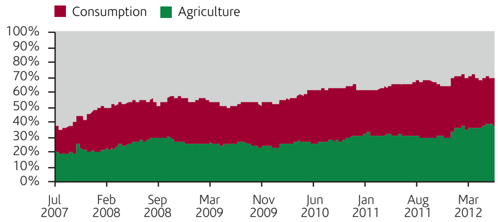
Looking ahead, there are a number of challenges facing the agricultural sector in Vietnam. Increasing pressure is placed on scarce resources, as urbanization and industrialization absorb arable land. Farmers and companies are obliged to shift from yield maximization to value-added processes, if incomes are not to contract.

As an established major producer and exporter in terms of scale, there is still much Vietnam can do to improve the quality, variety and branding of its agricultural produce. This is particularly true for rice, coffee and tea, and the considerable advances made in seafood for export giving us room for cautious optimism.

> "Vietnam has become one of the largest exporters of a range of agricultural commodities, including rice and coffee, in the world."

Once reaching our targeted minimum investment grade in June 30, 2007, agriculture themed equity investments represented 18.4% of VNH's total equity portfolio. As of June 30, 2012, our agriculture investment theme represents 37.5% of VNH's portfolio value. This reflects both the development of additional investment opportunities as well as the themes' investment performance over the past five years.

(b) VNH historical Asset Allocation:
June 2007 to June 2011



Source: VNHAM

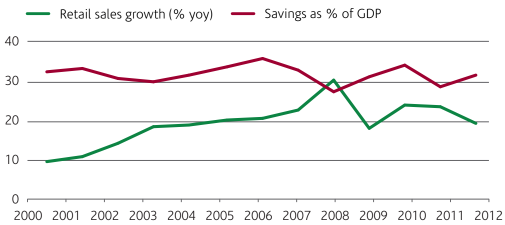
Domestic Consumption

> “Over the last 9 years, Vietnam's retail sales growth has been at consistently high levels.”

Domestic savings rates have been well above 20% of GDP since 1994. Starting 2007, savings fell below 30% only once, in 2008, when it was 29.0%. The savings rate is projected to be above 30% both for this year, as well as next.

Increasingly, these accumulated savings have found their way into the burgeoning number of retail stores in Vietnam's fast-growing cities. Vietnam's consumer spending, as expressed by annual retail sales growth, saw a marked up-tick in 2008. Over the past decade growth rates of Vietnam's retail sales have remained at consistently high levels, as shown in chart (c).

(c) Retail Sales and Savings
2000 to 2012



Source: Bloomberg

With steadily improving average incomes and the growth of a new urban middle class Vietnamese aggregate spending power has grown considerably. A greater sense of economic stability and optimism about the future is allowing the frugal Vietnamese to spend more of their earnings on non-essential items, such as dairy products, herbal medicines for personal care or jewelry.

The domestic consumption theme has grown from 18.7% of VNH's equity portfolio to 32.5% of our portfolio by end-June 2012. Again, this is due to a combination of additional theme allocations and the high investment performance of this portfolio component.

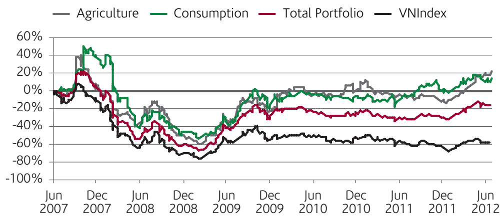
Investment Performance

The two investment themes have been the principal factors behind VNH's consistent outperformance of the benchmark VNI. During the last fiscal year alone, the Agriculture theme out-performed the VNI by 31.9% and the Consumption theme out-performed by 23.2%.

> “Over the last five years, the Agriculture theme produced a cumulative benchmark out-performance of an average of 16.2% per year. The Consumption theme's cumulative out-performance of the VNI since June 2007 was at 73.1%, or an average of 14.6% per year.”

Chart (d) investment return chart shows the two themes performance, as well as that of the total VNH portfolio, measured in VND.

(d) Portfolio Themes Performance:
June 2007 to June 2011



Source: VNHAM and Bloomberg

Over the last five years, the Agriculture theme produced a cumulative benchmark out-performance of 80.8%, or an astonishing average of 16.2% per year. The Consumption theme's cumulative out-performance of the VNI since June 2007 was only slightly less impressive, at 73.1%, or an average of

Portfolio

VNH encourages local executives to implement internal checks and balances that represent best practice.

14.6% per year. VNH's total portfolio measured in VND has outperformed the VNI by 44.3% over these five years.

By comparison, VNH's NAV out-performance of the VNI over the same five years was 17.2%. The NAV of VNH is measured in USD, whereas the VNI measures performance of all companies listed on the HOSE in local currency. The difference between the two performance measurements is due to the portfolio having had to absorb foreign exchange devaluations amounting to 22.8% over this same period as well as all costs, including investment management fees, board fees and expenses, custodian and administration costs.

The individual company presentations in this annual report comprise the fifteen portfolio companies that make up the two investment themes, and thus were the main drivers of VNH's rewarding investment performance.

VALUE INVESTING

It may appear to be a contradiction: a value investment approach in one of the highest economic growth markets in the world. After all, a well-established portfolio management adage tells us that high growth economies typically produce companies with high earnings growth, which in turn is the Siamese twin of a strong stock market performance. Doesn't this suggest that only the growth investment approach is appropriate? Or can a value investor possibly find attractive valuations in such a high-growth environment? We did indeed, combining traditional financial analysis with our in-depth knowledge of the Vietnamese investment universe.

Be reminded that there is more to value investing than simply finding 'cheap' companies. We found that also in Vietnam the main principles of value investing are relevant, albeit some more than others.

Low Valuations

When we built our initial portfolio the listed companies' valuations in Vietnam were on a steep curve towards absurdity; the nascent market was unable to absorb the large volumes of injected liquidity. We therefore focused our efforts on un-listed companies where valuations remained more sensible.

We measure our success in finding attractive investments by comparing our portfolio's aggregate Price / Earnings ratio to that of the VNI. As of mid-2012, VNH's trailing P/E multiple of 6.94x was 35% lower than the VNI's 10.95x.

Consistent Earnings

> "Our portfolio companies increased their earnings per share (EPS) by an average annual rate of 21.58%."

Our portfolio companies have increased their earnings per share (EPS) by an average annual rate of 21.58% since 2008, including estimates for the second half of 2012. During the same period, companies in the VNI increased their EPS by an average annual rate of a more modest 11.05%. Our portfolio companies' EPS have been growing on average almost twice the pace of those companies of the VNI.

The VNH portfolio companies' earnings consistency is best demonstrated by their lowest yearly EPS growth rate of +4.5% in 2008 and their highest of +45.6% in 2009, compared to the VNI's –29.0% in 2008 and +75.8% in 2009.

Low Entry Price

> "Over the past six-year investment period, very close to half of our investments were bought over-the-counters."

During the initial portfolio construction phase, 75% of VNH's investments had been sourced on the OTC markets. The steep market corrections during 2007 and 2008 helped us find good values.

On average, over the past six-year investment period, very close to half of all our investments were bought over-the-counter. However, after progressively re-balancing the portfolio, the OTC-sourced share has been reduced to 36% of the present portfolio.

In most cases, we continue to hold the original OTC shares after the relevant companies were listed. An important part of the Fund's performance was generated by the boost in valuations incurred after the companies became listed.

Strong Balance Sheets

We emphasize the virtues of maintaining low leverage levels to all our portfolio companies. Over the entire investment period, including during two tight monetary cycles, none of our investee companies encountered difficulties obtaining commercial loans. The large majority of our non-financial portfolio companies have a debt/equity ratio that is lower than 1:1.

> “Over the past 12 months our portfolio companies provided us with an annualized dividend yield of 6.9%.”

High Dividend Yield

During the past fiscal year VNH's portfolio companies provided the fund with an annualized dividend yield of 6.9% over the past fiscal year. This is 65% higher than the 4.2% dividend yield produced by all the firms included in the VNI.

Best Management and Leading Market Share

> “Parameters such as management acumen are quite difficult to quantify in the Vietnamese context. It gets even more difficult when assessing market share.”

Parameters such as management acumen are difficult to quantify in the Vietnamese context. Vietnamese company track records are, in many cases, simply too short to fairly assess the quality of the people at the helm. We are however convinced that our portfolio companies are lead by the best management teams among their peers. Indeed, forming this conviction is a critical element in the analysis of prospective VNH investees.

It gets more difficult when assessing market share. Inevitably, many of our portfolio companies were former State-owned enterprises. Very often these SOEs previously enjoyed some kind of local or national monopoly positions in their respective industries, as one typically finds in centrally planned economies. Therefore, a dominant market position may be more a legacy effect, and only partly a reflection of marketing, pricing power, product quality and after-sales services. We seek companies that have a lasting competitive edge in their relevant markets.

> “Over the years, we have exited from several investments for corporate governance considerations.”

High Corporate Governance Standards

Since VNH's launch in 2006 we put a great deal of emphasis on corporate governance, principally because of the low disclosure standards in Vietnam at that time.

Since then, Vietnamese companies have made substantial progress in this very relevant area. Improvements in corporate governance standards and practices remain work in progress. Over the years we have exited from several investments not due to the companies' financial under-performance, but solely for corporate governance considerations. We continue to set a high standard for our investee companies on the issue of corporate governance and transparency.

> “VNH encourages local executives to implement internal checks and balances that represent best practice.”

SUSTAINABLE INVESTING

The following Sustainability Report section covers the activities and initiatives carried out by VNHAM in pursuit of the success and growth of your Fund, and the sustainable future of Vietnam. We expand on progress made in the management of our portfolio companies, and restate our commitment to actively engage local executives on financial and ESG issues.

VNH encourages local executives to implement internal checks and balances that represent best practice within Vietnam's evolving institutional setting. During the past year the investment team attended all portfolio company annual general meetings, and voted on the presented issues in line with VNH's own policies. The directors of VNH and its manager are directly involved with the portfolio company engagement program, adding insights and experience to our investment analysis.

A detailed Sustainability Report can be found on pages 29 to 31.

Portfolio

Through its "Farmers' Friends" program **An Giang Plant Protection** has established a constant dialogue with its clients, in an effort to work closely together, for more efficient and sustainable production.

Hung Vuong Corporation employs more than 10,000 local staff producing high quality pangasius fillets for export to the US, the EU and Switzerland, among many others.

Japan Vietnam Medical distributes and leases out high-end medical equipment to hospitals across Vietnam, using its own fleet of modern buses.

Phu Nhuan Jewelry runs more than 150 retail stores all over Vietnam catering to the undamped domestic demand for jewelry, and especially gold.

Traphaco sources the special herbs for its traditional Vietnamese medicine from the company's own plantations in the north of Vietnam.

National Seed is a leading rice seed producer, with a strong focus on research & development, aiming to increase both the quality and diversity of its product range.

Portfolio

AN GIANG PLANT PROTECTION JV COMPANY (AGPPS)

SHAREHOLDER PROFILE (as at 30 June 2012)

SCIC	26%
Foreign investors	45%
Domestic investors	29%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)

Number of shares:	3,107,320
Total investment:	USD 8.69 million
Average purchase price:	VND 36,658
% VNH shareholding:	5.0%

TRADING INFORMATION (as at 30 June 2012)

Traded on:	OTC
Total shares outstanding:	62.1 million
Share price:	VND 58,500
52 week high:	VND 67,500
52 week low:	VND 41,000
Trailing P/E:	7.2
Price/Book:	2.8

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	54.4	59.6
Revenue	213.9	241.1
Revenue growth (in VND) (%)	27.9	20.3
EBIT	24.2	28.9
NPAT	16.5	21.1
EPS (VND)*	5,212	6,886
EPS growth (%)	(11.2)	32.1
Gross Margin (%)	27.7	28.0
EBIT Margin (%)	11.3	12.0
ROE (%)	36.2	37.0
D/E (x)	0.03	0.01
Current Ratio (x)	1.9	1.7

Sources: AGPPS audited financial statements
**During 2010, AGPPS had a 15% new issuance, and enacted a 1:1 stock split.*

ESG HIGHLIGHT

AGPPS organizes regular and applied technical assistance to farmers to promote sustainable agricultural practices, crop disease prevention and early detection, and promotes efficient chemical usage. The company adheres to industry standards in preventing water, soil and air pollution, using air capturing systems, sewage treatment and the use of specialized kilns.

CORE BUSINESS
Producer and distributor of a range of crop protection products.

COMPANY BACKGROUND
An Giang Plant Protection (AGPPS) is the largest manufacturer and distributor of crop protection products in Vietnam. The company is also the largest distributor of Syngenta products in Vietnam. Founded in 1993, AGPPS was equitized in 2004 and its shares trade on the OTC market.

KEY STRENGTHS
AGPPS has extensive distribution networks, flexible sales policies and strong customer loyalty, derived in part by direct consulting to farmers. Sales volumes have increased at a consistent and strong pace during the past 5 years (average sales CAGR of 27%). The company has a strong balance sheet with almost no debt and a robust working capital structure. As the largest distributor for Syngenta, AGPPS offers a stable and comprehensive range of high quality products, provides advanced technical assistance to customers, and delivers strong marketing campaigns.

BUSINESS STRATEGY AND EXECUTION
AGPPS continues to focus on its core competencies and retains its competitiveness in the plant protection segment of the market. However, the company is also expanding into seed supply, paddy collection, process and storage, so as to provide complete crop solutions along the value chain for rice farmers. This entails diversifying its business into related products and services.

PERFORMANCE AND DEVELOPMENT IN 2011
AGPPS reported 20.3% sales growth in 2011. Gross and net margin improved by 0.3% and 1.1% respectively. The company managed FX fluctuations well, thereby mitigating the 8% depreciation in the VND against the USD in early 2011.

OUTLOOK FOR 2012 - 2013
AGPPS expects to add VND 1,050 billion from paddy sales when four rice mills, with capacity of 100,000 tons p.a. each, are in operation. We see the recent drop in paddy prices as a good opportunity for AGPPS, as the company has high storage capacity. The projection for core growth in the plant protection segment is positive due to the company's high quality product mix and customer loyalty, despite higher interest expenses this year to finance the rice mill CAPEX.

DABACO CORPORATION JOINT STOCK COMPANY (DBC)

SHAREHOLDER PROFILE (as at 30 June 2012)	
SCIC	14%
Foreign investors	24%
Domestic investors	62%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	2,977,500
Total investment:	USD 3.26 million
Average purchase price:	VND 17,560
% VNH shareholding:	6.2%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HNX
Date of listing:	15 October 2008
Total shares outstanding:	43.6 million
Share price:	VND 22,900
52 week high:	VND 25,300
52 week low:	VND 10,900
Trailing P/E:	2.4
Price/Book:	0.7

FINANCIAL HIGHLIGHTS (USD million)	2010	2011
Equity capital	39.8	58.5
Revenue	132.6	193.3
Revenue growth (in VND) (%)	46.8	56.6
EBIT	12.9	14.4
NPAT	9.3	10.8
EPS (VND)	4,043	3,660
EPS growth (%)	26.0	(9.1)
Gross Margin (%)	13.7	11.5
EBIT Margin (%)	8.0	6.1
ROE (%)	25.2	21.9
D/E (x)	1.3	1.2
Current Ratio (x)	1.4	1.7

Sources: DBC audited financial statements

ESG HIGHLIGHT

DBC has installed Biogas in every husbandry barn to utilize animal manure for bio-fuel. The animal feed business also makes use of by-products from food processing, such as soybean meal. DBC contributes to rural income enhancement, and provides technical training to farmers on issues such as controlling the nutritional intake and preventing diseases of animals.

CORE BUSINESS
Animal feed production and animal husbandry.

COMPANY BACKGROUND
DBC is the largest Vietnamese feed mill company in the North as well as the only listed local company operating in large-scale animal husbandry. It has four animal feed factories that produced 300,000 tons of feed, 10,000 tons of meat and 25 million eggs in 2011. DBC has six animal feed brands and its main markets are northern and central Vietnam.

Founded in 1996, and equitized in 2005, DBC listed their shares on HNX in October 2008.

KEY STRENGTHS
DBC possesses a strong animal gene pool spanning breeder chickens, French ducks, and 1,000 sows of Yorkshire, Galaxy, Landrace and PIC breeds, imported from Canada, America, and Spain.

DBC has 700 first tier agents, eight demonstration farms, and 35 veterinary doctors providing technical assistance to 30 contracted farms in six provinces surrounding Hanoi. The company also has an extensive network of grass-root local collectors to out-source quality corn production from ethnic minority communities in mountainous areas.

The company has a sound business model and livestock chain, with the utmost attention paid to food safety and quality. Located in the Red River delta, DBC is well positioned to serve the northern provinces and Hanoi.

BUSINESS STRATEGY AND EXECUTION
DBC aims to strengthen the husbandry and food processing knots in its integrated food chain operations. The company plans to increase its F1 generation of sows, from 9,000 to 15,000 heads, and thereby secure sufficient inputs for both its in-house livestock farms and newly contracted farmers.

DBC recently built an automated livestock slaughtering and meat processing plant, with a capacity of 2,000 heads per day. To date, the processing plant has utilized just 10% of its animal output for processing into fresh-packed meat and cold meat, such as jambon, sausage, bacon, traditional cold meat, and shredded dry chicken. These products are sold in supermarkets and company-owned restaurants and stores.

In 2011, DBC's management decided to focus on its core business of animal feed and husbandry. As a consequence, it divested its Den Do real estate project, resulting in an estimated capital gain of VND 160 billion, accrued in 1Q2012.

PERFORMANCE AND DEVELOPMENT IN 2011
Revenues and profits grew by 56% and 25% respectively in 2011. This was attributable to increased pork meat prices, leading to higher demand for formulated feed from farmers. In 2011, DBC put into operation a new feed factory with capacity of 50,000 tons per annum, and a further six livestock farms. This brought the company's total feed capacity to 350,000 tons per annum, and a total of 19 large-scale livestock farms. This reflects 18% and 32% YoY capacity growth in these two key areas.

OUTLOOK FOR 2012 - 2013
The short-term outlook is affected by the recent crop losses in America that have pushed up prices of corn and soybean meal – key inputs in feed production. DBC has not been able to fully pass on this increased cost to buyers, due to the 30% decline in pork meat prices since last year's peak, which has caused some farmers to halt their raising activities.

Portfolio

HAU GIANG PHARMACEUTICAL JOINT STOCK COMPANY (DHG)

DHG PHARMA
Vì một cuộc sống khỏe đẹp hơn

SHAREHOLDER PROFILE (as at 30 June 2012)

SCIC	44%
Foreign investors	49%
Domestic investors	7%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)

Number of shares:	1,615,608
Total investment:	USD 4.91 million
Average purchase price:	VND 48,142
% VNH shareholding:	2.48%

TRADING INFORMATION (as at 30 June 2012)

Traded on:	HOSE
Date of listing:	21 Dec 2006
Total shares outstanding:	65 million
Share price:	VND 63,500
52 week high:	VND 67,300
52 week low:	VND 49,200
Trailing P/E:	9.2
Price/Book:	3.1

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	65.7	65.7
Revenue	107.1	122.9
Revenue growth (in VND) (%)	16.5	22.4
EBIT	21.1	24.2
NPAT	20.1	20.5
EPS (VND)(*)	5,883	6,382
EPS growth (%)	6.3	8.5
Gross Margin (%)	50.1	48.5
EBIT Margin (%)	19.7	18.3
ROE (%)	29.8	30.1
D/E (x)	0.01	0.02
Current Ratio (x)	3.1	2.7

Sources: DHG audited financial statements and annual reports.
(*) Bonus stock issued at ratio 10:14, in June 2011

ESG HIGHLIGHT

Total personnel was 2,635 staff at end-2011. During 2011, the company provided periodical health examinations for 1,772 staff and 420 family members of those, at a total cost of VND3.9 billion. The average income of DHG employees is VND16 million per month, which helps the company to attract and recruit talented people.

CORE BUSINESS
Producer and distributor of pharmaceutical products.

COMPANY BACKGROUND
Established in 1974, Hau Giang Pharma (DHG) is one of Vietnam's leading pharmaceutical producers and distributors. A former state-owned enterprise, the company was equitized in 2004 and subsequently listed in 2006.

KEY STRENGTHS
DHG has a well-developed distribution network throughout all 64 provinces of Vietnam, and holds the single largest market share. The management team has proven its competence and ambition by establishing a clear strategy of concentric diversification, based on core competencies. The company's modern and integrated factory system meets WHO-GMP/GLP/GSP standards, and its research centre is active in R&D of new products and import substitutes.

BUSINESS STRATEGY AND EXECUTION
The management seeks to derive maximum competitive advantage from the company's strong distribution system, and has also been building new factories to expand production capacity. The company is collaborating with a range of biological institutes and researchers to carry out projects aimed at developing dietary supplement products from algae. DHG is also investing in training its staff, particularly on management skills.

PERFORMANCE & DEVELOPMENT IN 2011
DHG reported growth of 22.4% in revenues and 15.9% in net operating profits in 2011. During the year, 87 products were granted registration certification, including 32 new pharmaceutical and 20 food supplement products. Production output of current factories achieved 4.07 billion units in 2011; and increase of 22% compared to 2010. Construction of a soft-capsule factory was completed and commenced operations in May 2012. DHG was voted one of the 'Top 200 best small and medium companies in Asia in 2011' by Forbes magazine.

OUTLOOK FOR 2012-2013
Increasing healthcare awareness and spending power of Vietnamese promises industry growth of around 17%-19% per year. Currently, domestically produced medicines only meet 50% of Vietnam's total demand, and it is government policy to raise this ratio to 70% by 2015. New pharmaceutical factories, including a Non-Betalactam factory and a packaging factory to be completed in 1Q2013, will take DHG's total production output to 6 billion units (vs. current capacity of 4 billion units).

The company continues to co-collaborate with senior academic researchers at Hanoi University of Pharma to conduct bioequivalent studies on long-acting treatment products, and with the Institute of Biotechnology to develop Naturenz, a liver-antidote product. The company is also seeking to produce Spirulina (a kind of seaweed containing zinc, selenium and chromium from spores) in the development of nutrition-related products for children and women.

PETRO VIETNAM FERTILISER AND CHEMICAL CORPORATION (DPM)

SHAREHOLDER PROFILE (as at 30 June 2012)	
SCIC	62%
Foreign investors	25%
Domestic investors	13%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	327,876
Total investment:	USD 0.54 million
Average purchase price:	VND 55,741
% VNH shareholding:	0.1%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	5 November 2007
Total shares outstanding:	380 million
Share price:	VND 34,300
52 week high:	VND 37,970
52 week low:	VND 20,940
Trailing P/E:	3.7
Price/Book:	1.4

FINANCIAL HIGHLIGHTS (USD million)	2010	2011
Equity capital	317.7	391.1
Revenue	348.6	455.3
Revenue growth (in VND) (%)	(0.2)	39.4
EBIT	87.2	150.4
NPAT	89.7	153.2
EPS (VND)	4,482	8,169
EPS growth (%)	26.3	82.3
Gross Margin (%)	46.0	45.8
EBIT Margin (%)	25.0	33.0
ROE (%)	29.2	43.1
D/E (x)	0.1	0.0
Current Ratio (x)	5.2	7.0

Sources: DPM audited financial statements.

ESG HIGHLIGHT

DPM has a CO2 / GHG recapturing project to upgrade urea production capacity by 60,000 tons per annum. The company enacts various policies on labour and quality standards as well as strict disclosures on Board remuneration, insider trading and conflict of interests. The Ca Mau Fertilizer factory has the most advanced technology of its kind in Vietnam, as well as the strictest safety regulations in place, particularly for fire prevention and emergency rescue systems.

CORE BUSINESS

Producer and distributor of urea fertiliser.

COMPANY BACKGROUND

Phu My Fertiliser and Chemical Corporation (DPM) was formerly a wholly-owned subsidiary of state-owned PetroVietnam, established in 2003 to operate the Phu My Fertilizer plant. The plant has capacity to produce 800,000 tons of urea from natural gas and other by-products (eg. ammonia and electricity). DPM was equitized in August 2007 and listed on HOSE in November 2007.

KEY STRENGTHS

At present, DPM can meet about 40% of local demand for urea. After acquiring Ca Mau Fertilizer, which received shareholder approval at the last AGM, the company will double capacity, and thereby meet 60% of domestic demand as well as export some urea to neighboring countries. As such a dominant industry player in Vietnam, the company is able to influence both volume supplies and retail prices. Key competitive advantages of DPM include low-cost gas supply, a strategic location in the heart of the Mekong delta, while also being near logistic facilities for exports. The company's management has considerable experience in the oil, gas and urea industry.

BUSINESS STRATEGY AND EXECUTION

DPM continues to develop its strength as an industry leader through the acquisition of Ca Mau Fertilizer, which has a similar production capacity. Management is targeting a 60% share of the domestic market, with exports of 400,000 tons per annum to Cambodia, Laos and Myanmar. The company is also investing in a NPK fertilizer plant (with capacity of 400,000 tons/year), so as to diversify product mix; an ammonia factory (with capacity of 1,000 tons/day); and a power generating plant with capacity of 75 MW.

PERFORMANCE AND DEVELOPMENT IN 2011

In 2011, DPM saw 39.4% and 82.3% year-on-year revenue and net earnings growth, respectively. The company was able to pass on a 27% rise in natural gas prices to consumers, and thereby maintain the same gross margin. Total net margin improved by 8% in 2011, due to interest income from a high cash position on the balance sheet, and almost no debt in the capital structure. EPS showed 82.3% year-on-year growth. On the operations side, DPM provided some distribution services to Ca Mau Fertilizer in advance of the finalize acquisition.

OUTLOOK FOR 2012 - 2013

Revenues and profit in 1H2012 showed 56% and 35% year-on-year growth, respectively. This was attributable to the ability to increase fertilizer prices, and a wise inventory strategy. The outlook remains broadly positive as DPM's urea exporting activity is progressing wellwhile Ninh Binh and Cong Thanh Fertilizer will be operating at full capacity by late 2013.

Portfolio

DONG PHU RUBBER JOINT STOCK COMPANY (DPR)

SHAREHOLDER PROFILE (as at 30 June 2012)

SCIC	56%
Foreign investors	35%
Domestic investors	9%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)

Number of shares:	1,425,520
Total investment:	USD 3.55 million
Average purchase price:	VND 70,979
% VNH shareholding:	3.3%

TRADING INFORMATION (as at 30 June 2012)

Traded on:	HOSE
Date of listing:	30 November 2007
Total shares outstanding:	43 million
Share price:	VND 52,000
52 week high:	VND 55,620
52 week low:	VND 37,580
Trailing P/E:	3.0
Price/Book:	1.1

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	62.9	89.9
Revenue	54.16	90.0
Revenue growth (in VND) (%)	58.6	77.4
EBIT	21.7	41.6
NPAT	20.8	41.8
EPS (VND)	9,397	19,746
EPS growth (%)	78.3	110.1
Gross Margin (%)	47.3	49.0
EBIT Margin (%)	40.0	46.2
ROE (%)	38.4	54.5
D/E (x)	0.03	0.02
Current Ratio (x)	1.9	4.0

Sources: DPR audited financial statements

ESG HIGHLIGHT

DPR has been applying a new water treatment system, imported from Singapore, which uses micro-organisms. The system is said to significantly reduce air and water pollution from latex processing sewage.

CORE BUSINESS
Rubber plantations and rubber processing.

COMPANY BACKGROUND
Dong Phu Rubber (DPR) is one of the ten largest natural rubber producers in Vietnam. It has 10,000 hectares of rubber, of which 7,000 hectares are in the tapping period, yielding approximately 16,000 tons of rubber per annum. The company is a member of the state-owned Vietnam Rubber Group (VRG), which generates roughly 60% of the country's total rubber output, and accounts for about 90% of Vietnam's rubber exports.

KEY STRENGTHS
DPR possesses some of the highest yielding rubber plantations among the listed rubber companies in Vietnam. The average yield is 2.2 tons per hectare markedly higher than the sector average of 1.73 tons/hectare. The company's strategic location in Binh Phuoc province offers comparative advantages in terms of both relatively cheap (but skilled) labour costs and land use fees.

BUSINESS STRATEGY AND EXECUTION
DPR is expanding its plantations to Senoul and Kratie provinces in Cambodia. Thus far, the company has planted 5,000 out of total 10,000 hectares in Kratie, and expects to start plantations on 6,500 hectares in Snoul during 2012.

The company commenced trial production of foam mattresses and pillows last year, and expects to commence commercial production once globalrubber prices reduce. DPR has 3,000 hectares of rubber plantation buffering to ensure stable tapping every year.

PERFORMANCE AND DEVELOPMENT IN 2011
In 2011, revenues and net profit soared by 77% and 115% respectively, attributable in large part to the global rise in rubber prices. The international rubber price peaked in March 2011 at above US$5,000 per ton, then fluctuated around US$ 4,000 for the rest of the year. As such, the company deferred commercial production of foam mattresses, as the material cost was too high.

OUTLOOK FOR 2012 - 2013
The outlook for the coming year is less positive, as the rubber price has dropped by 23% from last year's average, ahead of the impending tapping season. However, this is positive news for the foam mattress venture, which has had successful trial production.

HUNG VUONG CORPORATION (HVG)

SHAREHOLDER PROFILE (as at 30 June 2011)	
Foreign investors	10%
Domestic investors	90%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2011)	
Number of shares:	2,645,500
Total investment:	USD 4.81 million
Average purchase price:	VND 27,446
% VNH shareholding	4.0%

TRADING INFORMATION (as at 30 June 2011)	
Listed on:	HOSE
Date of listing:	16 November 2009
Total shares outstanding:	66 million
Share price:	VND 38,000
52 week high:	VND 44,200
52 week low:	VND 16,500
Trailing P/E:	5.2
Price/Book:	1.1

FINANCIAL HIGHLIGHTS (USD million)	2010	2011
Equity capital	93.3	99.4
Revenue	233.4	384.6
Revenue growth (in VND) (%)	43.5	75.9
EBIT	10.3	30.0
NPAT	11.5	20.6
EPS (VND)(*)	3,314	6,337
EPS Growth (%)	(32.7)	91.2
Gross margin (%)	13.7	15.6
EBIT margin (%)	4.4	7.8
ROE (%)	10.9	17.7
D/E	1.0	0.9
Current ratio (x)	1.3	1.3

Sources: HVG audited financial statements.
(*) Stock dividend ratio 10:1 in May 2010

ESG HIGHLIGHT

The Worldwide Fund for Nature (WWF) is actively supporting HVG in improving the sustainable development of pangasius aquaculture through a five-year Aquaculture Improvement Programme. HVG and its affiliates meet major food safety and quality standards, including GlobalGAP, HACCP, ISO 9001:2008, Halal, etc.

CORE BUSINESS
Processing and export of pangasius (fish) fillet.

COMPANY BACKGROUND
In 2011, Hung Vuong (HVG) was the largest pangasius exporter in Vietnam, with USD 231 million of export value, representing 12% of Vietnam's total pangasius export turnover. Established as a private company in 2007, HVG's products are shipped to the US, the EU, Australia, Russia, Brazil, and Hong Kong.

KEY STRENGTHS
HVG has developed an integrated vertical value chain, from fish hatchery, feed manufacturing, and fish farming, through to processing, cold storage warehousing and exporting. This enables it to stabilize production and improve profit margins. Production capacity is among the largest in the sector, with 12 processing plants, 4 feed mills, about 500 hectares of farming area in favorable locations, and more than 10,000 employees. HVG has developed a strong customer base, with more than 40 international distributors, such as Mascato and E. Guillem of Spain, and Russian Fish Company.

BUSINESS STRATEGY AND EXECUTION
HVG continues to concentrate on its core business by strengthening production capacity, and widening farming areas to better secure its own demand for raw fish. It is also, restructuring the company into groups of related business lines, for more efficient management. As of June 2012, HVG was poised to become a major shareholder of Viet Thang Feed (VTF). The company has also expanded into the shrimp sector, through long term investments in processing companies like Faquimex (18%) and Tac Van (25%).

PERFORMANCE & DEVELOPMENT IN 2011
2011 was a successful year for HVG, with a 75.9% increase in revenues, a 91% increase in net income, and a, 91% increase in adjusted EPS, to reach VND 6,337. Gross and net profit margins in 2011 also grew, from 13.7% to 15.6%, and from 4.94% to 5.36%, respectively. Over the year, the company diversified its market structure towards some new markets, including Brazil, Mexico, and Australia. Exports to the U.S. increased by more than 3 times, to reach USD 32 million, contributing 13.6% of the total export value in 2011.

OUTLOOK FOR 2012-2013
Earnings growth is forecast to slow in 2012, given that export prices to the EU have declined, and yet soybean meal prices (an important input for feed manufacturing) have risen. However, higher demand for pangasius fillet -- both in the US and EU markets -- will be the main driver of growth for HVG this year. Another potential catalyst for growth will be the company's increased bargaining power over smaller pangasius exporters, many of which are reducing their operations after difficult trading conditions in 2011.

Long term growth prospects are positive, driven by stable growth in demand for pangasius fillet, and the competitiveness of HVG's integrated value chain, which is unique for Vietnam in this sector.

Portfolio

IMEXPHARM JOINT STOCK COMPANY (IMP)

SHAREHOLDER PROFILE (as at 30 June 2012)	
State owned	27%
Foreign investors	48%
Domestic investors	25%

SHAREHOLDER PROFILE (as at 30 June 2012)	
Number of shares:	1,099,512
Total investment:	USD 2.05 million
Average purchase price:	VND 97,436
% VNH shareholding:	7.3%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	04 December 2006
Total shares outstanding:	15 million
Share price:	VND 39,000
52 week high:	VND 46,400
52 week low:	VND 32,400
Trailing P/E:	7.7
Price/Book:	0.9

FINANCIAL HIGHLIGHTS (USD million)	2010	2011
Equity capital	30.2	33.7
Revenue	40.2	38.3
Revenue growth (in VND) (%)	15.7	1.6
EBIT	5.1	5.2
NPAT	4.2	3.8
EPS (VND)*	6,934	5,333
EPS growth (%)	22.5	(23.0)
Gross Margin (%)	46.2	50.0
EBIT Margin (%)	21.6	9.1
ROE (%)	14.3	12.0
D/E (x)	0.02	0.01
Current Ratio (x)	3.1	4.8

Sources: IMP audited financial statements and annual reports.
**New issuance of 3.5 million shares conducted in April 2010.*

ESG HIGHLIGHT

Of VND 113 billion total investment in the cephalosporin factory, around VND 50 billion relates to enhancement of the production environment (eg. heating, ventilation, air conditioning (HVAC system), so as meet EU and US standards, and go beyond the requirements set by WHO. Total spending for environmental protection in 2011 was around VND 400 million and will likely be higher in 2012. Spending for health and safety is estimated at around VND 7 billion per year.

CORE BUSINESS
Producer and distributor of pharmaceutical products.

COMPANY BACKGROUND
Imexpharm (IMP), one of the five largest medicine manufacturers in Vietnam, was the first domestic company to apply GMP/GLP/GSP (good manufacturing, laboratory and storage practice) standards. The company pioneered cooperation with multinational manufacturers, including Novartis, Sanofi-Aventis, and Pharma Science, so as to develop its own technological capabilities. IMP was equitized in 2001 and listed in December 2006.

KEY STRENGTHS
High-standard manufacturing facilities and processes, accredited by leading multinational producers, enable IMP to pursue a more quality-oriented production strategy than most domestic rivals. IMP has adequate financial strength and capacity to carry out large capital expenditures to further enhance its competitive advantages. Its nationwide distribution network and promotion capacities have been improved with technical assistance from foreign partners.

BUSINESS STRATEGY AND EXECUTION
IMP focuses on high-end generic products, and has adopted strict policies for the purchase of medicinal materials from reliable international suppliers. This strategy enables the company to sharpen its brand image and to minimize litigation risks, for sustainable growth. IMP positions itself in the segment of first generic generation, focusing in molecules/formula with high potential growth, high barriers for competitors, and high retail prices.

PERFORMANCE & DEVELOPMENT IN 2011
The GMP-EU standard 6000m2 cephalosporin factory that started production in 4Q2010 contributed more than 20% of total profits for the company in 2011, and will be a major driver of sales and margins for Imexpharm's brand name products in future years. This VND 113 billion factory was also certified by Norvartis for producing their franchised products. Imexpharm completed its 2011 financial year with 1.6% growth in revenues and 12.6% growth in profits before tax.

OUTLOOK FOR 2012-2013
June 2011 saw the ground-breaking ceremony for a new penicillin factory. Around 10-20 new injection products will be produced in this factory once it is completed in 3Q2012. Cephalosporin and penicillin are catalysts for Imexpharm to achieve revenue growth of 12%-15% per year and for exports to represent 5%-10% of total revenues. In early August, Imexpharm unveiled a USD 1 million project to apply an ERP SAP system, with eight modules expected to go live from January 2013.

JAPAN VIETNAM MEDICAL INSTRUMENT JOINT STOCK COMPANY (JVC)

SHAREHOLDER PROFILE (as at 30 June 2012)	
Foreign investors	49%
Domestic investors	51%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	2,115,036
Total investment:	USD 1.98 million
Average purchase price:	VND 15,929
% VNH shareholding:	.6%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	21 June 2011
Total shares outstanding:	35.4 million
Share price:	VND 19,600
52 week high:	VND 28,600
52 week low:	VND 9,200
Trailing P/E:	3.9
Price/Book:	1.1

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	14.8	17.9
Revenue	22.2	29.9
Revenue growth (in VND) (%)	130.6	43.5
EBIT	5.9	10.5
NPAT	4.0	6.7
EPS (VND)	3,165	5,570
EPS growth (%)	n/a	76.0
Gross Margin (%)	32.9	38.8
EBIT Margin (%)	26.0	35.2
ROE (%)	45.6	40.5
D/E (x)	0.3	0.3
Current Ratio (x)	1.7	1.6

Sources: JVC audited financial statements and annual reports.

ESG HIGHLIGHT

In 2012, JVC introduced to Vietnamese hospitals the Kusukusu line of incinerator products, which work on advanced semi-distillation, negative pressure combustion principles. Kusukusu incinerators can control inside temperatures at much lower levels compared to other products. All medical wastes are burned thoroughly, but they are smokeless, odorless, and ensure that levels of dioxin / furan are considerably lower than when using normal technology.

CORE BUSINESS
Distributor and manufacturer of medical equipment.

COMPANY BACKGROUND
JVC is the sole distributor of Hitachi medical equipment in Vietnam, and official distributor of other well-known medical brands from Japan and Singapore, such as Nemoto, KINKY Roentgen, Toray, Carestream, Kodak, Fuji and Kaigen. JVC is the first company in Vietnam to operate a medical equipment leasing service, under revenue sharing contracts with leading hospitals. The company was established in 2001 and listed its shares in June 2011.

KEY STRENGTHS
As the official distributor for well-recognized brand names, JVC's distributed products are favored in Vietnam for their high quality, reasonable prices, and good technical assistance support. Hitachi medical imaging products in Vietnam have a market share of more than 30%; twice that of Siemens and Phillips. JVC has established good relationships with leading national and provincial hospitals in Vietnam by sending experienced engineers and technician teams to support doctors in operating their machinery and equipment. JVC has a young dynamic management team that is committed to the growth of the company.

BUSINESS STRATEGY AND EXECUTION
JVC aims to become the leading distributor of medical imaging equipment in Vietnam by continuously introducing newly-developed high technology products from Japan and other advanced countries. JVC is cooperating with some of Vietnam's leading hospitals to develop high quality medical health-check and treatment centers , on a revenue sharing basis. The company also runs other supporting business, such as: establishing general clinic centres in Ho Chi Minh and Hanoi; producing its own-brand high frequency X-ray machines; mobile clinic health check-up services for workers in industrial zones; and a repair and maintenance service for medical equipment.

PERFORMANCE & DEVELOPMENT IN 2011
2011 marked a successful year for JVC, with growth of 43% in revenues, and a 76% rise in net profits. Gross margin (39%) and net margin (22%) both improved in 2011. Large contracts signed in 2011 included sales of MRI systems, CT scanner systems and medical equipment packages to provincial hospitals in Gia Lai, Khanh Hoa, Dong Thap, Long An, Ca Mau and Hai Phong.

OUTLOOK FOR 2012-2013
JVC has set targets of 48% growth in revenues and 39% in net profits for 2012. This will stem in part from World Bank and ADB funded health programmes in northern Vietnam, as well as the Government's annual healthcare budget. The company will continue to expand its medical equipment leasing service, focusing on MRI systems, CT scanner systems, CR/DR/X-ray machines and hemidialysis machines.

Portfolio

NATIONAL SEED JOINT STOCK COMPANY (NSC)

SHAREHOLDER PROFILE (as at 30 June 2012)	
SCIC	13%
Foreign investors	26%
Domestic investors	61%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	746,900
Total investment:	USD 1.39 million
Average purchase price:	VND 27,326
VNH % shareholding:	9%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	21 December 2006
Total shares outstanding:	8 million
Share price:	VND 39,000
52 week high:	VND 48,000
52 week low:	VND 27,300
Trailing P/E:	4.7
Price/Book:	1.4

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	10.5	10.1
Revenue	20.6	23.1
Revenue growth (in VND) (%)	45.0	19.9
EBIT	2.9	3.0
NPAT	2.3	3.1
EPS (VND)	5,390	7,867
EPS growth (%)	29.4	45.9
Gross Margin (%)	32.0	32.9
EBIT Margin (%)	14.1	13.0
ROE (%)	22.9	34.0
D/E (x)	0.0	0.0
Current Ratio (x)	2.3	1.9

Sources: NSC audited financial statements

ESG HIGHLIGHT

The company has created many rural jobs for local farmers, thereby contributing to rural income improvements, as well as giving urban consumers higher quality paddy. NSC has a sound corporate governance structure, with four independent directors represented on a seven-person Board.

CORE BUSINESS
Crop seed cultivation and distribution.

COMPANY BACKGROUND
NSC is a leading rice seed producer in Vietnam, with a 25% market share. The company originated as a state-owned enterprise in 1968, was equitized in 2003, and listed on HOSE in 2006.

KEY STRENGTHS
NSC collaborates with biotechnology scientists and research institutes to convert in-the-lab experiments to field trials using NSC's 100 hectares of agricultural land. Farm trials is key in shortening the R&D timeframe, before commercial production for sales, in conjunction with having a diverse gene pool.

Purebred varieties have been a key competitive advantage for NSC, with a strong emphasis placed on patent and F1 generation in all of its rice seed products. NSC has also successfully penetrated into hybrid rice seeds, hybrid corn seeds and vegetable seeds.

NSC's products are also sold in relatively inaccessible villages in the mountainous regions of the north and central Vietnam. This robust distribution network helps foster strong brand recognition and loyalty, which has been established with local farmers over the last four decades.

BUSINESS STRATEGY AND EXECUTION
NSC's vision is to become the industry leader in crop seeds in Vietnam, supplying high quality and diverse seed varieties. The company has re-positioned its product mix to include high quality seeds of new patent varieties (such as Jasmine) that have the desired characteristics in terms of paddy quality and easy cultivation.

NSC has invested in storage facilities to preserve the gene pool, and in post-harvest technology to produce high quality breeder seeds, as inputs for commercial seed production.

NSC's growth strategy is to acquire small seed companies in different provinces, to expand agricultural land, and get improved access to local markets. NSC has 53.8% stake in Ha Tay Seed, 38% in Quang Nam Seed, and a 30% stake in Thai Binh Seed Company.

PERFORMANCE AND DEVELOPMENT IN 2011
Despite the economic slowdown, 2011 was a good year for NSC, with 20% growth in total revenues and a 46% growth in net profits. The ROE in 2011 was 30.2%, and the company maintained a high dividend payout ratio. The company now has 13 new varieties, including 5 hybrid rice varieties, 3 Jasmine purebred rice varieties, and 5 maize varieties. In 2011, NSC also acquired 6 new patent varieties comprising of 5 purebred rice varieties and 1 hybrid rice variety, to increase to 15 patent rice seed varieties.

NSC put into operation a new seed factory in Thai Binh province, in the centre of the Red River delta area, with a capacity of 5,000 tons per annum. The company also installed automatic facilities for post harvest processing, so as to improve the seed quality and germination rate.

The management plans to increase production capacity by investing into its Dong Van seed factory, and upgrade processing facilities in other factories. The five-year outlook for the seed sector is positive, driven by agricultural land reform, and strong growth in commercial paddy cultivation.

DRYCELL & STORAGE BATTERY JS COMPANY - PINACO (PAC)

SHAREHOLDER PROFILE (as at 30 June 2012)	
SCIC	51%
Foreign investors	37%
Domestic investors	12%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	1,424,400
Total investment:	USD 1.12 million
Average purchase price:	VND 24,382
% of VNH shareholding:	5.3%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	12 December 2006
Total shares outstanding:	26.6 million
Share price:	VND 16,400
52 week high:	VND 38,800
52 week low:	VND 13,100
Trailing P/E:	5.0
Price/Book:	0.8

FINANCIAL HIGHLIGHTS (USD million)	2010	2011
Equity capital	24.7	26.1
Revenue	87.7	97.7
Revenue growth (in VND) (%)	27.7	18.8
EBIT	7.8	8.5
NPAT	6.9	4.8
EPS (VND) *	6,078	3,975
EPS growth (%)	(33.0)	(34.6)
Gross Margin (%)	22.2	21
EBIT Margin (%)	8.9	8.7
ROE (%)	29.4	17.6
D/E (x)	0.7	0.7
Current Ratio (x)	1.4	1.2

Sources: PAC's audited report and annual reports.
**Stock dividend ratio of 10:2 in June 2011.*

ESG HIGHLIGHT

A project to establish a recycling facility has been put on hold at Pinaco, as the company awaits further guidelines and regulation from local government officials. However, the company is still actively looking for a partner who has advanced technology and experience in this kind of project. Meanwhile, the company is in the process of obtaining ISO 14001 certificates for all of its factories.

CORE BUSINESS

Producer and distributor of dry cells and storage batteries.

COMPANY BACKGROUND

Founded in 1976, Pinaco is one of the leading battery companies in Vietnam, and a subsidiary of Vietnam National Chemical Corporation. Pinaco's storage batteries have over a 50% market share for replacements, and 80% of the OEM (Original Equipment Manufacturer) market. Customers include: Ford, Hyundai, Suzuki, Mercedes, Truong Hai, Samsung, Daewoo and Hanel. Around 15% of revenues are derived from export markets, including Cambodia, the Middle East, Brunei, North Africa, Myanmar, Sri Lanka and Hong Kong.

KEY STRENGTHS

Pinaco operates an excellent quality management system, and the company has attained ISO 2001:2000 and TS 16949 standards. Sourcing material inputs from well-known suppliers, using a stringent quality control process, and employing a skilled and experienced workforce, Pinaco's products have been in the list of Vietnam's highest quality goods for 12 years. Pinaco has an extensive national distribution network of more than 210 authorized distributors, as well as a network of warranty and service shops in every province.

BUSINESS STRATEGY AND EXECUTION

Pinaco is committed to the sustainable development of its core business, and to supply products and services at the highest quality level. The company is also committed to expanding market share, in both the local and export markets, as well as diversifying its products. In the period up to 2017, Pinaco management is aiming at revenue and net profit growth of 10%-15% per annum, and exports to account for 15%-18% of total revenues. Another target is the centralization of production, with production from the Saigon Factory and Dong Nai 1 Factory to be relocated to the new Nhon Trach factory, in a bid to increase output levels, improve efficiency and extend profit margins.

PERFORMANCE & DEVELOPMENT IN 2010-2011

In 2011, Pinaco attained revenue growth of 18.8% from the previous year. Profits before tax were VND111.87 billion; a rise of 75% on the 2010 figure. The demand for household batteries was weaker in 2011, resulting in a 30% decrease in the bottom, line as the company had to provide larger discounts to dealers. The new Dong Nai 2 Factory in Nhon Trach Industrial Zone was completed in April 2011 with capacity of 600kwh/year for the first phase. Beyond its established export markets, Pinaco managed to also export to new markets, including Algeria, Egypt, Yemen and Nigeria. Pinaco paid a dividend of 28% in 2011, comprising 8% in cash and 20% in additional shares.

OUTLOOK FOR 2012-2013

The new Dong Nai 2 Factory is expected to serve as a catalyst for the company's long term growth, once the automobile market recovers. The factory has a maximum capacity of 2 million kwh/year; higher than current aggregate capacity of 1.8million kwh/year for the whole company. Sealed batteries for motorbike products will soon be launched on the market, once the technology is fully transferred from the Japanese partners. The company will enhance UPS storage batteries for vessels and look further into telecommunications dry cells as potential new product lines.

Portfolio

PHU NHUAN JEWELRY JOINT STOCK COMPANY (PNJ)

SHAREHOLDER PROFILE (as at 30 June 2012)	
Foreign investors	47%
Domestic investors	53%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	1,383,215
Total investment:	USD 2.98 million
Average purchase price:	VND 37,734
% VNH shareholding:	2.30%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	23 Mar 2009
Total shares outstanding:	60 million
Share price:	VND 45,000
52 week high:	VND 45,000
52 week low:	VND 23,700
Trailing P/E:	11.6
Price/Book:	2.8

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	53.7	53.7
Revenue	724.3	886.4
Revenue growth (in VND) (%)	34.1	30.6
EBIT	13.9	15.7
NPAT	11.2	12.7
EPS (VND)	3,533	4,285
EPS growth (%)	3.7	21.3
Gross Margin (%)	3.9	4.1
EBIT Margin (%)	1.9	1.8
ROE (%)	20.8	23.7
D/E (x)	0.98	1.18
Current Ratio (x)	1.65	1.71

Sources: PNJ audited financial statements and annual reports.

ESG HIGHLIGHT

PNJ is active in various philanthropic activities. The company is co-founder of the Sai Gon Times Foundation and Education Development Fund, which provides long-term scholarships in Vietnam, and particularly in rural areas. Annual spending for these educational support activities is around VND 14 billion.

CORE BUSINESS
Producer and distributor of jewelry products.

COMPANY BACKGROUND
PNJ is the top jewelry company in Vietnam owns such brands as PNJ Gold Jewelry, PNJ Silver, CAO Fine Jewelry, and PNJ Diamond Appraisal Certificate. Across the country, PNJ manages the largest retailing chain, so as to reach Vietnam's growing number od retail consumers.

KEY STRENGTHS
PNJ has rich experience of the jewelry industry, spanning 24 years, with a professionally managed brand image. The company has a national distribution network with more than 150 retail stores and 3,000 wholesalers. PNJ has an experienced team of jewelry artists who have been trained overseas and won numerous national awards, along with roughly 1,000 skilled goldsmiths.

BUSINESS STRATEGY AND EXECUTION
The company's core principles are to maintain its leading position in creativity, sophistication, and reliability in Vietnam's jewelry and fashion industry. This is to be achieved through select diversification, advanced management and manufacturing systems, and well-developed craftsmen's skills.

PERFORMANCE & DEVELOPMENT IN 2011
In 2011, the total revenues and net profits of PNJ grew strongly, by 30.6% and 21.3%, respectively. The main contributor to sales growth was gold bar trading (up 102.7%), which represented over 47% of FY2011 consolidated net sales, at VND 17,964 billion. Gold and silver jewellery saw high growth, of 22% and 36%, respectively, accounting for 20% and 1% of sales. Net profits increased by 16.9%, with the majority emanating from domestic consumption of gold and silver jewelry.

OUTLOOK FOR 2012-2013
The price volatility of gold trading has been in a much narrower range than in 2011. A new government regulation on gold bar trading and production (Decree 24/ND-CP), which became effective in May 2012, has pretty much limited PNJ's gold trading business, although it will not have a significant impact on PNJ's profits in 2012. PNJ will increase its capital base by around VND 200 billion, through a bonus share issue to existing shareholders (at a ratio 5:1), 3 million ESOP shares, and 5 million shares issued to strategic shareholders. The newly raised capital is to fund a new production facility, due to be completed in 3Q2012, with a capacity of 4.5 million units per year, and for expanding PNJ's retail network. A consulting contract has been signed with Value Partners, a management consultancy based in Italy (operating in many sectors including luxury goods). The aim is to help PNJ with a restructuring plan to improve efficiency gains, as well as formulate a strategic development plan for the Company to become one of the top jewelry companies in Southeast Asia.

SOUTHERN SEED JOINT STOCK COMPANY (SSC)

SHAREHOLDER PROFILE (as at 30 June 2012)	
SCIC	19%
Foreign investors	34%
Domestic investors	47%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	1,481,321
Total investment:	USD 2.34 million
Average purchase price:	VND 28,362
% VNH shareholding:	10.0%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	1 March 2005
Total shares outstanding:	15 million
Share price:	VND 33,000
52 week high:	VND 39,750
52 week low:	VND 18,420
Trailing P/E:	8.7
Price/Book:	2.0

FINANCIAL HIGHLIGHTS (USD million)	2010	2011
Equity capital	10.6	10.8
Revenue	16.4	18.9
Revenue growth (in VND) (%)	20.6	23.2
EBIT	3.2	3.5
NPAT	2.6	2.8
EPS (VND)	3,427	3,839
EPS growth (%)	(1.9)	12.0
Gross Margin (%)	35.1	37.6
EBIT Margin (%)	19.7	18.2
ROE (%)	26.3	26.5
D/E (x)	0.02	0.01
Current Ratio (x)	4.2	2.9

Sources: SSC audited financial statements

ESG HIGHLIGHT

SSC's factory is energy efficient, utilizing corn nap and paddy husk for seed drying. SSC also helps create viable livelihoods in rural areas through its seed farming. The company adopts good labour and contract standards for its work force and provides ESOP for key staff. The Board comprises five members, with an independent technical advisory committee reporting to the board and management.

CORE BUSINESS
Crop seed cultivation and distribution.

COMPANY BACKGROUND
SSC is one of the two largest domestic seed companies operating in the high margin segment of the agriculture and food sector. The key earnings driver is the production and distribution of hybrid corn and rice seeds, with CAGR of 18% over the last 16 years. Founded in 1976 as a state-owned enterprise, SSC was equitized in 2002 and listed on HOSE in 2005.

KEY STRENGTHS
SSC's core business is the production of hybrid rice and corn seed. The yellow corn segment, where SSC has a 20% market share, is becoming less competitive that imported varieties. However, SSC still maintains a 60% market share in glutinous corn seeds for human food, and a 10% market share in hybrid rice seed. SSC owns 500 hectares of land for practical trials, and conducts contract farming with farmers across 2,000 hectares of seed cultivation.

SSC has a strong brand that which allows the company to price certain varieties at a 5% premium to market. The company has an extensive distribution network (500 retail outlets) especially in the Mekong delta, the hub of rice and corn cultivation in Vietnam, with up to three crops harvested per year.

BUSINESS STRATEGY AND EXECUTION
SSC's goal is to be one of the top three crop seed producers in Vietnam, with at least 20% market share in the corn seed segment and 10% market share in the rice seed segment. The company continues to strengthen its position in the hybrid corn seed market while expanding to Jasmine pure-bred rice varieties. The latter aims to satisfy growing demand from Mekong delta farmers to cultivate Jasmine rice for export. SSC also has plans to add more tropical vegetable varieties to their price list.

SSC continues to strengthen its R&D activities, so as to shorten the time lag between laboratory experiments and farm trials, and get commercial sales permits for new varieties. SSC also aims to expand its crop seed footprint to the neioghbouring Laos, Cambodia and Myanmar markets.

PERFORMANCE AND DEVELOPMENT IN 2011
SSC had a 23.2% and 15.5% increase in revenues and profits in 2011, respectively. Total assets also grew by 22%. The company's efficiency and profitability ratios are superior to its direct peer – National Seed.

In 2011, the company got approval for commercial sales of 6 new seed varieties, including 3 glutinous corn seeds and 3 hybrid rice seeds. SSC also increased its market share in Laos and Cambodia.

SSC also entered in a partnership with Daewon, a real estate developer, to build a housing project on 7,771 square meters of land vacated by its old factory in the Tan Binh District of Ho Chi Minh City. SSC has provided its land for a 49% stake in the project.

OUTLOOK FOR 2012 – 2013
SSC is responding to an increasingly competitive hybrid seed market by adding more purebred Jasmine rice seeds and vegetable seeds to its product portfolio. The company will also provide seed distribution services to foreign companies, when they have superior varieties. The total revenue forecast for 2012 is 20% growth, with a stable margin. Earnings should see 21% growth in 2012, with a greater contribution from the sale of new varieties.

Portfolio

TRAPHACO JOINT STOCK COMPANY (TRA)

SHAREHOLDER PROFILE (as at 30 June 2012)

State owned	36%
Foreign investors	40%
Domestic investors	24%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)

Number of shares:	442,764
Total investment:	USD 1.48 million
Average purchase price:	VND 68,985
% VNH shareholding:	3.6%

TRADING INFORMATION (as at 30 June 2012)

Traded on:	HOSE
Date of listing:	26 Nov 2008
Total shares outstanding:	12.3 million
Share price:	VND 70,000
52 week high:	VND 74,000
52 week low:	VND 32,000
Trailing P/E:	10.0
Price/Book:	2.1

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	17.9	19.0
Revenue	45.3	52.4
Revenue growth (in VND) (%)	15.1	23.6
EBIT	5.2	7.1
NPAT	3.5	4.4
EPS (VND)	6,047	7,188
EPS growth (%)	20.2	17.6
Gross Margin (%)	30.7	37.6
EBIT Margin (%)	11.5	13.5
ROE (%)	19.0	22.2
D/E (x)	0.2	0.5
Current Ratio (x)	2.1	1.7

Sources: Company's audited financial statements and annual reports.

ESG HIGHLIGHT

In 2011, TRA successfully acquired 50.96% of Traphaco CNC, and completely acquire 100% of this company by 2013. Traphaco CNC had been both a supplier and customer of Traphaco, and was owned mostly by Traphaco's management and employees. This previous situation raised investors' concerns about the transfer pricing risk. And so TRA's attempt to consolidate Traphaco CNC shows their decisive goal to increase transparency and openness to their investors.

CORE BUSINESS
Manufacturer and distributor of herbal medicines.

COMPANY BACKGROUND
Traphaco (TRA) is the leading herbal medicine manufacturer in Vietnam, with herbal medicine sales representing around 70% of total sales. Originated as a state-owned enterprise, TRA was equitized in 2000 and listed on HOSE in 2008.

KEY STRENGTHS
TRA was the first traditional pharmaceutical company in Vietnam to successfully build its brand name. It is now nationally recognized as a leading supplier of high-quality herbal medicinal products, with many awards for product quality and biotechnology research (including Techmart Cup, Vifotec First Price, Coex-Korean Silver Medal). TRA has the first herbal production factory certified by GMP-WHO in Vietnam, and has positioned itself as a technology leader.

BUSINESS STRATEGY AND EXECUTION
After invested more than 10 years focusing on introducing high-quality branded products to the market, TRA has now switched to a more aggressive strategy of expansion in its distribution network. Besides the current headquarters in Hanoi, and 15 branch offices across the country, TRA plans to gradually acquire other smaller provincial pharmaceutical companies, so as to expand its distribution network and production capacity in all regions of Vietnam.

PERFORMANCE & DEVELOPMENT IN 2011
2011 marked the first time TRA's revenues exceeded VND 1 trillion, thereby maintaining an average growth rate of more than 25% per annum during over last 5 years. The GreenPlan project achieved contracts with eight new partners to expand the plantation area, and thereby ensure long term and stable volumes and quality of input materials. Newly established branches in Dong Nai, Binh Thuan, Quang Ngai, Khanh Hoa and Can Tho is evidence of TRA's penetration into the southern market. Five among 20 new products under research were launched into the market, resulting in an 86% growth are for the new product group.

OUTLOOK FOR 2012-2013
The 2012 business set an ambitious growth rate of 25% in revenues and a 46% rise in profits after tax. Together with the sales force expansion, the company has been applying a tight control on cost efficiency and savings. A new factory project in Hung Yen province, with a total area of 4.6 hectares, which is currently in the land clearance phase, is considered to be an important part of the long term growth trajectory for the company.

TAY NINH RUBBER JOINT STOCK COMPANY (TRC)

SHAREHOLDER PROFILE (as at 30 June 2012)	
SCIC	60%
Foreign investors	28%
Domestic investors	12%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	420,190
Total investment:	USD 0.77 million
Average purchase price:	VND 69,919
% VNH shareholding:	1.4%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	24 July 2007
Total shares outstanding:	30 million
Share price:	VND 38,500
52 week high:	VND 45,600
52 week low:	VND 28,880
Trailing P/E:	2.2
Price/Book:	0.9

FINANCIAL HIGHLIGHTS (USD million)	**2010**	**2011**
Equity capital	39.4	53.6
Revenue	39.9	59.0
Revenue growth (in VND) (%)	72.1	57.7
EBIT	14.5	24.4
NPAT	14.5	25.4
EPS (VND)	9,154	17,169
EPS growth (%)	79.1	87.6
Gross Margin (%)	44.5	42.5
EBIT Margin (%)	36.3	41.3
ROE (%)	40.0	54.4
D/E (x)	0.05	0.01
Current Ratio (x)	2.3	2.8

Sources: TRC audited financial statements

ESG HIGHLIGHT

TRC is applying ISO 14000 for environment and sewage treatment, and got certification for this at the end of 2011. The company is planning to obtain ISO 17025 and ISO 9001 certificates in 2012.

CORE BUSINESS
Cultivation and processing of natural rubber on company-managed plantations.

COMPANY BACKGROUND
TRC is the third largest rubber company, by market capitalisation and plantation acreage, among Vietnam's listed rubber companies. It has 7,205 hectares of rubber plantation yielding approximately 12,000 tons of latex per annum. TRC ranks as the 2nd highest yielding plantation, after Dong Phu Rubber. About 60% of the plantation areas are in the period of optimal production yield, which is expected to last for at least a couple of years.

KEY STRENGTHS
TRC's core business is rubber plantations for fresh resin tapping, to process into cream latex and block rubber, and which contributes 88% of total revenues. In particular, TRC positions itself in the high margin segment of centrifuged latex concentration, and SVR 3L, which contribute 72% and 10% to revenues respectively. The remaining 18% of revenues comprise 12% from SVR 10-20, and 6% from skim.

TRC has long term contracts with clients that account for 48% of total revenues. The company belongs to the Vietnam Rubber Group which has a competitive advantage in sourcing relatively cheap yet skilled labour. Premium products in conjunction with low input costs make TRC's profit margin relatively high when compared with both its domestic and international peers.

BUSINESS STRATEGY AND EXECUTION
TRC is expanding its plantations into both Laos and Cambodia. TRC has a 10% stake in a 7,252 hectares Lao rubber plantation which yielded the first tapping resin last year. Output in 2012 is expected to be about 3,500 tons, with forecasts for some of the highest yields among all the rubber plantations.

TRC is also applying for an investment permit from the Cambodia government to plant 7,600 hectares of rubber in Siem Riep, Cambodia.

PERFORMANCE AND DEVELOPMENT IN 2011
Revenues and earnings for 2011 grew by 58% and 88% respectively, largely attributable to increases in the international rubber price. Both total assets and equity were also up, by 39% and 47% respectively. All the firm's financial ratios were good, including an ROE of 55%, and yet the valuations were cheap, at a P/E of 2.5 and P/B of 1.1.

OUTLOOK FOR 2011 - 2012
TRC will observe negative earnings growth in 2012 due to the recent 23% decline in global rubber prices. However, the current price of over US$ 3,000 per ton suggests prices are trending up, in line with the global oil price, and the company will have greater output volumes emenating from its new Lao plantation going forward.

In the next few years, TRC will devote most of the available cash on its balance sheet to the new rubber plantation in Cambodia. Thus, income from its cash balance will not remain after 2013, as TRC aims to expand by 500 hectares in 2012 and 2,000 hectares in 2013.

Portfolio

VIETNAM DAIRY JOINT STOCK COMPANY (VNM)

VINAMILK

SHAREHOLDER PROFILE (as at 30 June 2012)	
SCIC	45%
Foreign investors	49%
Domestic investors	6%

VIETNAM HOLDING'S INVESTMENT (as at 30 June 2012)	
Number of shares:	1,781,775
Total investment:	USD 7.50 million
Average purchase price:	VND 35,760
% VNH shareholding:	0.3%

TRADING INFORMATION (as at 30 June 2012)	
Traded on:	HOSE
Date of listing:	19 January 2006
Total shares outstanding:	556 million
Share price:	VND 88,000
52 week high:	VND 93,300
52 week low:	VND 72,600
Trailing P/E:	10.8
Price/Book:	3.6

FINANCIAL HIGHLIGHTS (USD million)	2010	2011
Equity capital	408.5	593.2
Revenue	829.7	1,067.2
Revenue growth (in VND) (%)	48.4	37.3
EBIT	191.9	234.4
NPAT	190.5	208.1
EPS (VND)	6,834	7,717
EPS growth (%)	51.4	12.8
Gross Margin (%)	32.8	30.46
EBIT Margin (%)	27.0	24.1
ROE (%)	50.2	40.1
D/E (x)	0.1	0.0
Current Ratio (x)	2.2	3.2

Sources: VNM audited financial statements

ESG HIGHLIGHT

In 2011, VNM set up a specific function in charge of energy saving and environmental protection. It continues to track water and energy consumption per ton of product, and in 2011 announced a reduction in electricity consumption by 5.5%, FO by 6.9%, and clean water by 9.7%. The amount of water discharge after processing was also reduced by 3.4%. Also in 2011, VNM commenced a LED lighting system, starting at its Saigon Milk factory, and aims to save 70-80% in total energy consumption.

CORE BUSINESS

Production and distribution of dairy and beverage products.

COMPANY BACKGROUND

Vinamilk (VNM) is the leading dairy product producer in Vietnam, with a 41% market share (Euromonitor). The company originated as a state-owned enterprise in 1976, was equitized in 2005, and listed on the HOSE in 2006. VNM is the fifth largest company in Vietnam, by market capitalization (total market capitalization at about USD2.8 bn).

KEY STRENGTHS

Product innovation, an extensive distribution network, and heavy investment in its supply chain are the major competitive advantages of Vinamilk.

With over 200 dairy and beverage products, VNM offers a wide variety of options to consumers, yet continuing to grow its product lines in breadth and depth. Its pasteurized fresh milk was well received by the market when launched in 2011. During the same year, VNM also successfully introduced new yogurt products, fruit juices, and herbal tea drinks.

Thanks to its well-established network, Vinamilk has been able to penetrate new rural markets, boosting revenues from these areas significantly. In 2011 alone, Vinamilk expanded its distribution network from 140,000 to over 178,000 points, thereby covering almost every city and town of Vietnam.

With a strong focus on supply chain management, Vinamilk has invested heavily in cow herding, aiming to reduce its imported input materials. By the end of 2011, the company had 7,000 cows in its herds, and planning for 30,000 cows by 2020.

BUSINESS STRATEGY AND EXECUTION

Vinamilk's vision is to continue being Vietnam's most sustainable and fastest growing dairy food company, and ultimately becoming a top 50 dairy producer globally, with sales revenues above USD3 billion by 2017. The company will continue to focus on increasing its market share in the domestic market by building a high quality and diverse product portfolio for a growing customer base.

PERFORMANCE AND DEVELOPMENT IN 2010 - 2011

While the macro-economic situation was not favorable to the Vietnam consumer market, VNM ended 2011 with a 37.3% growth in sales revenues and a 16.6% rise in net profits after tax. These came in lower than 2010's growth level, but were still commendable figures, especially when compared to its peers. The company achieved its USD1 billion revenue target one year ahead of plan.

OUTLOOK FOR 2012 - 2013

VNM embarks on a new journey in 2012, having passed the USD1 bn revenue landmark. The company announced an annual growth target of 20% in sales revenues, and 10% in net profits, for the next 5 years. By 2016, VNM aims to double production capacity for fresh milk products, increase by 30% its yogurt products, and increase milk powder products by 125%. Total production capacity is expected to reach 1.6 million tons per year by 2016.

Besides its 10 factories, already running at full capacity, VNM is planning for the operation of the Vietnam Milk factory in 1Q2013, and the Dielac II (milk powder) factory in April 2013. VNM's capex investment plan includes USD 385 million in 2012 and 2013 for these 2 new factories, as well as the expansion of existing capacity.

Sustainability Report

SUSTAINABLE INVESTING

As a long-term investor, we remain committed to the mainstreaming of sound sustainability criteria in our value investing approach. As Vietnam's modernization continues to shape the society in which we deploy assets, major macro shifts can be discerned, posing both challenges and opportunities. Rural development, urbanization, and the growth of a more affluent demographic are examples of the trends that continue to seed change in local values and consumer patterns. As a responsible investor, we choose to invest in enterprises that demonstrate a commitment towards positive change within the communities they operate in and serve. By investing in the growth of living standards, more inclusive economic participation, and higher value added products we can capitalize on the positive developments that our portfolio companies engender.

VNH avoids products and services with known negative effects in its target investment universe. The fund's exclusion criteria cover businesses dealing in tobacco, firearms, distilled alcohol and gambling, among others. In addition, each short-listed investment is thoroughly screened for controversial businesses practices during our intensive due diligence process. Companies engaged in pollution, child labor, bribery, or other damaging business practices are excluded from our investment consideration.

As part of the investment process, our investment team identifies key environmental, social and governance issues through tailored industry analysis and direct requests for information with target companies. Where sustainability issues have a real or potentially significant impact on revenues or costs, they are systematically factored into the investment analysis. By monitoring these material performance indicators, VNH engages individual portfolio companies on the basis of their ESG profile, and seeks to catalyze positive change. Our divestment policy captures companies that fail to demonstrate real awareness of – or consider improvements in – key sustainability issues.

PROGRESS REPORT

Environment

Hung Vuong Corporation (HVG)

The company meets major food safety and quality controls and farming standards such as Global GAP, ISO 9001:2000 and HACCP. In 2011 HVG initiated cooperation with the Worldwide Fund for Nature (WWF) to apply environmental and social performance standards on two new farms covering 60 hectares. The review process will be completed by September 2012 and will make HVG among the first in the industry to attain the Aquaculture Stewardship Council certificate. With a total of 500 hectares under management this commitment represents 12% of HVG's total farming capacity. While no detailed timetable has been given the company has indicated its intention to expand the collaboration with WWF. We are encouraged that the largest pangasius producer in Vietnam has taken a lead role in implementing more sustainable farming practices.

Vinamilk (VNM)

In 2011 VNM established an independent internal function in charge of energy savings and environmental protection. The company tracks water and energy consumption per output unit, and for the first time disclosed total reduction achievements. In 2011, electricity consumption fell by 5.5%, fuel consumption fell by 6.9%, and clean water consumption fell by 9.7%. The amount of water discharged after processing was reduced by 3.4%. Also in 2011, VNM introduced a LED lighting system to be implemented in its Saigon Milk factory, targeting energy savings of up to 70-80%.

Dabaco (DBC)

In 2011-2012, DBC built 10 bio-fuel tanks which process animal manure to produce renewable gas for heating. Every new animal husbandry barn must now install bio-fuel tanks, in an effort to markedly reduce the air pollution burden on surrounding communities. As an additional effect, the bio-fuel tanks provide DBC's facilities with a cost effective alternative to purchasing natural gas and electricity for heating and lighting. Initial estimations of the bio-fuel tanks installed this year put company-wide savings per day of operation at approximately VND 13.8 million.

Social

Hung Vuong Corporation (HVG)

This recently invested portfolio company has provided affordable housing for more than 300 employees at its Chau Au processing plant since 2008. This has been a differentiating factor compared to other pangasius exporters, with affordable accommodation primarily offered to workers employed a large distance from home. The service helps employees settle their families closer to their place of work, and the initiative has served to increase tenure at the Chau Au facility and decrease overall employee turnover. In further support of its immediate community, during 2011 HVG donated a total of VND 9 billion to programs supporting rural development and children's education.

Sai Gon Plastic (SPP)

In 2011, SPP obtained certificates for SA 8000:2008 and OHSAS 18001:2007, making it one of the first companies in the Vietnamese packaging industry to do so. These standards permit objective verification of workplace health and safety standards, as well as ethical practices in employee hiring and treatment. When management shared their plan to obtain these certificates with us, in 2010, we strongly supported the initiative. Since then, VNH has been in regular contact with the company CEO to monitor progress and ensure that certification process was on track. SPP continues to lead the Vietnamese packaging industry in quality and process innovation.

Vinamilk (VNM)

The 'Rising Vietnam' fund was set up under the guidance of the Ministry of Labor, Invalids and Social Affaires (MoLISA) and has delivered more than 19 million cups of fresh milk to disadvantaged children in Vietnam. The campaign is widely recognized in the company's urban and rural communities and among its young customers. In addition, the 'Nurturing the Young Talents of Vietnam' fund has been well received by the Ministry of Education and Training, having awarded close to USD 2 million in scholarships to talents across the country over the past few years. While these are charitable activities we believe they directly impact VNM's sustainable development strategy. By listing them we acknowledge the company's extensive efforts to contribute to its stakeholder's wellbeing and establish a positive and durable brand in Vietnam's burgeoning consumer market.

Governance

Independent Directors

Three portfolio companies proposed new independent directors during the past fiscal year, and VNH approved all three members that were put forward. In two cases, the independent director was an individual endorsed by VNH. In one of these cases, the independent director is VNHAM's own CEO, Mr. Vu Quang Thinh. In view of VNH's sizeable stake in the company, we consider Mr. Thinh's involvement to be a net benefit to the Fund.

Segregation of Duties

VNH actively engaged two companies in the segregation of duties between the Chairman and CEO. Based on close collaboration with other institutional and individual investors, a motion to approve the joint duty was refused at the AGM of both targeted companies. While the CEO cum Chairman position was approved in other instances during the past fiscal year, VNH and other investors agreed that the respective companies would benefit from increased internal checks and balances.

Capital Expenditure

Three portfolio companies submitted plans for additional capital expenditures during the fiscal year. After careful consideration the investment team approved one of these plans. VNH withheld its approving vote in the other two cases, as the plans did not contain sufficient detail or lacked strategic focus. The team demonstrated due diligence in vetting these two companies' capex plans and, where the plans were refused, communicated the rationale to the investee company's management.

ACTIVE ENGAGEMENT

As an active investor, Vietnam Holding assigns a high priority to the engagement mandate entrusted in us by our shareholders. During the past fiscal year the investment team has further developed its engagement initiatives, adding to the quality and number of achieved results.

Director Engagement

The board of directors of VNH and its investment manager are committed to the established practice of engaging portfolio company executives in face-to-face meetings. VNH directors are assigned companies according to their industry specialization and follow a systematic engagement schedule, meeting with portfolio companies at least three times a year.

The investment team briefs directors on the important financial and ESG issues in advance of each visit, and directly benefits from their experience during the engagement. An important aspect of the director's engagement is the element of seniority that the directors bring to the engagement. When meeting senior VNH representatives, local executives are challenged to answer pertinent and well informed inquiries.

VNH emphasizes company disclosure and transparency when engaging portfolio company executives. In some cases, tangible progress in annual reports and company websites are commendable. The fund continues to encourage portfolio company executives towards greater improvements in the quality and transparency of financial statements.

Results to date prove the effectiveness of our approach, and the directors of VNH and VNHAM will continue to develop their active engagement program.

Shareholder Voting

Over the past fiscal year VNH voted at every Annual General Meetings of its portfolio companies in which the fund held an equity position at the time of the AGM. It should be noted that one portfolio company held no AGM during the period, one company held it's AGM before VNH had allocated the investment, and one company was slated for divestment at the time of its AGM.

The voting activity of VNH was as follows:

- During the fiscal year VNH attended 27 AGMs where 261 individual agenda items were proposed. The investment team considered each issue on the basis of strategic merit and long-term profitability.
- The investment team abstained from voting on only 13 proposed agenda items.
- VNH voted against the management of four portfolio companies on 36 individual issues. In 30 of these 36 cases the outcome of the vote went against the proposals of management, and in favor of VNH's own vote.

VNH Forum

The VNH Forum events showcase international best practices through select speakers and panel sessions with local and international experts. The Forum targets senior executives of private and state-owned enterprises alike. Through these events, VNH seeks to foster awareness of value investment and sustainability principles within Vietnam's investment community. Past speakers have included local and international experts from finance, industry, academia, and government bodies.

The VNH Forum event of March 2012 took place in partnership with the Ministry of Natural Resources and Environment, and focused on the environmental impact of economic growth in developing countries, and illustrated Vietnam's potential to direct specific business and policy activities towards a more sustainable development model.

Recent Forums:

Investor Relations	
The Value of Corporate Disclosure	May 2010
Strategic Management	
Short-term vs. Long-term Value	June 2011
Economic Growth	
Managing the Environmental Impact	March 2012

On average, the VNH Forum attracts more than 250 participants, comprising both senior private enterprise and SOE executives. The Forums are extensively covered in the local media, and have proven their value in influencing the strategy and operations of VNH portfolio companies.

VNH's next Forum event is scheduled to take place in the first quarter of 2013. More information regarding the event topic and partners will be made public in due course.

PARTNERSHIPS

Through the long-term relationships of our senior staff and advisors, and during the past eventful years as an investor in Vietnam, VNH has developed a strong local and international network of partnerships. The following organizations have contributed to shaping VNH's strategy and profile, and continue to support our desire to bring the sustainability agenda forward in Vietnam.

PRI

At the VNH's AGM in 2009, shareholders voted to endorse the comprehensive alignment of VNH's investment policy with the United Nations Principles for Responsible Investment. As a consequence, ESG factors are now fully incorporated into our investment analysis and engagement strategy. In its 2011 report on progress, VNHAM scored in the top quartile of 345 signatory investment managers across all six responsible investing principles.

MoNRE

The Ministry of Natural Resources and Environment is one of the youngest government institutions in Vietnam. Its cooperation with VNH focuses on public awareness of environmental concerns, and encourages enterprise executives and investors alike to take into account environmentally sound business practices.

Global Compact

VietNam Holding Asset Management has been a founding member of the Global Compact network in Vietnam since 2007. Managed by the United Nations, the Global Compact is a strategic policy initiative for companies that wish to align their activities with ten key principles in the public and private sectors.

VCCI

VNH has partnered with Vietnam's Chamber of Industry and Commerce as a commitment to the sustainable development of our home market. Together with 15 other international and local companies, VNH and the VCCI form part of the Executive Board of the Vietnam Business Council for Sustainable Development (VBCSD); a business-led initiative intended to promote leadership and support of sustainable development initiatives in Vietnam.

ASrIA

VNH continues to support the Association for Sustainable & Responsible Investment in Asia. We look forward to further association initiatives that push forward the sustainable investment dialogue in the context of Asia's private and public capital markets.

Directors' Report

The Board of Directors makes all policy decisions on investment strategies, portfolio allocations, investment risk profiles, capital increases and profit distributions to Shareholders. It also appoints the Investment Manager, to whom it provides such instructions as may be appropriate.

The Board is responsible for reviewing the Company's Investment Policy and the performance of its investment portfolio. In particular, the Board is required to approve all investments which are over 4% of the Net Asset Value at the time that the investment is made. Sales of investments where the Company holds 4% and greater of the total share capital of the respective portfolio companies are also subject to the approval of the Board.

Presently the Board consists of three non-executive Directors, all of whom are regarded by the Board as independent, including the Chairperson, and subject to re-election annually. The Board takes careful consideration when recommending Directors for re-election and views that the length of service alone does not necessarily restrict Directors from seeking re-election.

Mrs. Min-Hwa Hu Kupfer, Chairperson
Professor Rolf Dubs
Mr. Nguyen Quoc Khanh

The Board comprises two committees, an Audit Committee and a Corporate Governance Committee. Recognizing the importance of sound governance commensurate with the size of the Board and the interests of the Shareholders, the Directors work closely on all Board matters. Both committees are made up of all three Directors.

The Audit Committee, chaired by Mr. Nguyen Quoc Khanh, is responsible for appointing the Company's auditors, subject to Shareholder approval, and reviewing the results of all audits. It is also responsible for establishing Internal Business Controls and Audit procedures. The Internal Compliance Audit function has been delegated to an external Service Provider, which submits periodic internal audit reports to the Chairperson of the Board's Audit Committee.

The Corporate Governance Committee, chaired by Professor Rolf Dubs, is responsible for the governance of the Company and the Company's relationships with multiple constituents, including the Investment Manager and its affiliates. It has adopted a code of ethics and other best practices of corporate governance which it considers appropriate for the size and activities of the Company.

The Board met quarterly and held three telephonic board meetings during the year. One of the key strategic decisions reached by the Board in early 2012 was the issuance of bonus share of warrants. After receiving the approval of the Shareholders in an Extraordinary General Meeting held on 11 April 2012, the warrants were issued to shareholders pro rata on the basis of one warrant for every three ordinary shares held and commenced trading on AIM on 29 May 2012.

Concurrently with each board meeting, the Board reviewed with the Investment Manager the investment performance, asset allocation, investment pipelines, divestures, industry trends and peer group comparison. The Board also reviewed the progress of investing in seven new portfolio companies and decided on transactions that required its level of approval authorities.

The Company held investor presentations twice in the year in Zurich, Geneva and London where the Board members met and engaged with shareholders. Investor relations and communications, including marketing, website, road show activities, share buy-back and share price discount control, were also reviewed quarterly during the board meetings.

The Board reviews regularly the service qualities, costs and terms of the Company's service providers. To improve administrative efficiency, the Board decided to change the Company's custodian and administrator functions from Credit Suisse Zurich and Luxemburg respectively to Standard Chartered Singapore effective December 2011.

The Audit Committee held four meetings in the past year in parallel with the board meetings. Subsequent to the move of the custodian and administrative roles, the auditors were changed from KPMG Audit S.à. r.l. in Luxembourg to KPMG LLP in Singapore to facilitate coordination among the Company's service providers. The Committee approved the amendments to the internal operational procedures and financial reporting policy and procedures to reflect the above mentioned changes, including account operational authority delegation. Risk Management and Compliance reporting were reviewed and risk control issues were evaluated by the Committee during each of the quarterly meetings. The Committee Chair worked with the CEO of the Investment Manager for the planning of the next internal field audit which is scheduled to take place in fiscal 2013.

The Corporate Governance Committee also met four times along with the quarterly board meetings. The Investment Manager presented its strategic plans, financial positions and organizational issues during each of the Committee meetings. The Committee conducted the annual performance review of the Investment Manager and approved the annual Key Performance Indicators as jointly recommended by the CEO and the Board of the Investment Manager. The Committee oversaw the annual certification of "VNH Code of Ethics" by all employees and board members of the Investment Manager and the Company.

Remuneration

The remuneration of each of the Company's Directors contains two parts:

1. Base Fee
2. Committee and Board related services, including attendance of Committee and Board meetings, based on the number of work days.

In 2012, the Company's Directors Base Fees were:

Mrs. Min-Hwa Hu Kupfer	USD 28,000
Professor Rolf Dubs	USD 20,000
Mr. Nguyen Quoc Khanh	USD 20,000

For attendance in person at each Committee and Board meeting, which took place quarterly, each Director was paid USD 1,500. For attending any Committee or Board meeting held telephonically, each Director was paid USD 750 per meeting. Each Director was also compensated USD 1,500 per day for rendering services related to Committee and Board work as well as Investor Relations.

The total remuneration of the Company's Directors in fiscal 2012 as the result of meeting attendance and additional days worked was USD 173,000 as follows:

Mrs. Min-Hwa Hu Kupfer, Chairperson	USD 84,250
Professor Rolf Dubs, Director & Chair of Corp. Governance Committee	USD 48,500
Mr. Nguyen Quoc Khanh, Director & Chair of Audit Committee	USD 40,250

There has been no change made to the Company's Directors' remuneration policy in the past year.

Ownership of VietNam Holding

Mrs. Min-Hwa Hu Kupfer	30,000 shares and 6,666 warrants
Professor Rolf Dubs	10,000 shares and 25,000 warrants
Mr. Nguyen Quoc Khanh	NIL

During the year, the Directors increased their ownership of the Company from 20,000 shares to 40,000 shares as Mrs. Kupfer and Professor Dubs each acquired 10,000 shares. Including the 25,000 warrants that were purchased by Professor Dubs, the Board in total held 31,666 warrants issued by the Company as of 30 June 2012.

In the opinion of the Board of Directors, the accompanying financial statements together with the notes have been properly drawn up and give a true and fair view of the Company's financial position as at 30 June 2012 and the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

On behalf of the Board of Directors

Min-Hwa Hu Kupfer
Chairperson
13 August, 2012

Independent Auditor's Report

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To the Shareholders of
VietNam Holding Limited
c/o Card Corporate Services Ltd.
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Grand Cayman
KY1-1107, Cayman Islands

Report on the financial statements

We have audited the accompanying financial statements on pages 35 to 49 of VietNam Holding Limited ("the Company"), which comprise the statement of financial position as at 30 June 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matter

The financial statements of the Company as at and for the year ended 30 June 2011 were audited by KPMG Audit S.à r.l. who expressed an unmodified opinion on those statements on 19 August 2011.

Kpmg llp

KPMG LLP
Certified Public Accountants

Singapore
13 August, 2012

Statement of Financial Position

as at 30 June 2012

	Note	2012 USD	2011 USD
Assets			
Cash and cash equivalents	2	3,070,132	2,439,854
Investments in securities at fair value	2, 3	66,709,452	60,139,513
Accrued dividends		143,418	54,740
Other receivables	5	73,695	11,203
Total assets		**69,996,697**	**62,645,310**
Equity			
Share capital	6	110,484,090	112,181,354
Retained earnings		(40,988,061)	(49,908,554)
Total equity		**69,496,029**	**62,272,800**
Liabilities			
Payable on purchase of investments		64,856	-
Accrued expenses		435,812	372,510
Total liabilities		**500,668**	**372,510**
Total equity and liabilities		**69,996,697**	**62,645,310**
Total equity represented by:			
Net assets attributable to shareholders (last traded prices)		70,477,461	62,716,109
Adjustment from last traded prices to bid – market prices		(981,432)	(443,309)
Net assets attributable to shareholders (bid – market prices)		69,496,029	62,272,800

The net asset value per share based on last traded prices was USD 1.295 as at 30 June 2012 (2011: USD 1.122) calculated as per the prospectus, and the net asset value per share based on bid-market prices, calculated as per IFRS, was USD 1.277 as at 30 June 2012 (2011: USD 1.114). This is based on 54,417,112 shares outstanding (2011: 55,906,862).

The financial statements on pages 35 to 49 were approved by the Board of Directors on 13 August 2012 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 year ended 30 June 2012

	Note	2012 USD	2011 USD
Interest income	7	-	234
Dividend income from equity securities at fair value through profit or loss		4,307,641	2,532,812
Net gain/(loss) from equity securities at fair value through profit or loss	2,8	7,219,778	(15,710,047)
Net foreign exchange (loss)/gain	2	(56,113)	7,382
Net investment income/(loss)		**11,471,306**	**(13,169,619)**
Investment management fees	9	1,290,909	1,449,229
Advisory fees		146,115	111,452
Accounting fees	11	98,250	100,000
Custodian fees	10	101,460	140,642
Directors' fees and expenses	9	255,885	276,087
Brokerage fees		62,268	67,369
Audit fees		51,076	59,746
Publicity and investor relations fees		233,278	297,381
Insurance costs		45,000	45,000
Administrative expenses		226,810	159,500
Risk management expenses		30,096	58,150
Technical assistance for investee companies		9,666	34,377
Total operating expenses		**2,550,813**	**2,798,933**
Change in net assets attributable to shareholders		**8,920,493**	**(15,968,552)**
Earnings per share – basic and diluted	15	0.16	(0.29)

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

Statement of Changes in Equity

for the year ended 30 June 2012

	Share Capital USD	Reserve for own shares USD	Retained Earnings USD	Total USD
Balance at 1 July 2010	112,500,000	-	(33,940,002)	78,559,998
Repurchase and cancellation of shares	(318,646)	-	-	(318,646)
Total comprehensive income for the year				
Change in net assets attributable to shareholders	-	-	(15,968,552)	(15,968,552)
Balance at 30 June 2011	112,181,354	-	(49,908,554)	62,272,800
Balance at 1 July 2011	112,181,354	-	(49,908,554)	62,272,800
Repurchase and cancellation of shares (note 6)	(965,429)	-	-	(965,429)
Repurchase of own shares (note 6)	-	(176,302)	-	(176,302)
Warrants issuance cost	(555,533)	-	-	(555,533)
	(1,520,962)	(176,302)	-	(1,697,264)
Total comprehensive income for the year				
Change in net assets attributable to shareholders	-	-	8,920,493	8,920,493
Balance at 30 June 2012	**110,660,392**	**(176,302)**	**(40,988,061)**	**69,496,029**

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

Statement of Cash Flows

for the year ended 30 June 2012

	Note	2012 USD	2011 USD
Cash flows from operating activities			
Change in net assets attributable to shareholders		8,920,493	(15,968,552)
Adjustments for:			
Interest income		-	(234)
Dividend income		(4,307,641)	(2,532,812)
Net (gain)/loss from equity securities at fair value through profit or loss		(7,219,778)	15,710,047
Purchase of investments		(17,068,156)	(5,702,247)
Proceeds from sale of investments		17,794,054	5,873,827
Net foreign exchange loss		56,113	101,092
		(1,824,915)	(2,518,879)
Net decrease in other receivables and payables		(10,393)	(164,993)
Cash used in operations		(1,835,308)	(2,683,872)
Interest received		-	234
Dividends received		4,218,963	2,560,631
Net cash from/(used in) operating activities		2,383,655	(123,007)
Cash flows from financing activities			
Payment for buy-back of shares	6	(965,429)	(318,646)
Repurchase of own shares	6	(176,302)	-
Warrants issuance cost paid		(555,533)	-
Net cash used in financing activities		(1,697,264)	(318,646)
Net increase/(decrease) in cash and cash equivalents		686,391	(441,653)
Cash and cash equivalents beginning of the year		2,439,854	2,982,599
Effect of exchange rate fluctuations on cash held		(56,113)	(101,092)
Cash and cash equivalents at end of the year		**3,070,132**	**2,439,854**

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

Notes to the Financial Statements

Year ended 30 June 2012

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.

In 2013, the Board will propose at the Company's annual general meeting, an ordinary resolution that the Company will continue in existence. If such resolution is passed, the Company will continue its operations and a similar resolution will be put to shareholders in 2016. If either of such resolutions is not passed the Board will, at that annual general meeting or at an extraordinary general meeting held within six months of that annual general meeting, propose a resolution to wind up the Company or one or more resolutions to implement a reconstruction, amalgamation or other material alteration to the Company or its activities or any other appropriate alternative based upon current circumstances. Shareholders will only be able to realise their investment by selling their ordinary shares or participating in any redemption or purchase of ordinary shares by the Company.

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.

During the year, the custodian changed from Credit Suisse Zurich to Standard Chartered Bank, Singapore Branch, and the sub-custodian changed from HSBC (Vietnam) to Standard Chartered Bank (Vietnam) Limited. The administrator also changed from Credit Suisse Fund Service (Luxembourg) S.A. to Standard Chartered Bank, Singapore Branch. As a consequence of this, KPMG LLP in Singapore was appointed as auditors in place of KPMG Audit S.à. r.l. in Luxembourg.

The registered office of the Company is CARD Corporate Services 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 (IFRSs) as adopted by the European Union and interpretations adopted by the International Accounting Standards Board and the European Union.

(b) Basis of preparation

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

The shares were issued in USD and the listings of the shares are in USD and Euro. 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 of Directors 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 and presentation 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.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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 calculated as per the prospectus. Therefore a reconciliation between the measure of net assets value used by the Board and that contained in these financial statements has been provided in a footnote to the statement of financial position.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

There were no new IFRS standards applied for the year ended 30 June 2012.

(c) Foreign currency translation

Transactions in foreign currencies other than the functional currency are translated at the rate ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated to USD at the rates ruling on the year-end date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are included in the 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.

(d) Financial instruments

(i) Classification

The Company designated 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 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, 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.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(iv) Measurement

Financial instruments are measured initially at cost. For financial assets acquired, cost is the fair value of consideration given. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Valuation

Investments are recorded at fair value. The fair value of the securities is based on their quoted bid price at the reporting date without any deduction for transaction costs.

If the securities are not listed, the value of the relevant securities is ascertained by the Board of Directors in good faith using valuation methods which it considers fair in the circumstances including quotes received from brokers and other third party sources where possible.

As at 30 June 2012, 12.5% (2011: 16.6%) 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.

(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) Specific instruments

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.

(e) 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.

(f) Formation expenses

Costs attributable to the establishment of the Company have been expensed in full.

(g) 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.

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) 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.

(i) Taxation

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.

(j) 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.

(k) Adoption of new and revised standards

Adoption of new standards and amendments to existing standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these financial statements. None of these are expected to have significant effect on the measurement of the amounts recognised in the financial statements of the Company.

IFRS 13 – Fair Value Measurement

Effective date 1 January 2013, early adoption permitted.

IFRS 13 replaces the fair value measurement guidance spread throughout various IFRS's with a single source.

The standard defines fair value, establishes a framework for measurement and sets out disclosures requirements. The standard does not create any new requirements to measure assets and liabilities at fair value.

The fair value definition has been refined to be 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, i.e. an exit price.

The exit price term is the key concept. Fair values must only reflect considerations that would be taken in to account by market participants. This excludes costs incurred in the structure of any transaction and any characteristic of the asset or liability that is purely a function of the holding entity and will not transfer with the asset or liability. Common examples of entity specific characteristics are large market positions "blockage factors" or contractual limitations on use or sale between the entity and another party.

Non financial assets are covered by IFRS 13 and are measured at their highest and best use taking in to account all factors in which market participants would factor in to its highest and best use. If the asset is not being used in such a way this must be disclosed.

An entity shall use fair value measurements techniques that are appropriate to the circumstances, for which sufficient data is available and that maximises the use of observable inputs and minimises the use of unobservable inputs. If a level 1 input exists this must be used without adjustment except in very limited circumstances.

The disclosures requirements under IFRS 13 are primarily the fair value hierarchy disclosures currently effective within IFRS 7.

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 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:

	2012		2011	
	Fair value in USD	% of net assets	Fair value in USD	% of net assets
Description				
Shares and similar investments – listed	58,014,009	83.48	49,743,084	80.08
Shares and similar investments – unlisted	8,695,443	12.51	10,396,429	16.74
	66,709,452	**95.99**	**60,139,513**	**96.82**

At 30 June 2012, a 5% reduction in the market value of the portfolio would have led to a reduction in net asset value of USD 3,335,473 (2011: USD 3,006,976). 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. 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 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.

3 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

As at 30 June 2012 the Company had the following currency exposures:

	Fair value 2012 USD	Fair value 2011 USD
Vietnamese Dong	67,652,030	60,958,283
Euro	50,618	1,141,235
Swiss Franc	286,397	-
Pound Sterling	573,908	-
	68,562,953	62,099,518

At 30 June 2012, a 5% reduction in the value of the Vietnamese Dong, Euro, Swiss Franc, Pound Sterling would have lead to a reduction in net asset value of USD 3,382,602 (2011: USD 3,047,914) , USD 2,531 (2011: USD 57,062), USD 14,320 (2011: USD nil) and USD 28,695 (2011: USD nil) respectively. 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 30 June 2012, 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 3,256,836 (2011: USD 2,505,797).

Substantially all of the assets of the Company are held by Standard Chartered Bank, Singapore Branch. 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, invests 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. 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.

Interest rate risk

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 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.

All of the Company's investments in securities at fair value are domiciled in Vietnam as at 30 June 2012 and 2011.
All of the Company's investment income can be attributed to Vietnam for the years ended 30 June 2012 and 2011.

5 OTHER RECEIVABLES

	2012 USD	2011 USD
Other receivables	43,286	11,203
Prepayment	30,409	-
	73,695	**11,203**

6 SHARE CAPITAL

Ordinary shares of USD 1.00 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 1.00 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 2.00 per ordinary share at, but conditional upon, admission. The ordinary shares' ISIN number is KYG9361X043.

On 23 September 2010, during its annual general meeting, the shareholders approved a Share Repurchase Programme.

Number of shares	
Shares issued in 2006	56,250,000
Repurchased and cancelled:	
Year ended 30 June 2011	(343,138)
Year ended 30 June 2012	(1,324,750)
Total shares repurchased and cancelled	(1,667,888)
Number of share after repurchased and cancelled	54,582,112
Repurchased and reserved for own shares	(165,000)
Total outstanding ordinary shares with voting rights	**54,417,112**

As a result, the Company now has 54,417,112 ordinary shares with voting rights in issue (excluding the reserve for own shares), and 165,000 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 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 21 May 2012, 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 date of these warrants is on 13 December 2012 with exercise price of USD 1.196 per share.

6 SHARE CAPITAL (continued)

A total of 18,194,037 warrants were issued and were listed on the London Alternative Investment Market. At the reporting date, 18,194,037 warrants were outstanding.

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 exercise date at the exercise price, the maximum net proceeds that could arise on such exercise would be approximately USD 21.8 million. The net proceeds arising on the exercise of the warrants will be invested in accordance with the Company's investment policy.

7 INTEREST INCOME

	2012 USD	2011 USD
Interest income arising from financial assets that are not at fair value through profit or loss:		
Cash and cash equivalents	-	234
Total interest income recognised on financial assets	-	234

8 NET GAIN/(LOSS) FROM EQUITY SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 USD	2011 USD
Net gain/(loss) from equity securities at fair value through profit of loss:		
Realised loss	(18,307,227)	(599,410)
Adjustment to fair value of equity securities at fair value through profit or loss	25,527,005	(15,110,637)
	7,219,778	**(15,710,047)**

9 RELATED PARTY TRANSACTIONS

Investment management fees

The Investment Manager is entitled to an investment management fee of 2% per annum on the monthly net assets under management. The fee is payable monthly and is calculated by reference to the NAV at the end of the preceding month. In addition, the Investment Manager is reimbursed by the Company for administrative functions that it performs on behalf of the Company.

The Company will pay the Investment Manager a performance bonus each year at the rate of 20% of the annual increase in net asset value over the higher of an annualised hurdle rate of 5% and a "high water mark" requirement. The total fees accruing to the Investment Manager for the year to 30 June 2012 were USD 1,290,909 (2011: USD 1,449,229) as a management fee and USD nil (2011: USD 159,500) for administrative support.

No performance fee was due as at 30 June 2012 or at 30 June 2011.

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 year for the Directors fees were USD173,000 (2011: USD153,500) and expenses were USD 82,885 (2011: USD122,587).

9 RELATED PARTY TRANSACTIONS (continued)

Directors' ownership of shares

As at 30 June 2012, two Directors, Min-Hwa Hu Kupfer and Rolf Dubs held 30,000 (2011: 20,000) and 10,000 (2011: nil) ordinary shares of the Company respectively, representing 0.06% (2011: 0.04%) and 0.02% (2011: nil) of the total shares outstanding.

As at 30 June 2012, Min-Hwa Hu Kupfer and Rolf Dubs held 6,666 (2011: nil) and 25,000 (2011: nil) warrants to subscribe ordinary shares respectively, representing 0.04% (2011: nil) and 0.14% (2011: nil) of the total warrants issued.

10 CUSTODIAN FEES

The custodian fees are as follows:

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 year for the Custodian fees were USD 101,460 (2011: USD 140,642).

11 ADMINISTRATIVE AND ACCOUNTING FEES

The administrator received a fee of 0.07% per annum for assets under administration ("AUA") less than USD 100,000,000; or 6 basis points 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 year for the Administration and Accounting fees were USD 98,250 (2011: USD 100,000).

12 CONTROLLING PARTY

The Directors are not aware of any ultimate controlling party as at 30 June 2012 or 30 June 2011.

13 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 the net assets attributable to shareholders.

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 Company considers relevant and observable market prices in its valuations where possible.

13 FAIR VALUE INFORMATION (continued)

The carrying amounts of financial assets at 30 June 2012 and 30 June 2011 are as follows:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
At 30 June 2012				
Financial assets designated at fair value upon initial recognition				
Equity investments	58,014,009	-	8,695,443	66,709,452
At 30 June 2011				
Financial assets designated at fair value upon initial recognition				
Equity investments	**49,743,084**	**-**	**10,396,429**	**60,139,513**

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 869,544 (2011: USD 1,039,643).

Level 3 Reconciliation

	Financial assets designated at fair value through profit or loss	
All amounts stated in USD	2012	2011
Opening balance	10,396,429	16,607,618
Sales	(3,764,155)	(4,548,218)
Total gains and losses recognised in profit or loss *	2,063,169	(1,662,971)
Closing balance	**8,695,443**	**10,396,429**

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

14 CLASSIFICATIONS 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	Designated as at fair value USD	Loans and receivables USD	Other liabilities USD	Total carrying amount USD
30 June 2012					
Cash and cash equivalents	2	-	3,070,132	-	3,070,132
Investments in securities at fair value	2,3	66,709,452	-	-	66,709,452
Accrued dividends		-	143,418	-	143,418
Other receivables	5	-	73,695	-	73,695
		66,709,452	3,287,245	-	69,996,697
Payable on purchase of investments		-	-	64,856	64,856
Accrued expenses		-	-	435,812	435,812
		-	-	500,668	500,668
30 June 2011					
Cash and cash equivalents	2	-	2,439,854	-	2,439,854
Investments in securities at fair value	2,3	60,139,513	-	-	60,139,513
Accrued dividends		-	54,740	-	54,740
Other receivables	5	-	11,203	-	11,203
		60,139,513	2,505,797	-	62,645,310
Accrued expenses		-	-	372,510	372,510
		-	**-**	**372,510**	**372,510**

15 EARNINGS PER SHARE

The calculation of earnings per share at 30 June 2012 was based on the change in net assets attributable to ordinary shareholders of USD 8,920,493 (2010: (USD 15,968,552)) and the weighted average number of shares outstanding of 54,998,948 (2011: 55,906,862).

At the reporting date, the warrants in issue are anti-dilutive and hence disregarded in the calculation of diluted earnings per share.

Corporate Information

VIETNAM HOLDING BOARD OF DIRECTORS

Min-Hwa Hu Kupfer
Chairperson
Most recently the President of GE Capital Finance in China, Mrs. Kupfer has over 25 years of experience serving in several senior executive positions in banking and management throughout the world. Her banking career includes many years with Bank One as Senior Vice President and Head of Middle Market and Retail Strategy, as well as the First National Bank of Chicago where she served as Country Manager, China. During that assignment, Mrs. Kupfer held the highly visible Chairmanship of the American Chamber of Commerce in China, the first female executive to hold such a position in that country. She has a broad and deep insight into many parts of Asia, having travelled extensively for business within South-East Asia while based in Singapore. Mrs. Kupfer holds a BS degree from the National Taiwan University, an MS from the University of Illinois, and an MBA from the University of Chicago. She is a US citizen and was born in Taiwan.

Nguyen Quoc Khanh
Head of the Audit Committee
Mr. Khanh completed his studies in France with a Masters in Mining Engineering, and spent his entire professional career with the Shell Group. He held several senior management and finance positions in many countries, before serving as Chairman and CEO of Shell Vietnam from 1996 until 2002. Mr. Khanh lives in France as well as in Vietnam, and is an active private equity investor.

Professor Rolf Dubs
Head of the Corporate Governance Committee
Professor Dubs is the former President of the HSG University of St. Gallen, Europe's leading German-speaking economics university. He also taught at Harvard and Stanford universities, as well as several other leading global institutions. Outside the classroom, Professor Dubs has a long record of service on the corporate boards of many major Swiss and international corporations. For many years, he has taken an active role in numerous Swiss government projects in Vietnam's education sector, as well as in providing technical assistance to the country's financial markets.

INVESTMENT MANAGER – VIETNAM HOLDING ASSET MANAGEMENT

Board of Directors

Jean-Christophe Ganz
Chairman and Head of Investment Committee
Jean-Christophe Ganz, served in several senior management positions with ING Bank in Geneva, Bratislava and Zurich, as well as more recently as a business consultant specializing in M&A, privatizations, and corporate restructuring. He has also served on the boards of several private equity investment companies active in real estate development and financial asset management. Mr. Ganz holds a law degree from the University of Lausanne.

Donald Van Stone
Vice-Chairman
Mr. Van Stone served as Executive Vice President of MasterCard International in Europe, Middle East and Africa, and was President of its Middle East/Africa region. Previously he was MasterCard's General Manager in Southeast Asia, based in Singapore. His previous, extensive global banking career included senior management assignments with major banks in six countries and service as the CEO of First City Bank in Austin, Texas. Mr. Van Stone holds a BS degree in Physics and a Harvard MBA with high distinction.

Iris Fang
Board Member
Mrs. Fang has more than 30 years of experience in the banking industry, including assignments in New York City, San Francisco, Los Angeles, Singapore as well as Vietnam. Her extensive career included positions in structured finance and strategy at various financial institutions such as Bank of America, Chase Manhattan Bank and Standard Chartered Bank where she was Regional Head of Strategy for the Asia and CEO Vietnam from 1995-1997. Ms. Fang is now based in Vietnam where she acts as a consultant and advisor to several Vietnamese companies and also lectures at RMIT International Vietnam. Mrs. Fang holds an MBA and Bachelors of Business from the University of Georgia, USA with a Major in Marketing, Banking and Finance.

ADVISORY COUNCIL

Dr. Le Dang Doanh

Dr. Doanh is an Advisor to the Vietnam Ministry of Planning and Investments (MPI). He was a permanent member of many goverment entities, including the Government Commission for State-owned Enterprises Reform, and the National Commission for Finance and Monetary Policy. Dr. Doanh has held many senior government and party positions and was Vice President, Vice-Minister and finally President of the Central Institute for Economic Management (CIEM). He is a visiting professor at the Nihon University in Tokyo. Dr. Doanh earned his Ph.D. at the National Economics University in Hanoi, has concluded post graduate studies at the Academy for National Economy in Moscow and graduated at the Technical University of Leuna-Merseburg in Germany.

Dr. Cao Si Kiem

Dr. Kiem was the Governor of the State Bank of Vietnam, the country's central bank, from 1989 until 1997. He currently serves as the Deputy Chief of the Central Party's Economics Board, is the Vice President of the Consulting Committee for National Monetary Policy, and is Chairman of the Association of Vietnam's Small and Medium Scale Enterprises. Since January 2006, Dr. Kiem has served as the Vice Chairman of the Vietnamese Learning Promotion Association. His previous positions in Vietnam include Secretary of the Communist Party Committee, and Director of the State Bank of Thai Binh Province. Dr. Kiem earned his Ph.D. in economics at the National Economics University of Vietnam.

Dr. Le Thi Bang Tam

Dr. Tam served until 2008 as the Chairperson of the Board of Directors of the State Capital Investment Corporation (SCIC), which was established in April 2006 by the Prime Minister to manage government shareholdings in privatized State-Owned Enterprises. Before her SCIC assignment, Dr. Tam served 11 years as a Vice Minister at the Ministry of Finance of Vietnam with core responsibilities in State treasury and budget management, external financing and international cooperation, capital market development, financial services and State-Owned Enterprises reform program. Dr. Le Thi Bang Tam was formerly a lecturer on economics and finance at the Hanoi University for Accounting. Dr. Tam was also a member of the National Committee for International Economic cooperation, and a member of the National Committee of monetary and finance policy. Dr. Tam received a PhD in Economics and Finance from Saint Petersburg State University of Economics and Finance, Saint Petersburg, Russia, and a Bachelor's degree from the Hanoi University of Accounting and Finance.

Markus Winkler

Mr. Winkler is the founder and Chairman of VGZ, an investment management firm in Zurich. He completed his studies at the HSG University of St. Gallen. His primary interest lies in undervalued investments, particularly in emerging markets. He is known as "Mr. Vietnam" in Switzerland and Germany and due to his extensive knowledge and investment acumen has long been considered a leading source for investment advice on Asia's emerging markets.

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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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