VinaCapital

Vietnam Opportunity Fund Limited

Annual Report 2010

Contents

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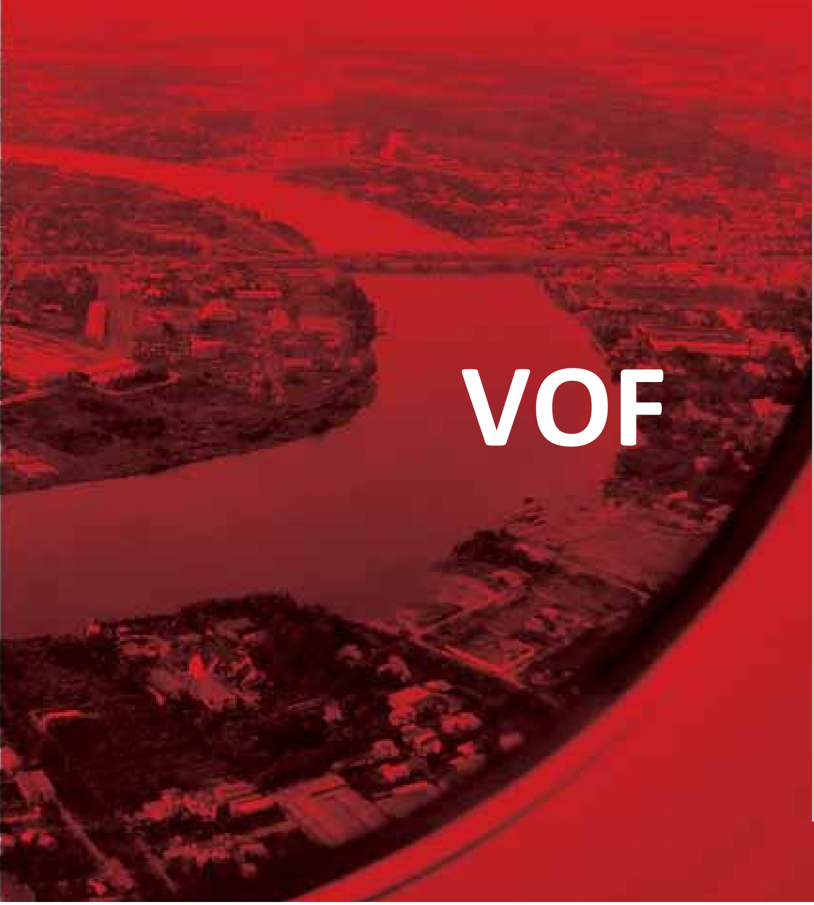
Taking Vietnam to the world



VOF

VinaCapital is an asset management group inspired by the energy, creativity and entrepreneurial spirit of the people of Vietnam.

Formed in 2003, VinaCapital manages USD1.8 billion across all asset classes - listed and private equities, fixed income, infrastructure and real estate.

VinaCapital's growth is driven by the most experienced asset class and fund management teams in Vietnam.

USD783 million net assets under management.
VOF is the top performing diversified fund in Vietnam.

VOF offers complete exposure to the Vietnamese economy, one of the world's fastest growing emerging markets.

Financial highlights

	FY2010	FY2009	change %
Ordinary income (USD'000)	134,263	29,075	362%
Net profits	105,005	3,098	3,289%
Earnings per share (USD)	0.32	0.02	1,500%
NAV per share (USD)	2.41	2.10	14.8%

VOF's strong FY2010 financial performance was driven by an investment strategy that took advantage of Vietnam's active IPO market in 2009-2010.

USD2.41
NAV per share

14.8%
FY2010 gain

VOF's four competitor funds returned an unweighted average of 2.9% over the same period (see page 21).

Performance highlights

# of IPOs during FY2010	**12**
Shares bought (USDm)	100.5
Shares sold	104.6
Total gains (USDm)	**99.2***
Total IRR	**26.4%**
VN Index gain (in VND terms)	13.1%
VN Index gain (in USD terms)	5.8%

VOF's primary driver of investment returns during FY2010 was the gains recorded by OTC holdings prior to listing.

Eximbank, Khang Dien Housing and DIC Corp were among the 12 VOF holdings that listed during the year.

VOF's 26.4 percent capital markets return was a particularly strong performance compared to the VN Index return of 5.8 percent adjusted for foreign exchange loss.

(*) Refers to gains in the capital markets (listed and OTC) portfolio for FY2010, comprising realised and unrealised gains, and dividends (adjusted for foreign exchange losses).

26.4%

Capital markets gain

VS

5.8%

gain for the VN Index

VOF remains focused on sectors that benefit from Vietnam's domestic economic growth, particularly the rise of an urban middle class with higher disposable income.

New investments

Healthcare

Hoan My Medical Corporation is Vietnam's top private healthcare provider. The private healthcare sector is growing at over 30 percent yearly, and Hoan My is the market leader with four operating hospitals and one under construction. VOF holds a 28.9 percent equity stake in Hoan My.

Materials

Prime Group JSC is Vietnam's leading ceramics manufacturer. With the market for construction materials growing rapidly, Prime Group's 2009 earnings of USD16 million are expected to grow at 30 percent yearly for at least the next three years. VOF acquired a 7.0 percent equity stake in Prime.

Agriculture

An Giang Plant Protection JSC is Vietnam's market leader in pesticide distribution and manufacture. The fertiliser market is expected to grow 10 percent yearly given the low penetration of modern agri-chemicals compared to regional countries. VOF increased its stake in An Giang during FY2010 and at 30 June 2010 held a 7.4 percent stake valued at USD8.9 million.

"Ultimately, the investment success of the manager will be the best proof to the market of the value and promise of the VOF portfolio."

Chairman's statement

Dear Shareholders,

We herein present the annual report of the VinaCapital Vietnam Opportunity Fund Limited (AIM: VOF) for the year ended 30 June 2010.

In the first half of 2010, Vietnam's economy grew at a healthy 6.2 percent annualised, buoyed by strong domestic demand and 2009's effective government stimulus policies. Vietnam's rapid recovery from the global financial crisis was impressive evidence of the depth of the country's economic growth trajectory.

Vietnam's GDP is forecast to grow at over 6.5 percent in 2010, and at 7 percent or more in 2011. The main challenges for the economy remain a weak balance of trade and the threat of renewed inflation.

VOF outperformed its peers in the Vietnam market in FY2010, led by the capital markets portfolio that was buoyed by the IPO of 12 holdings. Eximbank, DIC Corp and Quoc Cuong Gia Lai, among others, all saw a strong run-up in share price prior to listing during the year - testament to the success of VOF's strategy of focusing new investments in PE and OTC assets that are within 12-18 months of an IPO.

New investments during the year included acquiring significant stakes in private companies Hoan My Medical Group and Prime Group, and increasing our stake in OTC holding An Giang Plant Protection JSC. Each is a sector-leading company that exhibits strong management and earnings growth potential, with the ability to generate a listing or trade exit within 24 months.

VOF's NAV at the end of June 2010 was USD783 million, or USD2.41 per share. This was an increase of 14.8 percent from the end of June 2009, when VOF had an NAV of USD682 million, or USD2.10 per share. VOF's share price at the end of June 2010 was USD1.40, down 2.1 percent from USD1.43 at the end of June 2009.

The share price discount was therefore 41.9 percent at 30 June 2010. This is a disappointing result that spurred the Board to announce a distribution policy in October 2010, with the chief aim of reducing the discount. The Board believes the distribution policy, consisting of tenders for shares, will reduce the discount effectively - but we remain cognizant that any strategy must endure and not result in only a short-term improvement. Ultimately, the investment success of the manager will be the best proof to the market of the value and promise of the VOF portfolio.

The VOF management team, led by managing director Andy Ho and deputy managing directors Cuong Nguyen and Loan Dang, remains the most experienced and dynamic investment team in Vietnam. This team has access to almost all significant deals in the Vietnamese marketplace, and has built a tightly knit group of young professionals who cover every market sector.

The outlook for 2011 in Vietnam is largely positive, particularly given the low stock market valuations and continued window for IPOs. In the interests of our shareholders, the Board will continue to monitor fund management actions with a focus on reducing the share price discount. The last two years have been challenging for emerging market investors. VOF shareholders can be confident that the Board and investment manager will work diligently to ensure a strong performance as the markets continue to recover.

I would like to finish by thanking Dr. Jonathan Choi for his service as a director to the Company. Dr. Choi stepped down from his position as a director during the year to focus on his other commitments with Sun Wah Group. The Board appreciates the many contributions Dr. Choi made to the Company during his tenure, and would like to wish him all the best for the future.

Thank you for your continued support.

William Vanderfelt
Chairman
VinaCapital Vietnam Opportunity Fund Limited
10 December 2010

(Left to right: Mr. Nguyen Viet Cuong; Mr. Andy Ho; Mr. Brook Taylor; Mrs. Dang Pham Minh Loan; Mr. Don Lam)

VOF's management team has led over USD one billion in private placements across all sectors of Vietnam's economy. The senior members of the team have a combined 40 years investment experience, and have worked together as a close-knit group for over four years. They are recognised leaders in Vietnam's fund management industry.

Management team

1 **Don Lam**
Chief Executive Officer

Don Lam founded VinaCapital in 2003 alongside partners Horst F. Geicke (Group chairman) and Chris Gradel. Don has over 15 years experience in Vietnam, working previously at PricewaterhouseCoopers, Deutsche Bank, and Coopers & Lybrand. Don is one of Vietnam's most internationally recognised business leaders, having brought over USD1.5 billion in foreign indirect investment into the country since 2003. Don is an active member and regular speaker at the World Economic Forum and other leading international conference and events. He has a degree in Commerce and Political Science from the University of Toronto, and is a member of the Institute of Chartered Accountants of Canada. He is a Certified Public Accountant and holds a Securities Licence in Vietnam.

2 **Brook Taylor**
Chief Operating Officer

Brook Taylor has almost 20 years of management experience, including eight years in Vietnam as a senior partner with major accounting firms. Previously, Brook was deputy managing partner of Deloitte in Vietnam and head of the firm's audit practice. He was also managing partner of Andersen Vietnam and a senior audit partner at KPMG. Brook has expertise spanning financial audits, internal audits, corporate finance, taxation, business planning and IT systems risk management. He has a B.A. in Commerce and Administration from Victoria University of Wellington, New Zealand, and is a member of the New Zealand Institute of Chartered Accountants.

3 **Andy Ho**
Managing Director
and Head of Investment

Andy Ho joined VinaCapital in early 2007 to oversee the capital markets, private equity, fixed income and venture capital investment teams. Previously, Andy directed Prudential Vietnam's fund management company. In all, Andy has led over USD1 billion in investments across all market sectors in Vietnam. He has also held management positions at Dell Ventures (the investment arm of Dell Computer Corporation) and Ernst & Young. He holds an MBA from the Massachusetts Institute of Technology and is a Certified Public Accountant in the United States.

4 **Nguyen Viet Cuong**
Deputy Managing Director

Cuong Nguyen joined VinaCapital in November 2003 and currently manages VOF's capital markets portfolio. Cuong holds board positions at several VOF investee companies, including Vinamilk, Hau Giang Pharma, and Halico. Previously, Cuong worked at Unilever Vietnam and KPMG Vietnam. He is a certified accountant FCCA (UK), and holds a BA in Corporate Finance and Banking from the University of Economics, Ho Chi Minh City.

5 **Dang Pham Minh Loan**
Deputy Managing Director

Loan Dang joined VinaCapital in August 2005 and is responsible for VOF's private equity and capital market investments. Loan has led numerous private equity and private placement deals for VOF, and holds board positions at several VOF investee companies, including Hoa Phat Group and Quoc Cuong Gia Lai. Loan has previous experience at KPMG Vietnam and Unilever Vietnam. She has an MBA from the University of Hawaii and holds an FCCA (UK) fellow membership and a BA in Finance and Accounting from the University of Economics, Ho Chi Minh City.

M&A deals involving both listed and private domestic companies should continue to rise as cash surpluses are used to generate future growth opportunities.

Investment environment

Economy

Vietnam's GDP grew by 5.3 percent in 2009, making it one of the world's fastest growing economies during a year of financial crisis in Europe and America. Resilient domestic consumption and effective government stimulus policies helped Vietnam weather the storm, while inflation fell to 6.5 percent from 23 percent in 2008.

After reaching a record low of 3.1 percent annualised growth in Q1 2009, GDP growth increased in subsequent quarters, reaching 6.9 percent annualised in Q4 2009. The impressive turn-around followed government policies that included a four percent interest rate subsidy on business loans, and corporate and personal income tax relief. Monetary supply (M2) increased by 26.2 percent and credit growth reach 32.0 percent. On the demand side, growth was driven by retail sales (up 11.0 percent) and rising government expenditure (up 8.2 percent) which surpassed private consumption for the first time since 2006.

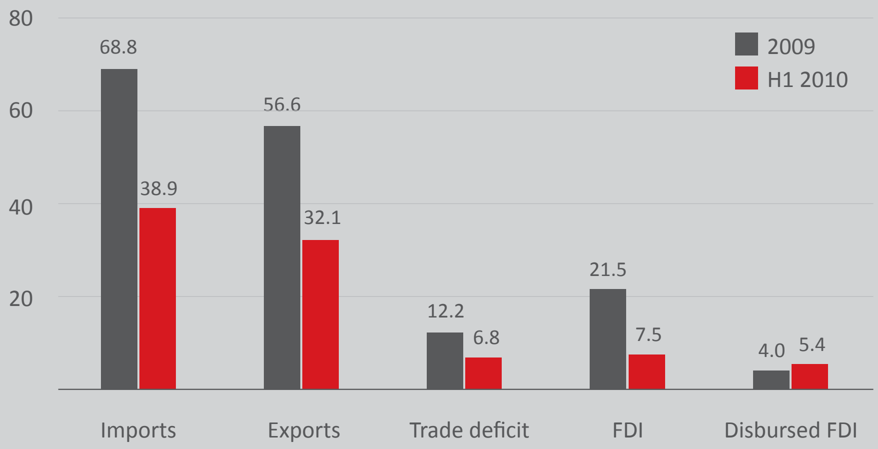
The speed of economic growth in Vietnam slowed somewhat in the first half of 2010 as the government moved to curb inflation and the global economic recovery lost momentum. Monetary policy was tightened in late 2009 and credit growth subsequently fell to 10.5 percent over the first half of 2010. Nonetheless, GDP growth remained healthy at 6.2 percent annualised for H1 2010. With inflation moderate at under nine percent year-on-year, Vietnam's economy has stabilised and analysts forecast GDP growth of seven percent or higher in 2011. The trade deficit is less than 10 percent of exports, but currency stability remains a concern. The Vietnam dong was devalued by 2.1 percent in August 2010, a move that aimed to forestall foreign exchange pressure for the remainder of the year.

Listed and OTC equities

During year ending 30 June 2010, Vietnam's capital markets saw a large number of public offerings, which increased the number of listed companies on the Ho Chi Minh City and Hanoi stock exchanges by 50 percent, to 549, with an aggregate market capitalisation of USD24.4 billion (27 percent of GDP). The Vietnam Index (VN Index) closed at 507 points on 30 June 2010, representing a 13.2 percent year-on-year gain in Vietnam dong terms, or 5.8 percent in US dollar terms. Vietnam underperformed the MSCI Asia ex-Japan and Emerging Market indices, which increased by 18.0 and 20.6 percent, respectively, over the same period. The market was volatile, with the VN Index starting the year at 448 points, reaching a high of 624 in October and falling to a low of 435 in December before trading within a range of 500-520 points over the first half of 2010.

Economic indicators, H1 2010 vs 2009

(Source: GSO Vietnam). *Unit: USDbn*



The underperformance compared to regional markets was due the early removal of the four percent interest subsidy, and the inability of the government to lower the base interest rate or otherwise make meaningful impact to high business loan rates, which hovered at 14-16 percent in early 2010. Investors were also concerned over the two currency devaluations, and ratings agency Fitch lowered their Vietnam sovereign credit rating.

Stock market trading volumes and values continued to be low in the second half of 2010, as retail traders, traditionally accounting for 80 percent of market volume, remained on the sidelines. The on-the-ground performance of Vietnam's leading blue chips, however, belied the VN Index performance. Corporate earnings growth remained in the 10-15 percent range. Notable outperformers included Vinamilk, Vincom, Kinh Bac and Hoang Anh Gia Lai - all posting H1 2010 net profits growth above 50 percent year-on-year. Market valuations meanwhile were pushed to below 10x 2010 earnings by the end of June, opening an excellent investment window for long-term investors.

Private equity

The private equity environment recovered during 2009, with mergers and acquisitions growing in terms of the value and, particularly, the volume of deals. PwC lists a total of 295 M&A deals in 2009, up 77 percent on 2008, with a total deal value of USD1.14 trillion, up two percent on 2008.

The sharp increase in deal volume without a matching rise in deal value is due mainly to the trend of Vietnam's state-owned conglomerates either spinning off subsidiaries or merging smaller competitors into their operations. The sectors involved in M&A deals include industrials (25 percent of all announced M&A deals), energy and power (17 percent) and materials – all sectors with heavy state involvement. The decline in financial services M&A activity (to 12 percent of deals, from 22 percent in 2008) reflects the global turmoil in this sector and the lack of activity among foreign financial institutions.

Private placement activity should continue to increase as more small and medium-sized enterprises prepare to IPO, and look for strategic investors during their OTC period, which usually lasts from 12-24 months prior to listing. M&A deals involving both listed and private domestic companies should continue to rise as cash surpluses are used to generate future growth opportunities.

The equitisation process is another source of M&A activity, particularly given the renewed pressure on SOEs to reform their operations following the Vinashin debt controversy. This crisis is a potential boon to the market in the long run, given the previous intransigence among SOEs to make significant reforms.

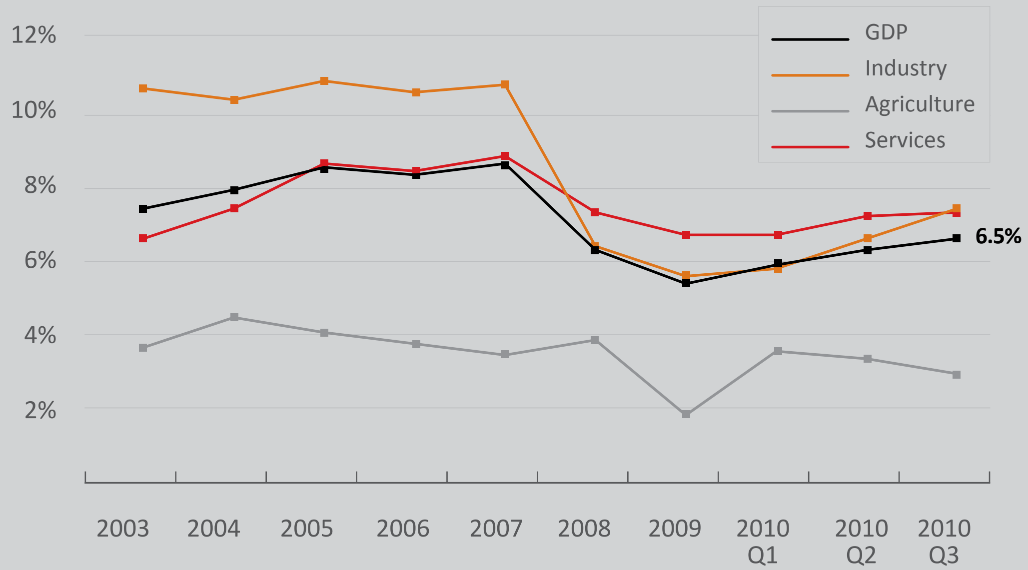
Real estate

Vietnam's real estate market has seen a moderate recovery since the latter half of 2009. The residential and retail sectors remain strong due to increased levels of domestic consumption, industrial production and market confidence. The office market will continue to see oversupply for the next two to three years, while the hospitality sector is recovering as international and domestic visitor numbers return to pre-crisis levels. Vietnam in 2010 saw the delivery of several significant commercial projects in both Ho Chi Minh City and Hanoi, together with a marked improvement in the number of institutional buyers and investors looking for projects with attractive yield prospects.

After a year of projects being postponed or stalled due to restricted liquidity and the retreat of some larger foreign developers, construction and sales activity picked up substantially. At the end of June 2010, the total number of condominiums in Ho Chi Minh City and Hanoi had increased 48 percent over the prior year. Ho Chi Minh City saw the addition of 10,000 units, still well below the estimated yearly demand for 40,000 new households. The UN ranked Vietnam second in urban population growth among Southeast Asian countries over the past five years, with an urbanisation rate of 3.26 percent. Vietnam's Ministry of

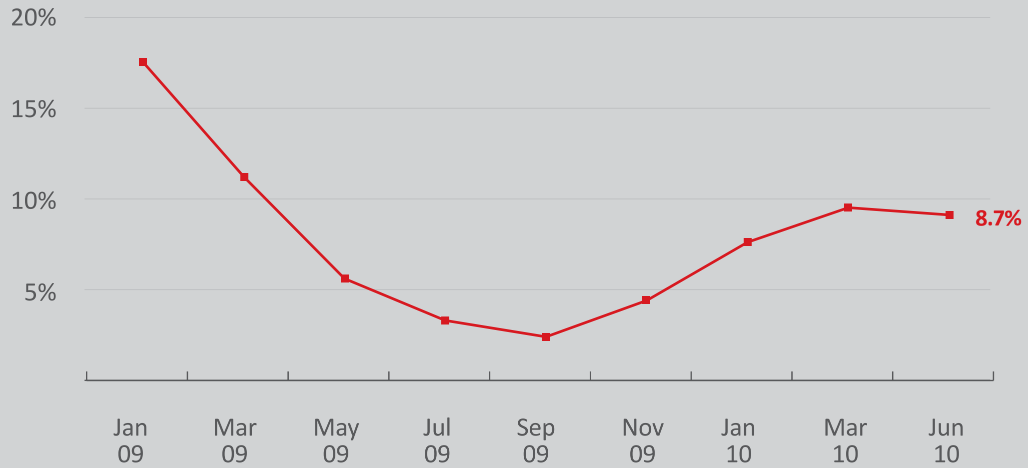
GDP growth by sector

(Source: GSO Vietnam.)



Inflation in %, year-on-year

(Source: GSO Vietnam.)



Construction says the country needs over 15 million sq.m of new housing each year to accommodate new urban dwellers. Together with income growth and the rise of a middle-class keen on modern living space, Vietnam's urbanisation trend will fuel demand for affordable and high-quality housing for years to come.

Outlook

Private equity investors and real estate developers with mid-range residential and retail offerings will see a bright investment terrain going forward. Analysts continue to predict GDP growth of 6.8 percent in 2010 and as high as 7.5 percent in 2011. Average corporate earnings growth is forecast at about 10 percent in 2010, rising to 15 percent in 2011 as production capacity and domestic consumption continue to demonstrate consistent strength. However, high interest rates and tighter regulations on bank lending will prevent a rapid rebound of the VN Index. The market will also be diluted by the substantial amount of new issues (USD3.5 billion, 12 percent of market capitalisation). The upside for the VN Index over the short to medium term is therefore likely in the 10-15 percent range. However, valuations of 10x forward earnings for Vietnam's top companies, and private equity placements at 6-7x forward earnings, tied to the solid macroeconomic prospects, places Vietnam in an excellent window of investment for VOF and other long-term investors.

Top Vietnam private equity deals

(June 2009 to June 2010, includes real estate)

Time	Investee	Investor	Deal size (USDm)
Aug 2009	Duc Thanh Wood	Mekong Capital	n/a
Sep 2009	Hoan My Medical	VinaCapital VOF, DWS Vietnam	20.0
Sep 2009	Hilton Hanoi Hotel	VinaCapital VOF/VNL	36.0
Oct 2009	Masan Group	TPG Capital BankInvest	22.0
Oct 2009	A&B Tower	VinaCapital VOF	10.0
Dec 2009	Vien Dong Pharma	PENM	13.0
Mar 2010	Prime Group	VinaCapital VOF	15.0

Source: PricewaterhouseCoopers (Vietnam)

VOF remains Vietnam's top dealmaker, involved in almost all significant transactions including the Masan deal.*

(*) VOF's stake in Masan Foods was divested prior to the BankInvest deal with Masan Group.

Opportunities for VOF abound in undervalued companies with strong management, high earnings growth and an IPO or listing timeline of 12-24 months.

Portfolio performance

Vietnam Opportunity Fund (VOF) at the end of June 2010 had an NAV of USD783 million, or USD2.41 per share. This was an increase of 14.8 percent from the end of June 2009, when VOF had an NAV of USD682 million, or USD2.10 per share. This strong performance was due mainly to gains in the capital markets portfolio (listed and OTC), which comprised 48.4 percent of VOF's NAV at 30 June 2010. The capital markets portfolio returned an impressive 26.4 percent in FY2010, compared to a 5.8 percent for the VN Index in US dollar terms (13.1 percent in Vietnam dong terms).

The share price at the end of June 2010 was USD1.40, down 2.1 percent from USD1.43 at the end of June 2009. The discount which emerged in mid-2008 persisted throughout the year, remaining between 30-40 percent and reaching 42.9 percent at 30 June 2010. Addressing the discount and increasing shareholder value is our top concern, and the manager commissioned research during the year to review means to address this issue. After carefully considering the market situation and the views of shareholders, VOF announced a distribution policy in October 2010 that will see approximately four percent of NAV returned to shareholders per year in twice-yearly tender offers, starting in May 2011.

The strong IPO market in FY2010 followed the government stimulus package that pumped liquidity into the market. VOF saw 12 holdings list during the year. The pace of new listings slowed in the second half of the year, although the higher cost of debt did force companies to raise money through equity markets instead of bank financing. Coupled with the declining liquidity for traders, the issuance of new shares meant that equity supply quickly overwhelmed demand.

Although the VN Index had entered a downtrend by the end of June, FY2010 was nonetheless a stellar year for VOF's capital market portfolio. VOF deployed over USD100 million in aggregate buying and saw proceeds of USD105 million from aggregate selling during the year. Total gains of USD35 million resulted in an IRR of 26.4 percent. Outperformers included OTC holdings that increased in value in the run-up to listing, such as Khang Dien Housing, DIC Corp and Halico. Realised and unrealised gains for the 12 IPOs amounted to USD31.4 million.

VOF closed three significant private placements during the year, in private companies Hoan My Medical Group and Prime Group, and in OTC company An Giang Plant Protection JSC. All three are leading examples of companies in fast-growing sectors that have strong earnings growth, attractive valuations and effective management (in this case in healthcare, construction materials and agricultural inputs, respectively).

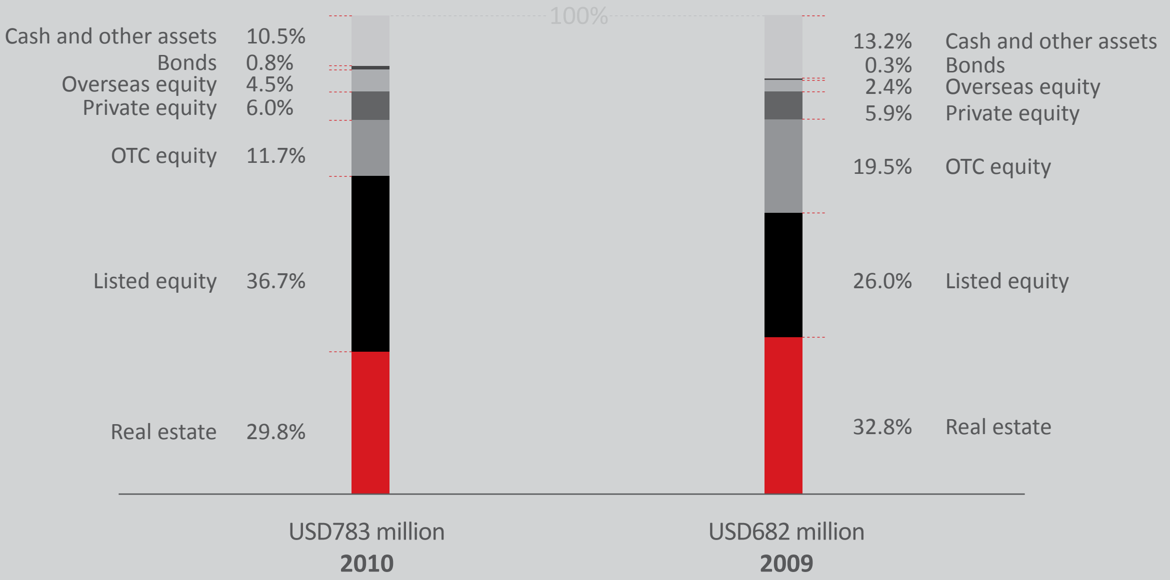
In real estate, VOF divested its stakes in the Hanoi Hilton Hotel, A&B Tower and the Crowne Plaza Nha Trang. These exits, announced early in the financial year, generated USD21 million in proceeds that were recycled into the private placement deals. VOF also benefited from the brisk sales of residential units at the Danang Beach Resort and Dai Phuoc Lotus township projects.

VOF will continue to seek exits from mature real estate holdings in order to increase the liquidity of its holdings, and focus on sectors such as education and healthcare, where opportunities abound in undervalued companies with strong management, high earnings growth and an IPO or listing timeline of 12-24 months.

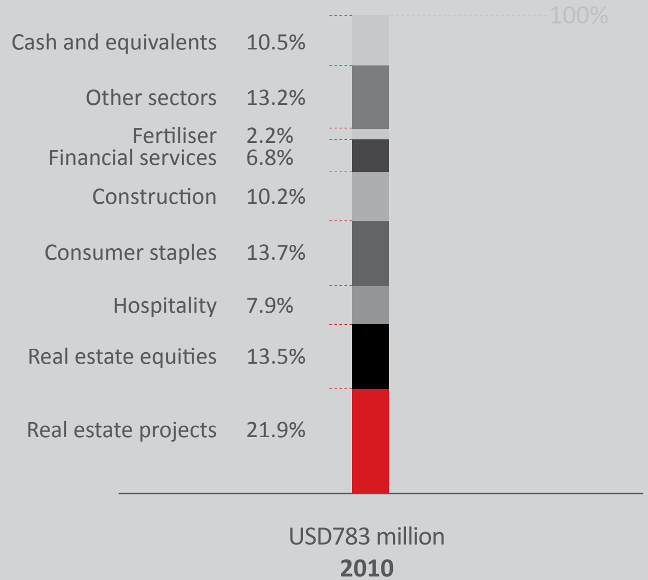
Performance summary

	2010	2009
NAV p.s.	2.41	2.10
Change on previous year	14.8%	1.9%
Share price	1.40	1.43
Premium/(discount) to NAV	(42.9%)	(31.9%)

VOF Portfolio by asset class (end June 2010)



VOF Portfolio by sector (end June 2010)



VOF's portfolio continues to be well diversified by sector and asset class. FY2010 saw the listed holdings grow in number and value as a result of 12 IPOs.

Outlook

Vietnam's macro economy is expected to be stable in the second half of 2010, with GDP growth topping seven percent in 2011. Liquidity will gradually increase as the cost of debt declines, which will support the stock market and lengthen the excellent IPO window for the thousands of OTC companies, including many state-owned enterprises, who increasingly look to the equity markets to fund corporate growth plans. VOF expects the coming year to see a further 10 holdings list, with a current combined market value of USD80 million. Residential real estate continues to see high demand among Vietnam's growing middle class, with VOF holding a minority stake in projects that will bring over 4,000 residential villas and apartments to market in 2011. The coming year is therefore expected to offer an excellent investment terrain and the opportunity for VOF to continue to recover and build shareholder value.

	VOF	Vietnam Index	Competitor Funds (*)
FY2010	16.8%	5.8%	2.9%

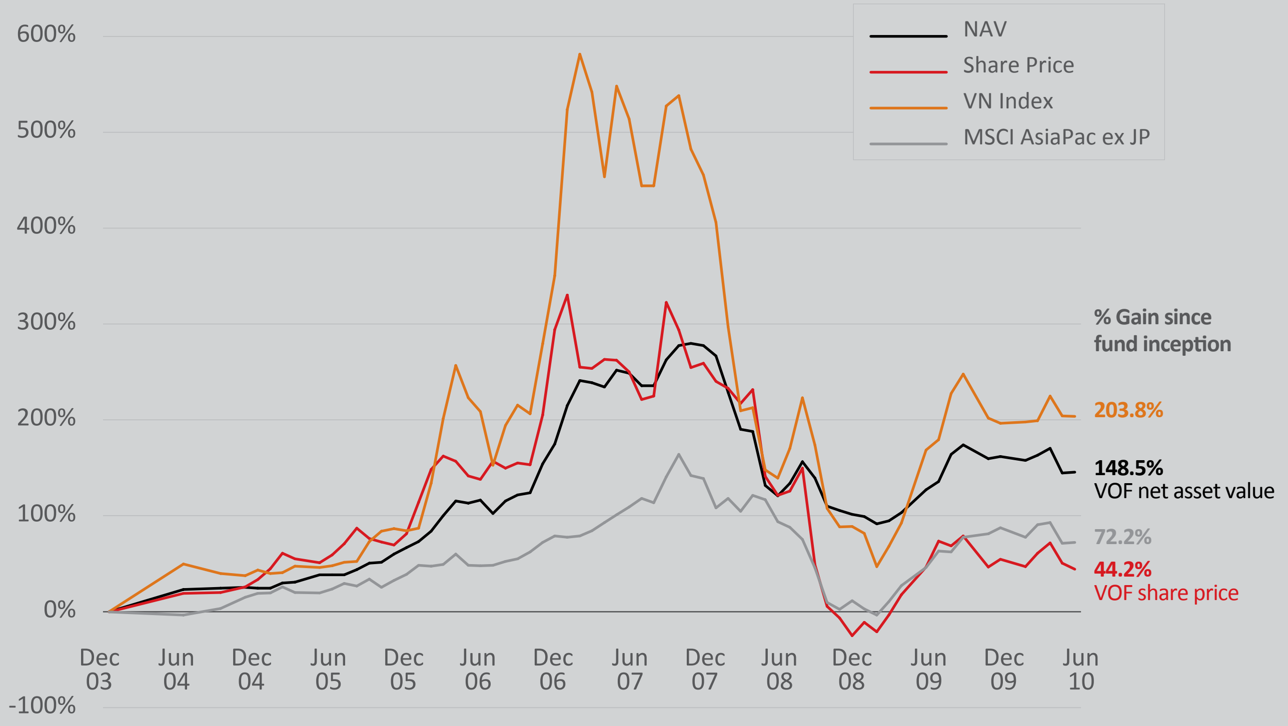
(*) An unweighted average of four diversified Vietnam investment funds, comprising: VEIL, VGF, DWS, and VEH. Data is in USD terms. Source: Bloomberg, LCF Edmond de Rothschild Securities.

Top five listed/OTC performers during FY2010

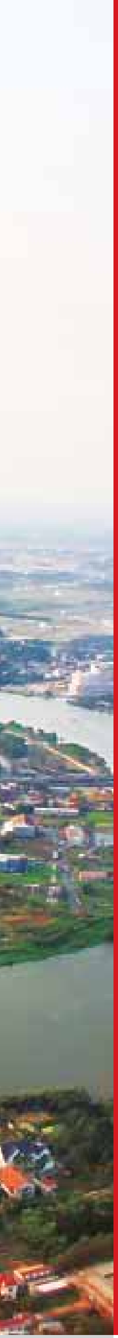
Company	Listing date	% Earnings growth 2009	% Share price gain FY2010	VOF holding value at 30-Jun-09 (USD'000)*	VOF holding value at 30-Jun-10 (USD'000)*
Quoc Cuong Gia Lai	Aug 2010	1,921.9	397.5	5,370	21,338
Khang Dien	Feb 2010	112.5	223.8	4,476	9,678
Halico	n/a (OTC)	35.2	187.4	5,443	19,512
DIC Corp	Aug 2009	98.3	122.5	15,453	23,774
Vinamilk	Jan 2006	90.0	90.3	26,353	42,681

** Note that buying and selling during the year means the last two columns may not correspond precisely to the % share price gain.*

NAV vs share price performance



Many of VOF's listed and OTC holdings saw strong corporate earnings and impressive share price gains during FY2010.



Top 5 holdings by asset class

Listed equity

Project	Sector	Stake	No. of shares	Value 30 Jun 10
		(%)	*('000)*	*(USD'000)*
Eximbank (EIB)	Financial services	5.0%	44,002	43,678
Vinamilk (VNM)	Consumer goods	2.6%	9,029	42,681
Hoa Phat (HPG)	Industrial	7.2%	14,078	30,684
DIC Corp (DIG)	Real estate	7.0%	6,964	23,774
Dam Phu My (DPM)	Fertiliser	2.3%	8,870	14,675

Private equity

Project	Sector	Stake
		(%)
Hoan My Hospital	Healthcare	28.9%
SSG Saigon Pearl	Real estate	5.0%
COFICO	Real estate	25.1%
IBS	Materials	100.0%
Thang Loi Textile	Consumer goods	100.0%

OTC equity

Project	Sector	Stake	No. of shares	Value 30 Jun 10
		(%)	*('000)*	*(USD'000)*
Quoc Cuong Gia Lai	Real estate	13.5%	8,109	21,338
Halico	Consumer goods	20.6%	4,128	19,512
Prime Group	Materials	7.1%	7,091	15,039
VinaCafe	Consumer goods	10.9%	1,933	8,952
An Giang Plant Protection	Agri chemicals	7.4%	1,994	8,901

Real estate

Project	Sector	Stake
		(%)
Sofitel Metropole	Hotel	50.0%
Dai Phuoc Lotus	Township	18.0%
Century 21	Mixed-use	21.0%
Danang Beach Resort	Mixed-use	25.0%
VinaSquare Tower	Mixed-use	15.5%

VOF holds many of Vietnam's top brands and companies, across a diverse range of sectors benefiting from consumer spending and the growth of the domestic economy.

Featured investments

Prime Group

Prime Group JSC is Vietnam's leading ceramics manufacturer, with eight ceramic tile factories and a nationwide distribution network resulting in a 25 percent market share. The construction materials sector has been among the fastest growing economic sectors over the past five years, a trend that is expected to continue as rapid urbanisation reshapes Vietnam's major cities. Prime Group's 2009 revenue and earnings were USD123 million and USD16 million, respectively. Prime Group expects earnings growth to average 25 percent yearly for the next three years, with a new factory just opened in early 2010 that will increase ceramics production capacity by 20 percent. VOF acquired a 7.0 percent stake in Prime Group, with the company preparing to list its shares publicly in early 2011.

Hoan My Medical Corp

Hoan My Medical Corporation is the largest private hospital owner and operator in Vietnam. Established in 1999, the company has a combined 620 beds and 300 physicians at four operating hospitals, primarily serving low and middle-income clients. An additional hospital in HCM City is under construction. Hoan My is a well-known brand with high patient loyalty due to its standard of service, notable in a country where public hospitals suffer from chronic under-funding and out-dated equipment. Vietnam has over 1,100 hospitals, only 4.9 percent of which are privately-owned. Vietnam opened its healthcare sector to private companies in 2000, and total healthcare spending rose 12.8 percent yearly from 2000 to 2005. The private healthcare sector grew 33.6 percent yearly from 2000-2007, with five major private hospital brands in the market. Hoan My saw earnings growth of 138 percent in 2009 and expects earnings growth of over 40 percent yearly for the next three years given its strong market position and plans for expansion. VOF holds a 28.9 percent stake in Hoan My, an investment that will assist Hoan My upgrade and improve operations in order to attract higher-income clients.

DIC Corp

DIC Corp (DIG) is one of the largest real estate companies in southern Vietnam. DIG has a very strong asset base with 464ha of compensated land on Dai Phuoc Island, Dong Nai, 16km from central Ho Chi Minh City. The Dai Phuoc Lotus 220ha township project is a joint venture with several foreign partners, including VOF and VNL. In addition, the company owns other property and hospitality projects in Vung Tau, Da Lat, and Vinh Phuc, near Hanoi. For FY2010, DIG has targeted revenues of USD102.6 million and net income of USD30.8 million, with an earnings CAGR of 25 percent over the next three years (2010-2012), derived mostly from the sale of land lots and villas at the Dai Phuoc and Nam Vinh Yen projects. In H1 2010, DIG reported a net revenue and net profit of USD21.8 million and USD7.2 million, achieving 21.2 percent and 23.4 percent of the yearly target, respectively (higher profit will be recorded in Q4 to optimise cash flow for corporate tax purposes). VOF at 30 June 2010 held a 7.0 percent stake in DIG valued at USD23.8 million.

Profit and loss (VND bn)	**FY09A**	**H1-10A**
Revenue	1,631.0	424.5
Gross profit	709.3	164.5
Gross margin	43.4%	38.8%
Net income	573.2	139.4
Net margin	35.1%	32.8%
EPS (VND/share)	8,188	1,394
DPS (VND/share)	3,000	n/a
Balance sheet (VND bn)	**FY09A**	**H1-10A**
Total assets	3,605	3,443
Shareholders’ equity	2,290.6	2,204
ROE (%)	25.0%	6.3%
Book value per share (VND)	34,000	22,050

An Giang Plant Protection JSC

An Giang Plant Protection JSC, formerly state-owned, is currently the market leader in the manufacturing and distribution of pesticide. Distributed products are primarily imported from Syngenta, the world’s top agricultural input producer. The company has over 900 employees, two pesticide factories, five seed factories, a laboratory and a packaging factory. Its products are distributed nationwide via a strong and extensive distribution network with 23 branches, almost 500 wholesalers, 4,500 retailers, and representative offices in Ho Chi Minh City and Cambodia. The company benefits from Vietnam’s strong agricultural sector and significantly low penetration of modern crop protection chemicals, compared to regional agriproduct producing countries. An Giang has seen average turnover and net profit growth of 26 and 11 percent, respectively, over the past three years. An Giang forecasts 15-20 percent growth in sales and earnings in 2010. At 30 June 2010, VOF held a 7.4 percent stake in An Giang, worth USD8.9 million.

Profit and loss (VND bn)	**FY09A**	**H1-10A**
Revenue	2,353	1,870
Gross profit	579	481
Gross margin	24.6%	25.7
Net income	146	150
Net margin	6.2%	8.0%
EPS (VND/share)	8,112	5,555
DPS (VND/share)	2,400	2,778
Balance sheet (VND bn)	**FY09A**	**H1-10A**
Total assets	1,050	1,797
Shareholders’ equity	440	709
ROE (%)	33.2%	42.3%
Book value per share (VND)	24,491	26,259

Nam Viet Oil

Nam Viet Oil Refinery and Petrochemicals JSC (NVO) is the only private condensate refinery in Vietnam. NVO benefits from secure, long-term supply of raw material from its strategic shareholder PetroVietnam Oil Corporation. NVO also has a strong wholesale distribution arrangement with PetroMekong, a dominant gasoline retailer in southern Vietnam. The company has recently received a petroleum import-export licence, and has completed upgrading its plant capacity from 2,000 to 5,000 barrels per day. These developments will allow the company to diversify its condensate supply and expand its customer base from pure wholesale to industrial and retail customers. NVO is on track to achieve net income of USD4.3 million in FY2010, a substantial increase over the FY2009 net income of USD0.7 million. The company trades at a P/E 2010 of 11.6x and a P/B of 3.6x. VOF acquired 11.63 percent of Nam Viet Oil Refinery and Petrochemicals JSC (NVO) at the end of 2009.

Profit and loss (VND bn)	FY09A	H1-10A
Revenue	524.0	797.2
Gross profit	29.4	103.5
Gross margin	5.5%	13.0%
Net income	13.9	82.7
Net margin	2.7%	10.4%
EPS	700	4,187
DPS	500	1,000
Balance sheet (VND bn)		
Total assets	443.6	772.2
Shareholders' equity	213.8	285.8
ROE (%)	6.5%	29%
Book value per share (VND)	10,830	14,470

Quoc Cuong Gia Lai

Quoc Cuong Gia Lai (QCG) was established in 1994 as a private company. It listed on the Ho Chi Minh Stock Exchange in July 2010. The company's core business lines are residential development, rubber production and hydropower development. QGC's residential properties address the low- to mid-range of the market, expected to be very profitable for the next several years due to pent up demand. The company has a total cleared land area of 145ha available for sale, as lots or for residential development, in Ho Chi Minh City. Eight major apartment projects and one mixed-use complex are under development, which will be the company's key earnings drivers over the next five years. QCG targets revenue of USD76.9 million and net income of USD21.0 million for FY2010, which would be year-on-year increases of 460 and 330 percent, respectively, due to several apartment and office buildings that came online during the year. VOF holds a 13.5 percent stake in QCG valued at USD21.3 million on 30 June 2010.

Profit and loss (VND bn)	FY09A	H1-10A
Revenue	328.4	236.8
Gross profit	44.2	115.8
Gross margin	13.5	48.9
Net income	122.6	86.2
Net margin	37.5	36.4
EPS (VND/share)	3,735.0	1,433.0
DPS (VND/share)	3,735.0	716.5
Balance sheet (VND bn)	**FY09A**	**H1-10A**
Total assets	2,632.2	4,120.2
Shareholders' equity	743.9	1,198.5
ROE (%)	16.5	14.4
Book value per share (VND)	22,400.0	19,925.2

Danang Beach Resort

The 260-hectare Danang Beach Resort is Vietnam's first truly integrated luxury beachfront resort. The resort has pioneered the second-home market in Vietnam, with sales of The Ocean Villas, the first residential component, successfully launched to entirely domestic buyers. The Dunes golf course, designed by golf legend Greg Norman, is now open for play and garnering praise as Vietnam's top course. The Danang Beach Resort, when fully completed, will set the standard for Vietnam's fast-growing hospitality industry. At 30 September 2010, total villa and condominium sales and reservations at the Danang Beach Resort stood at USD68 million. VOF holds a 25 percent equity stake in Danang Beach Resort.

Danang Beach Resort - Phase 1 components:

- The Dunes Golf Course (18-hole championship course, now open)
- 115 detached villas (The Ocean Villas)
- 132 beach condominiums (The Cham)
- 15 detached golf course villas (The Dunes Residences)
- 37 branded golf course and oceanfront villas (The Norman Estates)
- Five-star hotel
- The Ocean Villa beach club

Dai Phuoc Lotus township

Dai Phuoc Lotus is a landmark resort-style urban development project covering 200 hectares on an island of 400 hectares in a branch of the Saigon River. The island township is located between Ho Chi Minh City and the future Long Thanh International Airport. The 200-hectare township will consist of free-standing and semi-detached villas and townhouses, office buildings, shopping centres, a marina, recreational facilities, hotels and public facilities in the midst of parks and lakes. Phase 1 comprises 332 villas of two to five bedrooms, with a total of USD30.5 million in sales and reservations at 30 September 2010. VOF holds an 18.0 percent stake in Dai Phuoc Lotus.

Phase 1	Sen Phuong Nam
Development type	Mixed-use (Township)
Site area	22 ha
Launch date	Q3 2010
Expected completion date	Q2 2012
Facilities	Retail, golf course, schools, medical facilities, hotels, parkland, tennis courts, swimming pool.

Board of Directors

William Vanderfelt
Chairman

Mr. Vanderfelt has over 30 years of experience as Managing Partner of Petercam, the leading Benelux investment bank, in charge of Institutional Research and Sales. Mr. Vanderfelt is an experienced fund investor and acts as a board director of several listed funds. He is a passionate proponent of good corporate governance and helps the Company ensure that it maintains best practice in its corporate governance.

Horst F. Geicke
Director

Horst F. Geicke is one of VinaCapital Group's three founding partners. He has resided in Asia for almost 30 years and has over 25 years of operating and investing experience in the region, having made several financial and strategic investments in Vietnam, including the establishment of a manufacturing plant for his family business. Mr. Geicke also co-founded Pacific Alliance Group, a fund management group in Hong Kong. Mr. Geicke is the President of the European Chamber of Commerce in Hong Kong and was previously the President of the German Chamber of Commerce in Hong Kong. He is the chairman or board member of numerous public and private companies. Mr. Geicke has a Masters degree in Economics and Business Law from the University of Hamburg, Germany.

Don Lam
Director

Don Lam is a founding partner of VinaCapital Group, with over 15 years experience in Vietnam. He has overseen the Group's growth from manager of a single USD10 million fund in 2003 into a full-featured investment firm managing numerous listed and unlisted funds, and offering a complete range of corporate finance and real estate advisory services. Before founding VinaCapital, Mr. Lam was a partner at PricewaterhouseCoopers (Vietnam), where he led the Corporate Finance and Management Consulting practices throughout the Indochina region. Mr. Lam has also held management positions at Deutsche Bank and Coopers & Lybrand in Vietnam and Canada. He has a degree in Commerce and Political Science from the University of Toronto, and is a member of the Institute of Chartered Accountants of Canada. He is a Certified Public Accountant and holds a Securities Licence in Vietnam.

Michael G. Gray
Director

Michael G. Gray has over 30 years professional experience in the accounting profession. He also had 10 years in the shipping industry before training as a chartered accountant with Coopers & Lybrand in the UK. Mr. Gray was a partner in PricewaterhouseCoopers Singapore and before that was the Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos). He is a board member of several companies in Singapore, including Ascendas India Trust, Avi-tech Electronics Ltd, JEL Corporation Holdings Ltd, Grand Banks Ltd, and Raffles Marina Holdings Ltd. He has a B.Sc. Degree in Maritime Studies from the University of Plymouth, UK and an M.A. Degree in Southeast Asian Studies from the National University of Singapore.

Martin Glynn
Director

Martin Glynn has 30 years of experience in the financial services industry. He has two degrees from Canadian universities, worked first in the export finance industry and then for HSBC for 24 years until his retirement in 2006. He commenced his career at HSBC in Canada, ending up as President and CEO of HSBC Bank Canada. He spent from 2003 to 2006 in the United States as President and CEO of HSBC Bank USA, N.A. Mr. Glynn has extensive board experience within the HSBC group of companies and externally, taking on leadership roles in the profit and not-for-profit sectors.

Report of the Board of Directors

The Board of Directors submits its report together with the consolidated financial statements of VinaCapital Vietnam Opportunity Fund Limited ("the Company") and its subsidiaries (together "the Group") for the year ended 30 June 2010 ("the year").

The Group

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

Particulars of the Group's principal subsidiaries and associates are set out in Note 6 and Note 8 of the consolidated financial statements.

Principal activities

The Company's principal activity is to undertake various forms of investment in Vietnam (primarily), and also in Cambodia, Laos and Southern China. The Company mainly invests in listed and unlisted companies, debt instruments, private equity and real estate assets and other opportunities with the objective of achieving medium to long-term capital appreciation and investment income.

The principal activities of the subsidiaries are financial services, property investment, hospitality management and retailing.

Results and dividend

The results of the Group for the year ended 30 June 2010 and the state of its affairs as at that date are set out in the consolidated financial statements on pages 40 to 80.

The Board of Directors do not recommend payment of a dividend for the year ended 30 June 2010 (30 June 2009: nil).

Board of Directors

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

Name	Position	Date of appointment/ resignation
William Vanderfelt	Chairman	10 December 2004
Jonathan Choi	Director	29 July 2003/ 5 May 2010
Horst Geicke	Director	14 March 2003
Bernard Grigsby	Director	16 October 2006/ 31 December 2009
Martin Glynn	Director	18 March 2008
Don Lam	Director	18 March 2008
Michael Gray	Director	24 June 2009

Auditors

The Group's auditors, Grant Thornton Cayman Islands with the assistance of Grant Thornton Vietnam Ltd., have expressed their willingness to accept reappointment.

Subsequent events after the reporting date

Details of significant subsequent events which impact on the financial position of the Group are set out in Note 31 of the accompanying consolidated financial statements.

Directors' interest in the Company

As at 30 June 2010, the interests of the Directors in the shares, underlying shares and debentures of the Company are as follows:

	No. of shares		Approximate
	Direct	Indirect	% of direct and indirect holding
Horst Geicke	1,775,000	272,222	0.631%
Don Lam	955,859	180,495	0.350%
William Vanderfelt	-	600,000	0.185%
Michael Gray	30,000	-	0.009%
Martin Glynn	20,000	-	0.006%

Subsequent to the reporting date, Mr. Michael Gray purchased further a 70,000 shares on the open market bringing his total direct interest of 100,000 shares in the Company, which represents a 0.031% holding.

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

The Board of Directors is responsible for ensuring that the consolidated financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group as at 30 June 2010 and of the results of its operations and its cash flows for the year then ended. When preparing the consolidated financial statements, the Board of Directors is required to:

i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
ii. comply with the disclosure requirements of International Financial Reporting Standards or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the consolidated financial statements;
iii. maintain adequate accounting records and an effective system of internal control;
iv. prepare the consolidated financial statements on a going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
v. control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

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

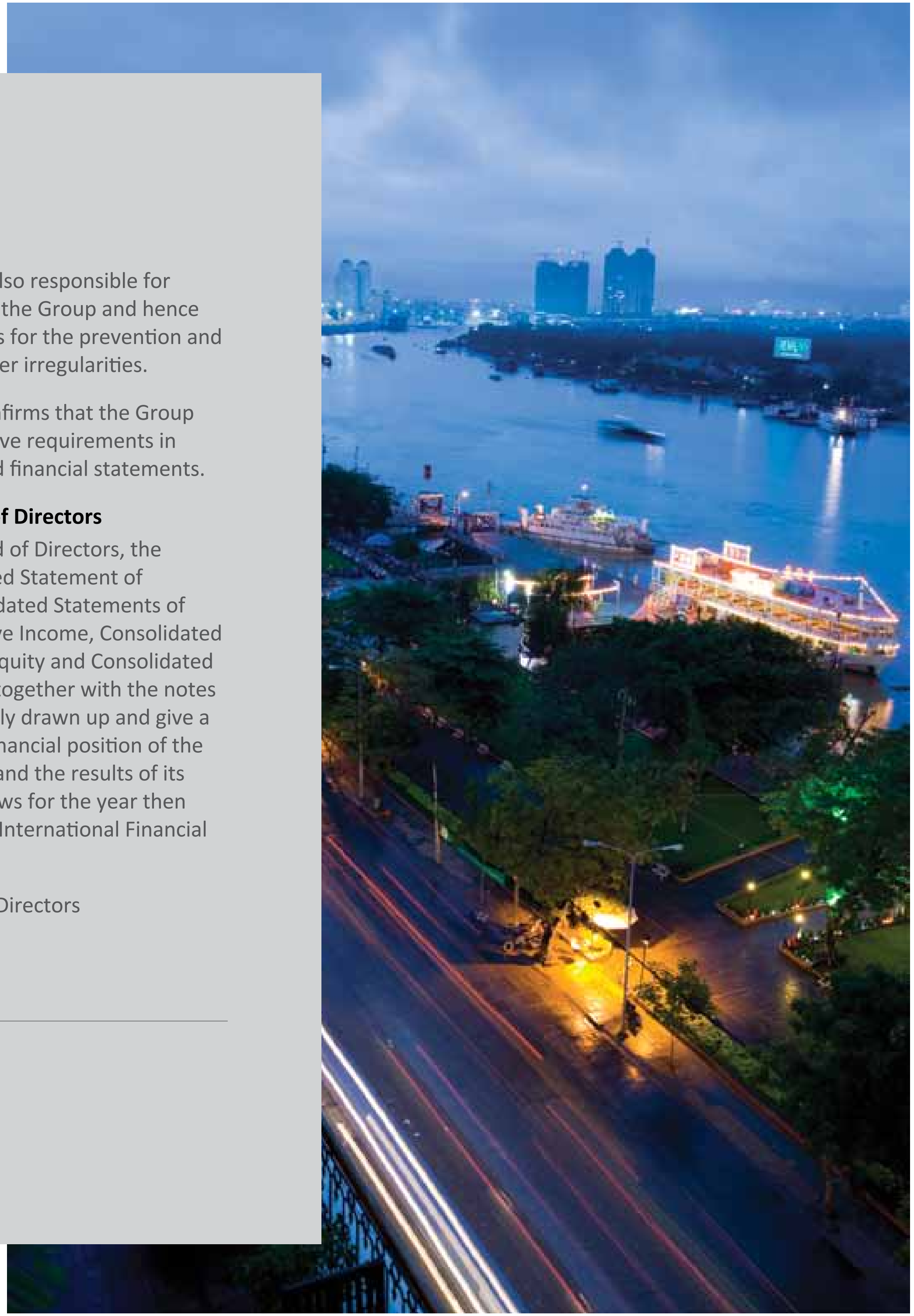
The Board of Directors confirms that the Group has complied with the above requirements in preparing the consolidated financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying Consolidated Statement of Financial Position, Consolidated Statements of Income and Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Group as at 30 June 2010 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

On behalf of the Board of Directors

William Vanderfelt
Chairman
Hong Kong SAR
10 December 2010



Governance report

VOF 2010 governance report

On behalf of the Board, I am pleased to report on the activities of the Board and its Committees during the 2010 financial year. The VinaCapital Vietnam Opportunity Fund Limited ('VOF' or 'the Company') is a Cayman Island company established in 2003 and traded on the AIM Market of the London Stock Exchange.

The Board is committed to meeting the highest standards of corporate governance. The ultimate aim of the corporate governance program is to protect shareholders' and other stakeholders. In order to achieve this, the Company has created a clear and effective structure for responsibility and governance.

Compliance to AIM Rules and corporate governance best practice

The Company complied with the AIM rules and regulations. Furthermore the Company endeavours to comply with other relevant best practice corporate governance frameworks, such as the UK Combined Code on Corporate Governance ('the Combined Code') and the Association of Investment Companies Code of Corporate Governance ('the AIC Code'), which adapts the Combined Code specifically for investment companies.

The members of the Board of Directors

At the date of this report, the Board is comprised of three independent non-executive Directors, including the Chairman, and two non-independent Directors, both non-executive. This is in line with the Combined Code recommendations that at least half the Board are independent non-executive Directors. The independent non-executive Directors have all recently declared as required on an annual basis that they are independent from the Company, the manager and any of its managed vehicles.

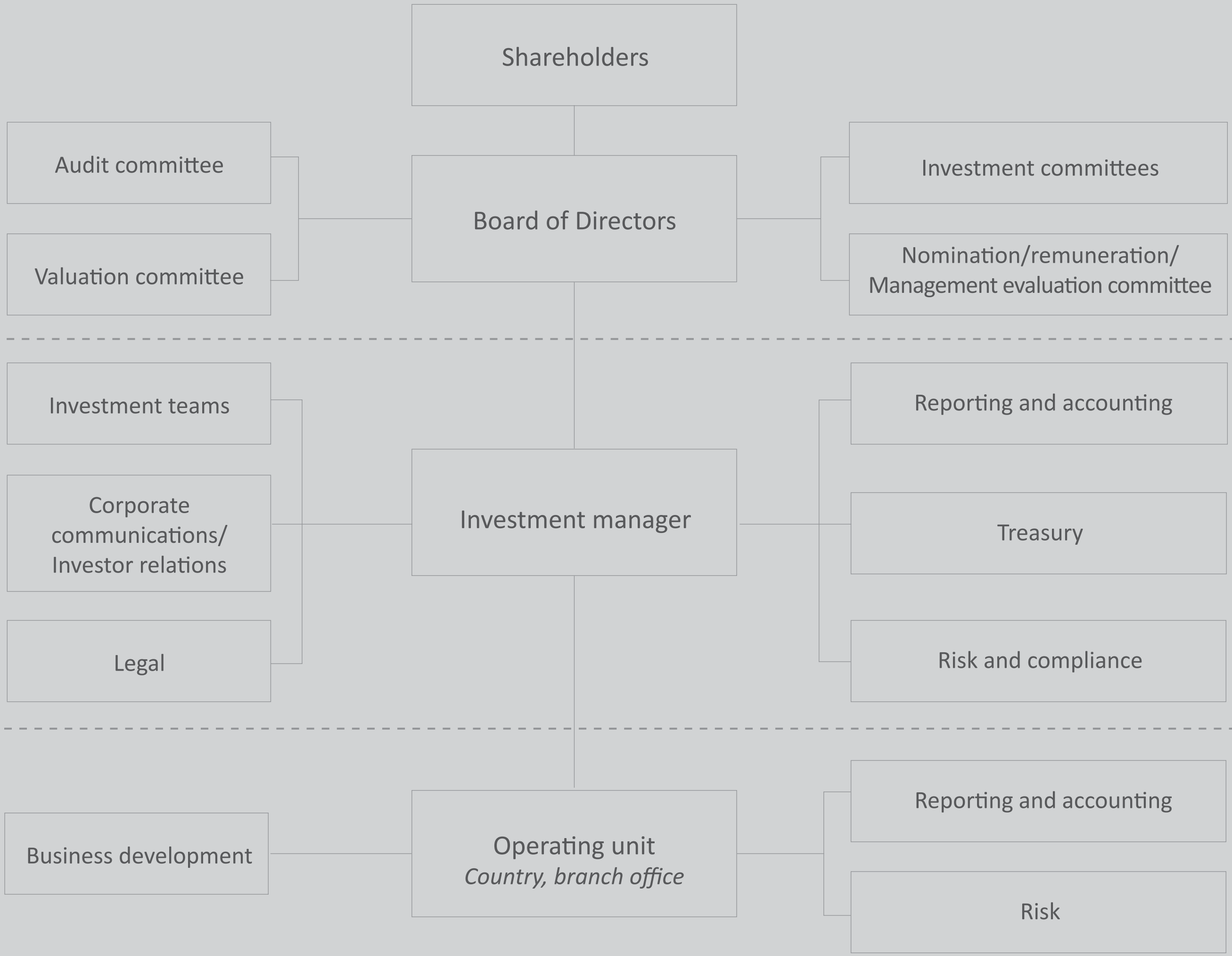
At the end of the financial year, the aggregate annual Directors' fee amounted to USD222,500, whereby any Directors' fees in excess of USD60,000 result in a corresponding reduction in the management fees paid to the Investment Manager. The Board believes that this arrangement is not desirable in respect to good governance practices. The Board has however accepted this situation to ensure that the Company attracts and retains appropriately qualified Board members.

Current Board Members	Independence to the Company	Exec/Non-exec Director
William Vanderfelt	Yes	Non-executive
Michael Gray	Yes	Non-executive
Martin Glynn	Yes	Non-executive
Don Lam	No*	Non-executive
Horst Geicke	No**	Non-executive

* *Mr Don Lam is an executive of the Manager, VinaCapital Investment Management Ltd and a director of VinaCapital Group Ltd.*

** *Mr Horst Geicke is the Chairman of VinaCapital Group Ltd.*

Organisation of corporate governance



The Board provides strategic direction and has an oversight role over the investment manager to ensure that shareholder returns are maximised.

The investment manager executes the Board's strategic direction within the agreed framework of reward, incentive and control.

The investment manager cascades down and applies the framework to all investment vehicles.

The responsibilities of the Board of Directors

The Board is responsible for managing the Company on behalf of its shareholders. In order to create and deliver sustainable shareholder value, the Board established the objectives and policies of the Company, and ensured throughout the year the overall strategic direction was delivered within the agreed framework of reward, incentive and control.

Certain responsibilities of the Board are delegated to Board committees to assist the Board in carrying out its functions and to ensure independent oversight of internal control and risk management. Each Board committee's terms of reference endeavoured to follow the model terms of reference from the Institute of Chartered Secretaries and Administrators (ICSA). The committee's terms of reference set out the committee administration requirements, duties and responsibilities of specific areas. The Committee Chairman reports to the Board on matters discussed and any proposals requiring decision making.

The Board has held four scheduled Board meetings during the year, and used a structured agenda to ensure all key areas are reviewed over the course of the year.

Summary of the members' attendance and fees paid are shown below.

						Attendance [3]				
Board Member	**Elected**	**Current Board Position**	**Audit Committee (AC)**	**Valuation Committee (VC)**	**RNME Committee** (RNME)	Board meetings (4)	AC meetings (4)	VC meetings (6)	RNME meetings (2)	**Total Fee (USD)**
William Vanderfelt	2003	Chairman	Member	Member	Chairman	4/4	4/4	6/6	2/2	75,000
Michael Gray	2009	Member	Chairman	Member	Member	4/4	4/4	6/6	2/2	58,000
Martin Glynn	2008	Member	Member	Chairman	Member	4/4	4/4	6/6	2/2	60,000
Ben Grigsby [1]	2003	-	-	-	-	1/1	1/1	1/1	1/1	30,000
Jonathon Choi [2]	2003	-	-	-	-	1/4	-	-	-	-
Don Lam	2008	Member	-	-	-	2/4	-	-	-	-
Horst Geicke	2003	Member	-	-	-	4/4	-	-	-	-
Total										**223,000**

(1) Ben Grigsby was Chairman of the Valuation Committee before he resigned in December 2009.

(2) Jonathon Choi resigned in May 2010.

(3) Attendances of Board and Committee are from July 2009 to June 2010.

Board Delegated Committees

Audit Committee
The committee monitored the effectiveness of internal controls, internal audit activities, the risk management system and financial reporting. The committee's terms of reference endeavours to comply with The Smith Guidance recommended in the Code. The committee also kept informed of the annual audit and bi-annual review of the Company's financial statements. It assessed the external auditor's independence and approved any non-audit services provided by the external auditor. The committee also evaluated the performance of both the internal and external auditors following each audit cycle. At the Board meetings, the committee Chairman presented the finding and proposals to the Board. The committee met four times (three times in person and once by telephone call).

Valuation Committee
The committee ensured the investment manager's valuation process and policies are consistent, transparent and result in valuations determined on an appropriate basis. The committee Chairman presented the findings and recommendations to the Board for final decisions on all valuations. The committee met six times in 2010 (twice in person and four times by telephone call).

Remuneration/ Nomination/ Management Engagement/ Evaluation Committee

The committee met twice during the year and performed multiple roles. The committee:

- Determined and agreed the framework for the remuneration of the Board and Committee members;
- Reviewed the structure, size and composition (skill, knowledge and experience) of the Board and recommended changes if necessary;
- Evaluated the performance of the Company's key third-party service providers, this including the investment manager, nominated advisor, company secretary, corporate broker, custodian and administrator; and
- Reviewed and evaluated the Committee's own performance, duties and responsibilities, and concluded that it and its members are effective.

The committee's Chairman reported the findings and proposals to the Board for approval.

Investment Committees
The Company has two committees to consider and approve investment decisions; an Investment Committee ('IC') and the Independent Board Committee ('IBC').

The IC met many times during the year to consider and approve projects that the Investment Manager considered suitable for investment by the Company. The committee is comprised of individuals with financial and business backgrounds combined with extensive hands-on local experience. Current committee members include Horst Geicke, Don Lam and Andy Ho.

The IBC met when required to consider and approve investments of related listed investment funds, namely Vinaland Limited and Vietnam Infrastructure Limited. Only the members of the IBC are allowed to interface with the third party brokers. The IBC was established to minimise the role of non-independent individuals with access to unpublished price-sensitive information on the funds managed by the Investment Manager. Current committee members include William Vanderfelt, Martin Glynn and Michael Gray.

Investment Manager
VOF has given VinaCapital, the investment manager, overall responsibility for conducting the day-to-day management of the Company's investment portfolio including the acquisition, monitoring and disposal of assets in line with the strategy adopted by the Board. For further information of the investment manager please refer to the AIM Admission Document.

Internal Controls and Risk Management
In 2009, the Board endeavoured to adopt The Turnbull Guidance as recommended by the Code for internal controls and risk management. Thus the internal audit function was introduced to the Company in the third quarter of 2009, as the Board and investment manager sought to strengthen the internal control process to meet the Company's needs. The Board appointed PricewaterhouseCoopers ('PwC') Vietnam as the internal auditor at the time. The internal audit work was performed based on an internal audit plan determined and in agreement with the Audit Committee. The internal auditor participated in all audit committee meetings. The audit committee has decided to continue to outsource the internal audit function and to reappoint PwC as the internal auditor for 2011.

Sincerely,

William Vanderfelt
Chairman
VinaCapital Vietnam Opportunity Fund Limited
10 December 2010

Independent Auditors’ report

Grant Thornton

To the Shareholders of
VinaCapital Vietnam Opportunity Fund Limited

We have audited the accompanying Consolidated Statement of Financial Position of VinaCapital Vietnam Opportunity Fund Limited and its subsidiaries (“the Group”) as of 30 June 2010, and the related Consolidated Statements of Income and Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated of Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes from pages 40 to 80.

Management’s responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ responsibility

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

This report, including the opinion, has been prepared for and only for the shareholders. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

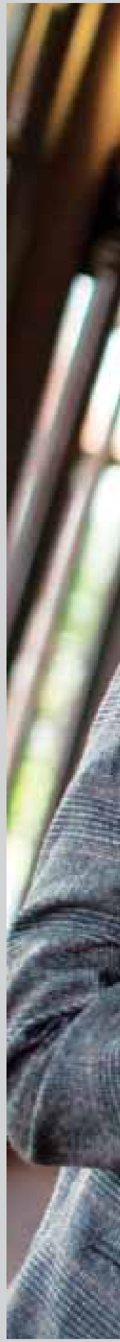
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 consolidated financial statements give a true and fair view of the financial position of VinaCapital Vietnam Opportunity Fund Limited and its subsidiaries as at 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRANT THORNTON
Grand Cayman, Cayman Islands
09 December 2010




VinaCapital

Consolidated statement of financial position

	Notes	30 June 2010	30 June 2009
		USD'000	*USD'000*
ASSETS			
Non-current			
Investment properties	7	6,700	6,906
Property, plant and equipment		-	321
Investments in associates	8	194,688	148,435
Long-term loan receivables from related parties	27	47,718	58,615
Other long-term financial assets	9	11,661	15,314
Other long-term investments	10	6,916	2,331
Prepayments for operating lease assets		-	159
Other assets		104	107
Non-current assets		267,787	232,188
Current			
Inventories		2,437	2,071
Trade and other receivables	11	6,045	8,012
Receivables from related parties	27	11,564	15,478
Financial assets at fair value through Statement of Income	12	455,526	352,389
Short-term investments		428	452
Cash and cash equivalents	14	50,033	69,691
Current assets		526,033	448,093
Assets classified as held for sale	15	-	37,742
Total assets		793,820	718,023

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position (cont.)

	Notes	30 June 2010 USD'000	30 June 2009 USD'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to shareholders of the parent:			
Share capital	16	3,246	3,246
Additional paid-in capital		722,064	722,064
Revaluation reserve		21,193	25,958
Translation reserve		(3,762)	(2,088)
Retained earnings		39,760	(67,268)
		782,501	681,912
Non-controlling interests		1,427	13,676
Total equity		783,928	695,588
LIABILITIES			
Non-current			
Deferred tax liabilities		101	-
Other long-term liabilities		-	484
Non-current liabilities		101	484
Current			
Trade and other payables	17	4,089	8,167
Payables to related parties	27	5,702	3,118
Current liabilities		9,791	11,285
Liabilities classified as held for sale	15	-	10,666
Total liabilities		9,892	22,435
Total equity and liabilities		793,820	718,023
Net assets value per share attributable to equity shareholders of the parent (USD per share)	24	2.41	2.10

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Revaluation reserve	Translation reserve	Retained earnings	Total attributable to owners of the parent		
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
1 July 2008	3,246	722,064	18,463	(846)	(74,050)	668,877	34,117	702,994
Acquisition of subsidiaries	-	-	-	-	-	-	(16,153)	(16,153)
Dividend distribution to non-controlling shareholder	-	-	-	-	-	-	(119)	(119)
Redemption of non-controlling interest	-	-	-	-	-	-	(201)	(201)
Profit/(loss) for the year ended 30 June 2009	-	-	-	-	6,782	6,782	(3,684)	3,098
Other comprehensive income								
- Currency translation	-	-	-	(1,242)	-	(1,242)	(284)	(1,526)
- Share of associates' revaluation gains recognised directly in other comprehensive income (Note 8)	-	-	7,495	-	-	7,495	-	7,495
Total other comprehensive income			7,495	(1,242)	-	6,253	(284)	5,969
Total comprehensive income	-	-	7,495	(1,242)	6,782	13,035	(3,968)	9,067
30 June 2009	3,246	722,064	25,958	(2,088)	(67,268)	681,912	13,676	695,588
1 July 2009	3,246	722,064	25,958	(2,088)	(67,268)	681,912	13,676	695,588
Disposal of associate	-	-	(2,403)	-	2,403	-	-	-
Disposal of assets and liabilities held for sale	-	-	-	-	-	-	(7,978)	(7,978)
Redemption of non-controlling interest (Note 6)	-	-	-	-	-	-	(4,741)	(4,741)
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	(69)	(69)	402	333
Dividend distribution to non-controlling shareholder	-	-	-	-	-	-	(131)	(131)
Profit for the year ended 30 June 2010	-	-	-	-	104,694	104,694	311	105,005
Other comprehensive income								
- Currency translation	-	-	-	(1,674)	-	(1,674)	(112)	(1,786)
- Share of associates' revaluation losses recognised directly in other comprehensive income (Note 8)	-	-	(2,362)	-	-	(2,362)	-	(2,362)
Total other comprehensive income	-	-	(2,362)	(1,674)	-	(4,036)	(112)	(4,148)
Total comprehensive income	-	-	(2,362)	(1,674)	104,694	100,658	199	100,857
30 June 2010	3,246	722,064	21,193	(3,762)	39,760	782,501	1,427	783,928

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of income

	Notes	Year ended	
		30 June 2010	30 June 2009
		USD'000	*USD'000*
Revenue		9,333	8,980
Cost of sales		(7,673)	(7,688)
Gross profit		1,660	1,292
Net changes in fair value of financial assets at fair value through Statement of Income	18	96,895	63,439
Selling, general and administration expenses	19	(21,374)	(18,181)
Net losses from fair value adjustments of investment properties		(72)	(12,111)
Other income	20	2,633	968
Negative goodwill/(Goodwill written-off)		-	2,779
Other expenses	21	(1,600)	(20,334)
		76,482	16,560
Operating profits		78,142	17,852
Finance income	22	14,475	23,221
Finance costs	22	(2,668)	(2,808)
Finance income - net		11,807	20,413
Share of profits/(losses) of associates	8	15,267	(35,059)
		27,074	(14,646)
Profits before tax for the year from continuing and total operations		105,216	3,206
Withholding taxes imposed on investment income	23	(211)	(108)
Net profits for the year from continuing and total operations		105,005	3,098
Attributable to equity shareholders of the parent		104,694	6,782
Attributable to non-controlling interests		311	(3,684)
		105,005	3,098
Earnings per share – basic and diluted (USD per share)	24	0.32	0.02

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended	
	30 June 2010	**30 June 2009**
	USD'000	*USD'000*
Profits for the year	105,005	3,098
Other comprehensive income		
- Share in other comprehensive income of associates	(2,362)	7,495
- Exchange differences on translations of foreign operations	(1,786)	(1,526)
Other comprehensive (loss)/income for the year	(4,148)	5,969
Total comprehensive income for the year	100,857	9,067
Attributable to equity shareholders of the parent	100,658	13,035
Attributable to non-controlling interests	199	(3,968)
	100,857	9,067

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Year ended	
	30 June 2010	**30 June 2009**
	USD'000	*USD'000*
Operating activities		
Net profits for the year before tax	105,216	3,206
Adjustments:		
Depreciation and amortisation	355	453
Unrealised net gain from revaluation of financial assets at fair value through Statement of Income	(61,064)	(46,225)
Net (gain)/loss from realisation of financial assets at fair value through Statement of Income	(35,831)	(17,214)
Gain/loss on disposal of property, plant and equipment	8	3,540
Losses on revaluation of investment properties	72	12,111
Negative goodwill on acquisition of non-controlling interest/goodwill written-off	-	(2,779)
Gain/loss on disposal of investment	(1,035)	-
Share of (profits)/losses of associates	(15,267)	35,059
Allowance for impairment of assets	1,487	16,442
Unrealised foreign exchange losses	252	222
Interest expenses	265	597
Dividend income	(9,938)	(16,870)
Interest income	(3,825)	(6,299)
Net losses before changes in working capital	(19,305)	(17,757)
Change in trade receivables and other assets	(2,609)	(6,470)
Change in inventories	(366)	1,184
Change in trade payables and other liabilities	3,307	(7,691)
Cash and cash equivalents included in held for sale assets	-	(284)
Withholding taxes imposed on investment income paid	(211)	(108)
Cash flow from operating activities	(19,184)	(31,126)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (cont.)

	Year ended	
	30 June 2010	30 June 2009
	USD'000	*USD'000*
Investing activities		
Interest received	3,266	6,308
Dividends received	11,479	17,662
Purchases of investment property, plant, equipment and other non-current assets	(345)	(8,894)
Acquisitions of non-controlling interests in associates	-	(13,340)
Acquisitions of financial assets	(124,643)	(27,884)
Acquisitions of other long-term investments	(1,700)	(2,943)
Proceeds from disposals of financial assets	114,334	106,102
Additional investments in associates	(17,650)	(1,827)
Proceeds from disposals of investments and property, plant, equipment	18,562	3,087
Proceeds from divestments of short-term investments	24	1,354
Loans provided to associates, net	1,114	(7,938)
Cash flow from investing activities	4,441	71,687
Financing activities		
Interest paid	(2)	(597)
Proceeds from bank loans	-	6,556
Dividends paid to non-controlling shareholders	(131)	(119)
Capital distributions to non-controlling shareholders	(4,782)	(201)
Loan repayments	-	(795)
Cash flow from financing activities	(4,915)	4,844
Net change in cash and cash equivalents	(19,658)	45,405
Cash and cash equivalents at the beginning of the year	69,691	24,286
Cash and cash equivalents at the end of the year	50,033	69,691

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

VinaCapital Vietnam Opportunity Fund Limited ("the Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company's primary objective is to undertake various forms of investment primarily in Vietnam, but also in Cambodia, Laos and Southern China. The Company is listed on the AIM market of the London Stock Exchange under the ticker symbol VOF.

The consolidated financial statements for the year ended 30 June 2010 were authorised for issue by the Company's Board of Directors on 10 December 2010.

2. Statement of compliance with IFRS and adoption of new and amended standards and interpretations

2.1 Statement of compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

2.2 Changes in accounting policies

2.2.1 Overall considerations

The Group has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2009:

- IAS 1 Presentation of Financial Statements (Revised 2007)
- IFRS 8 Operating Segments
- IFRS 3 Business Combinations (Revised 2008)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- Amendments to IFRS 7 Financial Instruments: Disclosures - improving disclosures about financial instruments

2.2.2 Adoptions of revised and amended standards

IAS 1 Presentation of Financial Statements (Revised 2007)

The adoption of IAS 1 (Revised 2007) made certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gave rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses was unchanged. However, some items that were recognised directly in equity were subsequently recognised in the Consolidated Statement of Comprehensive Income directly, for example revaluations of property, plant and equipment and exchange differences on translation of foreign operations. IAS 1 affected the presentation of changes in owners' equity and introduced a "Statement of Comprehensive Income".

IAS 1 (revised 2007) requires an additional comparative statement of financial position to be presented whenever an accounting policy is applied retrospectively. This applies in the current year as IAS 1 (revised 2007) is applied for the first time, and application is retrospective. The comparative Consolidated Statement of Financial Position is unchanged from when it was previously reported as at 30 June 2009 and the Management consider the additional comparative is not required as they are not expected to have material impact on the Group's Consolidated Statement of Financial Position.

IFRS 8 Operating Segments

This standard has been applied retrospectively and the adoption of IFRS 8 has not affected the identified operating segments for the Group. However, reported segment results are based on internal management reporting information that is regularly reviewed by the Investment Manager. In the previous annual consolidated financial statements, segments were identified by reference to the way the Investment Manager manages and monitors the risks and returns of the Group. As the change in accounting policy only results in additional disclosures, there is no impact on the historic, current or future earnings per share ratio.

IFRS 3 Business Combinations (Revised 2008)

The standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and has been applied prospectively. The new standard introduced changes to the accounting requirements for business combinations, but still requires use of the purchase method with some the significant changes. For example, all acquisition related costs are expensed in the period in which the costs are incurred rather than included in the cost of investment. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All payments to purchase a business are recorded at fair value at the acquisition date. Some changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date, where the changes in fair value of contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured, contingent consideration classified as an asset or a liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognised either in Statement of Income or in other comprehensive income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

The Group have applied IFRS 3 (Revised 2008) prospectively to all business combinations from 1 July 2009.

IAS 27 Consolidated and Separate Financial Statements (Revised 2008)

The revised standard introduced changes in accounting for additional acquisition interests in subsidiaries. Where the Group increases and decreases its interest in subsidiaries but there is no change in control, the effects of all transactions between the Group with non-controlling interest no longer result in goodwill on any gains or losses, but are recorded in equity. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the Consolidated Statement of Income.

The revaluation surpluses of disposed subsidiaries previously recognised in equity are transferred directly to retained earnings when control is lost. The Group applied IAS 27 (Revised 2008) prospectively to transactions with non-controlling interests and disposals of subsidiaries from 1 July 2009.

Adoption of IFRS 7 Financial Instruments: Disclosures - improving disclosures about financial instruments

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurement by level of a fair value measurement hierarchy to be disclosed in the consolidated financial statements. As the changes in accounting policy only result in additional disclosures, there is no impact on the historic, current or future earnings per share ratio.

2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 9 Financial Instruments (effective from 1 January 2013)

The IASB aims to rewrite IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2010, with the replacement standards to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

- Phase 1: Classification and Measurement
- Phase 2: Impairment methodology
- Phase 3: Hedge accounting

In addition, a separate IASB project team is dealing with derecognition.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010)

This interpretation clarifies the requirements of International Financial Reporting Standards (IFRSs) when the Group negotiates the terms of a financial liability with its creditor and the creditor agrees to accept the Group's shares or other equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies that:

- equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability.
- equity instruments issued are measured at their fair value. If the fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.
- the difference between carrying amount of the financial liability extinguished and the initial measurement amount of the equity measurements issued is included in the Statement of Income for the period.

The Group will adopt IFRIC 19 from the effective date of the standard.

IAS 24 Related Party Disclosures (effective from 1 January 2011)

The IASB issued a revised version of IAS 4 Related Party Disclosures (IAS 24 (2009)) on 4 November 2009 which supersedes IAS 24 (2003).

The changes introduced by IAS 4 (2009) relate mainly to the related party disclosure requirements for government-related entities and the definition of a related party.

In respect of definition of a related party, the amendments have been made in order to clarify its meaning and to eliminate previous inconsistencies. The changes include:

- It has been clarified that, where a company has a subsidiary and an associate, for the purposes of the associate's separate or individual financial statements, the subsidiary is regarded as a related party of the associate as well as the company itself;
- The definition of a related party has been amended such that in the circumstances in the bullet point above, for the purposes of the subsidiary's separate or individual financial statements, the associate is a related party;
- An inconsistency has been removed in order that, when considering investments held by individuals rather than entities, two associates are not regarded as being related parties simply because one person has significant influence over one entity, and a close family member of that person has significant influence over another entity;
- The criteria for investments held by key management personnel have been changed, so that where the key management personnel of a company have control or joint control over other entities, disclosures are required in both the financial statements of the Company and the financial statements of the other entities;
- In any circumstances where a company has joint control over a second entity, and joint control or significant influence over a third entity, then the second and third entities are regarded as being related to each other.

In addition, other amendments have been made to the definition of a related party which clarify that:

- References to an associate and a joint venture include their subsidiaries; and
- Two entities are not related parties by virtue of a member of key management personnel of one entity having significant influence over another entity.

The definition of a 'close member of the family' has also been amended to state that these 'include' a person's spouse or domestic partner and children, rather than 'may include'. The Group selects to adopt IAS 24 from the effective date of the standard.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

Annual Improvements 2009

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

The IASB has issued *Improvements for International Financial Reporting Standards 2009*. Most of these amendments become effective in annual periods beginning on or after 1 July 2009 or 1 January 2010. The Group expects the amendments to *IAS 17 Leases* to be relevant to the Group's accounting policies. This standard is effective for periods beginning on or after 1 January 2010 therefore will apply to the Group's subsequent consolidated financial statements. Prior to the amendment IAS 17 generally required a lease of land to be classified as an operating lease. The amendment now requires that leases of land are classified as finance lease or operating lease applying the general principles of IAS 17. The Group will need to reassess the classification of the land elements of its unexpired leases for the effective period on the basis of information existing at the inception of those leases. Any newly classified finance leases are recognised retrospectively. Preliminary assessments indicate that the effect on the Group's consolidated financial statements will not be significant.

Annual Improvements 2010

The IASB has issued *Improvements for International Financial Reporting Standards 2010*. These amendments become effective for annual periods beginning on or after 1 July 2010 or 1 January 2011. The Group expects the amendments to *IFRS 3 Business Combinations*, *IFRS 7 Financial instruments: Disclosure, IAS 1 Presentation of Financial Statements*, *IAS 21 The Effects of Changes in Foreign Exchange Rates*, and *IAS 28 Investments in Associates* will be relevant to the accounting policies however preliminary assessments indicate that the effect on the Group's consolidated financial statements will not be significant.

IFRS 3 Business Combinations is effective for the periods beginning on or after 1 July 2010 therefore will apply to subsequent financial statements. In respect of transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, the improvements clarify that contingent consideration balances arising from business combinations that occurred before an entity's date of adoption of IFRS 3 (Revised 2008) shall not be adjusted on the adoption date. Guidance is also provided on the subsequent accounting for such contingent balances. In respect of measurement of non-controlling interest ("NCI"), the choice of measuring NCI either at fair value or at the proportionate share in the recognised amounts of an acquiree's identifiable assets, is now limited to NCI that are present ownership instruments and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. This clarifies that all other components of NCI shall be measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

IFRS 7 Financial instruments: Disclosure is effective for the periods beginning on or after 1 January 2011 therefore will be disclosed in the accounting policies of the Group's subsequent financial statements. This clarifies the disclosure requirement of the standards to remove inconsistencies, duplicative disclosure requirements and specific disclosures that may be misleading.

IAS 1 Presentation of Financial Statements is effective for the periods beginning on or after 1 January 2011 therefore will be disclosed in the accounting policies of the Group's subsequent financial statements. This clarifies that entities may present the required reconciliations for each component of other comprehensive income either in the Consolidated Statement of Changes in Equity or in the notes to financial statements.

IAS 21 The Effects of Changes in Foreign Exchange Rates and *IAS 28 Investments in Associates* are effective for the periods beginning on or after 1 July 2010 therefore will apply to the Group's subsequent financial statements. These amend the transition requirements to apply certain consequential amendments arising from the IAS 27 (2008) amendments prospectively, to be consistent with the related IAS 27 transition requirement.

3. Summary of significant accounting policies

3.1 Presentation of consolidated financial statements

The consolidated financial statements are presented in United States Dollars (USD) and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements have been prepared using the historical cost convention, as modified by the revaluation of investment property, leasehold land and certain financial assets and financial liabilities, the measurement bases of which are described in the accounting policies below.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements.

3.2 Basis of consolidation

The consolidated financial statements of the Group for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

3.3 Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable, along with contractual arrangements, are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that the control ceases. The majority of the Group's subsidiaries have a reporting date of 30 June. For those subsidiaries with a different reporting date, the Group consolidate management information which is subject to audit for the period to 30 June.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. Some changes in the fair value of contingent consideration that the Group recognises after the acquisition date may be the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date, where the changes in fair value of contingent consideration are not measurement period adjustments, contingent consideration classified as equity is not re-measured, contingent consideration classified as an asset or a liability which is a financial instrument within the scope of IAS 39 is measured at fair value with gains and losses recognised either in Statement of Income or in other comprehensive income according to the requirements of IAS 39 and contingent consideration classified as an asset or a liability outside the scope of IAS 39 is accounted for in accordance with IAS 37 or other IFRSs as appropriate.

On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair value amounts, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Gain on bargain purchase is immediately allocated to the Statement of Income as at the acquisition date. All acquisition related costs are expensed in the period in which the costs are incurred and not included in the cost of investment.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses (unless losses provide evidence of impairment) are eliminated on consolidation.

A non-controlling interest represents the portion of the Statement of Income and net assets of a subsidiary attributable to an equity interest that is not owned by the Group. It is based upon the non-controlling interest's share of post-acquisition fair values of the subsidiary's identifiable assets and liabilities. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership of interests in a subsidiary that do not result in gaining or losing control of the subsidiary are accounted for as equity transactions whereby the difference between the consideration paid and the proportionate change in the parent entity's interest in the carrying value of the subsidiary's net assets is recorded in equity and attributable to the owners. No adjustment is made to the carrying value of the subsidiary's net assets as reported in the consolidated financial statements.

3.4 Associate entities

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% to 50% of voting rights, but which are neither subsidiaries nor investments in joint ventures. In the consolidated financial statements, investments in associates are initially recorded at cost and subsequently accounted for using the equity method.

Under the equity method, the Group's interest in an associate entity is initially carried at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the associate entities after the date of acquisition and any changes in the associate entities' other comprehensive income less any identified impairment loss, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The Consolidated Statement of Income includes the Group's share of the post-acquisition, post-tax results of the associate entities for the year, including any impairment loss on goodwill relating to the investments in the associate recognised for the year.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported within "Share of profits/(losses) of associates" in the Consolidated Statement of Income. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Adjustments to the carrying value of the associate are necessary for changes in the associate's other comprehensive income that have not been recognised in their Statement of Income, primarily those arising on the revaluation of plant, property and equipment. The Group's share of this change is recognised directly in the Statement of Comprehensive Income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has legal or constructive obligations, or made payments, on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the investment.

Goodwill is included within the carrying amount of an investment and is assessed for impairment as part of the investment. After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. At each reporting date, the Group determines whether there is any objective evidence that an investment in an associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associate and its respective carrying amount.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in an associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3.5 Functional and presentation currency

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

3.6 Foreign currency translation

In the individual financial statements of the consolidated entities, transactions arising in currencies other than the functional currency of the individual entity are translated at exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated in currencies other than the functional currency of the individual entity are translated at the exchange rates in effect at the reporting date. Translation gains and losses and expenses relating to foreign exchange transactions are recorded in the consolidated Statement of Income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated at the reporting date). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the consolidated financial statements all separate financial statements of subsidiaries where the functional currency is different from the Group's presentation currency, are converted into USD. Assets and liabilities are translated into USD at the closing rate of the reporting date. Income and expenses are converted into the Group's presentation currency at the average rates over the reporting period where these rates are approximate the exchange rates at the dates of the transactions or at the exchange rates at the dates of the transactions where such rates fluctuate significantly. Any differences arising from this translation are charged to the currency translation reserve in other comprehensive income.

3.7 Revenue recognition

Sale of goods

Revenue from sale of goods is recognised in the Consolidated Statement of Income when the significant risks and rewards of ownership of goods have passed to the buyer.

Interest income

Interest income is recognised on the effective interest rate basis.

Dividend income

Dividend income is recorded when the Group's right to receive the dividend is established.

3.8 Expense recognition

Borrowing costs

Borrowing costs, comprising interest and related costs, are recognised as an expense in the period in which they are incurred, except for borrowing costs relating to qualifying assets that need a substantial period of time to get ready for their intended use or sale to the extent that they are directly attributable to the acquisition, production or construction of such assets.

Operating lease payments

Payments made under operating leases are recognised in the consolidated Statement of Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Income as an integral part of the total lease expense.

3.9 Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is recognised in the Consolidated Statement of Income as an expense when incurred.

Amortisation

Amortisation is charged to the Consolidated Statement of Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	3 to 5 years

3.10 Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiary companies and associated companies over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill is recognised at cost less any accumulated impairment losses. The carrying value of goodwill is subject to an annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the

Consolidated Statement of Income when the results of such a review indicate that the carrying value of goodwill is impaired (see accounting policy 3.14).

Negative goodwill represents the excess of the Group's interest in the fair value of identifiable net assets and liabilities, and contingent liabilities over costs of acquisition. It is recognised directly in the Statement of Income at the date of acquisition.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity disposed of.

3.11 Investment properties

Investment properties are properties owned or held under finance leases to earn rentals or capital appreciation, or both, or land held for a currently undetermined use. Property held under operating leases (including leasehold land) that would otherwise meet the definition of investment property is classified as investment property on a property by property basis. If a leased property does not meet this definition it is recorded as an operating lease.

The property under construction or development for future use as investment property is treated as investment property and is measured at fair value where the fair value of the investment property under construction or development for future use is reliably determined.

Investment properties are stated at fair value. Two independent valuation companies, with appropriately recognised professional qualifications and recent experience in the location and category being valued undertake a valuation of every property each year. On the valuation date, the fair value is estimated assuming there is an agreement between a willing buyer and a willing seller on an arm's length transaction after proper marketing; wherein the parties have each acted knowledgeably, prudently and without compulsion. The valuations are prepared based upon direct comparison with sales of other similar properties in the area and the expected future discounted cash flows of a property using a yield that reflects the risks inherent therein. Valuations are reviewed by the Valuation Committee and approved by the Group's Board of Directors. Discount rates in the range from 13% to 16% are considered appropriate for properties in different locations. Where the Valuation Committee considers the discount rate applied by the independent valuers to be too low or if there are factors that the external independent valuers have not considered in their determination of a property's fair value, they will adjust the discount rate upwards in the discounted cash flow projections, whereby decreasing the property's net present valuation. Gains and losses from changes in fair value are recognised in Statement of Income.

Leases

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, unless they are treated as investment properties (see accounting policy 3.11). Where the Group has the use of an asset held under an operating lease, payments made under the lease are charged to the Statement of Income on a straight line basis over the term of the lease. Prepayments for operating leases represent property held under operating leases where a portion, or all, of the lease payments have been paid in advance, and the properties cannot be classified as an investment property.

3.12 Financial assets

Financial assets are divided into the following categories: loans and receivables, financial assets at fair value through Statement of Income, and held-to-maturity financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired. Where allowed and appropriate management reclassifies its financial assets at each reporting date. The designation of financial assets is based on the investment strategy set out in the Group's Admission Document to the London Stock Exchange's Alternative Investment Market, dated 24 September 2003.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expires or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised based on the classification of the financial assets.

The Group's financial assets consist primarily of listed and unlisted equities, bonds, loans and receivables and prepayments for acquisitions of investments.

Loans and receivables

All loans and receivables, except trustee loans classified as financial assets at fair value through Statement of Income, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in the Consolidated Statement of Income.

Discounting, however, is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment when they are overdue or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and other available features of shared credit risk characteristics. The percentage of the write-down is then based on recent historical counterparty default rates for each identified group. Impairment of trade and other receivables are presented within "other expenses".

Financial assets at fair value through Statement of Income

Financial assets at fair value through Statement of Income include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through Statement of Income upon initial recognition. Other financial assets at fair value through Statement of Income held by the Group include listed and unlisted securities, bonds and trustee loans.

Purchase or sale of financial assets is recognised using trade date accounting. The trade date is the date that an entity commits itself to purchase or sell an asset.

Financial assets at fair value through Statement of Income include trustee loans to banks and other parties where the Group receives interest and other income on the loans calculated based on the proceeds from the sales of specific assets held by the counterparties. Fair value is determined based on the expected future discounted cash flows from each loan.

Net changes in fair value of financial assets at fair value through Statement of Income includes net unrealised gains in fair value of financial assets and net gains from realisation of financial assets during the year.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities other than loans and receivables. Investments are classified as held-to-maturity if the Group has the objective intention and ability to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method. In addition, if there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in the Consolidated Statement of Income.

Prepayments for acquisitions of investments

Those payments made by the Group to property vendors for land clearance and other related costs, and professional fees directly attributed to the projects, where the final transfer of the property is pending the approval of the relevant authorities and/or is subject to either the Group or the vendor completing certain performance conditions set out in agreements, are treated as prepayments. Such prepayments are measured initially at cost until such time as the approval is obtained or conditions are met, at which point they are transferred to investment properties and accounted for accordingly. The prepayments are presented within other long-term financial assets.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not taken into consideration. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3.14 Impairment of assets

The Group's goodwill, intangible assets, other long-term investments, operating lease prepayments, investment properties, and interests in associates are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Goodwill and intangible assets with an indefinite life are tested for impairment annually, while other assets are tested when there is an indicator of impairment.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease, but only to the extent of the revaluation surplus for that same asset according to that policy. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate at the financial asset's original effective interest rate that reflects current market assessments of the time value of money and the risks specific to the assets.

3.15 Taxation

Income tax

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

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

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

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

Current tax and deferred tax that relates to items recognised in other comprehensive income is recognised in other comprehensive income, and current tax and deferred tax that relates to items recognised directly in equity is recognised directly in equity.

Withholding taxes imposed on investment income

The Group currently incurs withholding taxes imposed by local jurisdictions on investment income. Such income is recorded gross of withholding taxes in the Consolidated Statement of Income.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as money market instruments and bank deposits with an original maturity term of not more than three months.

3.17 Non-current assets and liabilities classified as held for sale

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if the carrying amount will principally be recovered through sale, they are available for immediate sale in their present condition subject only to terms that are usual and customary for sale of such assets and sale is highly probable at the reporting date, the assets are classified as "held for sale" and presented separately in the Consolidated Statement of Financial Position in accordance to IFRS 5 "Non-current assets held for sale and discontinued operations".

Liabilities are classified as "held for sale" and presented as such in the Consolidated Statement of Financial Position if they are directly associated with a disposal group.

Assets classified as "held for sale" are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair values less costs to sell. However, some "held for sale" assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. No assets classified as "held for sale" are subject to depreciation or amortisation, subsequent to their classification as "held for sale".

3.18 Equity

Share capital is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuance of the share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserve represents the surplus arising on the revaluation of the Group associate hotels.

Currency translation differences on net investments in foreign operations are included in the translation reserve.

Retained earnings include all current and prior period results as disclosed in the Consolidated Statement of Changes in Equity.

3.19 Financial liabilities

The Group's financial liabilities include trade and other payables, borrowings and other liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in finance costs in the Consolidated Statement of Income.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

Borrowings are raised for support of long-term funding of the Group's investments and are recognised at fair value plus direct transaction costs on initial recognition and thereafter at amortised cost under the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.20 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations are likely to lead to an outflow of economic resources from the Group that can be reliably estimated. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Provisions are not recognised for future operating losses.

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

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

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events, that's existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses their existence when inflows of economic benefits are probable, but not virtually certain.

3.21 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Parties are considered to be related to the Group if:

1. directly or indirectly, a party controls, is controlled by, or is under common control with the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
2. a party is a jointly-controlled entity;
3. a party is an associate;
4. a party is a member of the key management personnel of the Group; or
5. a party is a close family member of the above categories.

3.22 Segment analysis

An operating segment is a component of the Group:

1. that engages in investment activities from which it may earn revenues and incur expenses;
2. whose operating results are based on internal management reporting information that is regularly reviewed by the Investment Manager to make decisions about resources to be allocated to the segment and assess its performance; and
3. for which discrete financial information is available.

3.23 Earnings per share and net asset value per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Net asset value (NAV) per share is calculated by dividing the net asset value attributable to ordinary shareholders of the Company by the number of outstanding ordinary shares as at the reporting date. Net asset value is determined as total assets less total liabilities and non-controlling interests.

4. Critical accounting estimates and judgements

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

Fair value of investment properties and hotels

The investment properties and hotels of the Group are stated at fair value in accordance with accounting policy 3.11. The fair values of investment properties, leasehold land and buildings have been determined by independent professional valuers including: CB Richard Ellis, Savills, Jones Lang LaSalle, Colliers, Sallmanns and HVS. These valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Valuations are reviewed by the Valuation Committee and approved by the Board of Directors. Discount rates in the range from 13% to 16% are considered appropriate for properties in different locations. Where the Valuation Committee considers the discount rate applied by the independent valuers to be too low or if there are factors that the external independent valuers have not considered in their determination of a property's fair value, they will adjust the discount rate and other assumptions in the discounted cash flow projections, whereby decreasing the property's valuation. In making its judgement, the Valuation Committee considers information from a variety of sources, including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

(iii) recent developments and changes in laws and regulations that might affect zoning and/or the Group's ability to exercise its rights in respect to properties and therefore fully realise the estimated values of such properties; and

(iv) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of external evidence such as current market rents and sales prices for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Fair value of financial assets

Listed securities are quoted at the bid price at each reporting date. For unlisted securities which are traded in an active market, the fair value is the average quoted bid price obtained from a minimum sample of three reputable securities companies at the reporting date.

The fair value of financial assets that are not traded in an active market (for example, unlisted securities where market prices are not readily available) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Independent valuations are also obtained from appropriately qualified independent valuation firms to evaluate and adjust valuations. The outcomes may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment

Other assets

The Group's goodwill, intangible assets, operating lease prepayments, other assets and interests in associates are subject to impairment testing in accordance with the accounting policy 3.14.

Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables on a regular basis. This estimate is based on the credit history of its customers and prevailing market conditions.

Impairment of investment properties and hotels

Whenever there is an indication of impairment of an investment property, leasehold land and buildings, the Valuation Committee and Group's management will assess the need for an impairment adjustment. The estimation of impairment adjustments is based on the same principles used to adjust the periodic independent valuations as mentioned above.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the Consolidated Statement of Financial Position at their fair values. In measuring fair value management uses estimates about future cash flows and discount rates or independent valuation for investment properties and hotels.

5. Segment analysis

In identifying its operating segments, management generally follows the Group's sectors of investment which are based on internal management reporting information for the Investment Manager's management, monitoring of investments and decision making. The operating segments by investment portfolio include capital markets, real estate (real estate and hospitality), private equity and cash (including cash and cash equivalents, bonds, and term deposits) sectors.

Each of the operating segments is managed and monitored individually by the Investment Manager as each requires different resources and approaches. The Investment Manager assesses segment profit or loss using a measure of operating profit or loss from the investment assets. Although IFRS 8 requires measurement of segmental profit or loss the majority of expenses are common to all segments therefore cannot be individually allocated. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment information can be analysed as follows for the reporting periods under review:

Consolidated Statement of Income

	Year ended 30 June 2010				
	Capital markets	Real estate	Private equity	Cash	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue	-	-	9,333	-	9,333
Finance income	12,857	209	241	1,168	14,475
Share of profits of associates	-	12,978	2,289	-	15,267
Other income	2,426	203	4	-	2,633
Net loss from fair value adjustments of investment properties	-	(72)	-	-	(72)
Net changes in fair value of financial assets at fair value through Statement of Income					
- Listed and unlisted securities	96,495	-	-	-	96,495
- Corporate bonds	400	-	-	-	400
	112,178	13,318	11,867	1,168	138,531
Cost of sales					(7,673)
Selling, general and administration expenses					(21,374)
Other expenses					(1,600)
Finance costs					(2,668)
Profit before tax					105,216
Withholding taxes imposed on investment income					(211)
Net profit for the year					105,005

For the comparative year:

	Year ended 30 June 2010				
	Capital markets	Real Estate	Private equity	Cash	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue	-	-	8,980	-	8,980
Finance income	21,957	131	61	1,072	23,221
Share of profits/(losses) of associates	-	(36,239)	1,180	-	(35,059)
Other income	813	2,828	106	-	3,747
Net gain from fair value adjustments of investment properties	-	(12,111)	-	-	(12,111)
Net changes in fair value of financial assets at fair value through Statement of Income					
- Listed and unlistedsecurities	63,430	-	-	-	63,430
- Corporate bonds	9	-	-	-	9
	86,209	(45,391)	10,327	1,072	52,217
Cost of sales					(7,688)
Selling, general and administration expenses					(18,181)
Other expenses					(20,334)
Finance costs					(2,808)
Profit before tax					3,206
Withholding taxes imposed on investment income					(108)
Net profit for the year					3,098

Consolidated statement of financial position

	As at 30 June 2010				
	Capital markets	Real estate	Private equity	Cash, corporate bonds and short-term investments	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Total assets					
Financial assets at fair value through Statement of Income					
- Consumer staples	101,608	-	-	-	101,608
- Construction	70,471	-	-	-	70,471
- Financial services	68,626	-	-	-	68,626
- Rubber and fertiliser	27,655	-	-	-	27,655
- Energy, minerals and petroleum	34,853	-	-	-	34,853
- Pharmaceuticals	9,454		-		9,454
- Real estate	100,199	-	-	-	100,199
- Other securities	36,784	-	-	-	36,784
- Corporate bonds	-	-	-	5,876	5,876
Investment properties	-	6,700	-	-	6,700
Investments in associates	-	170,415	24,273	-	194,688
Long-term loan receivables from related parties	-	47,718	-	-	47,718
Other long-term financial assets	-	11,661	-	-	11,661
Other long-term investments	-	3,216	3,700	-	6,916
Other long-term assets	-	2	102	-	104
Cash and cash equivalents	-	-	-	50,033	50,033
Short-term investments	-	-	428	-	428
Inventories	-	-	2,437	-	2,437
Other current assets	2,342	11,968	3,299	-	17,609
	451,992	251,680	34,239	55,909	793,820

In comparison with the last year end:

	As at 30 June 2009				
	Capital markets	Real estate	Private equity	Cash, corporate bonds and short-term investments	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Total assets					
Financial assets at fair value through Statement of Income					
- Consumer staples	50,954	-	-	-	50,954
- Construction	58,390	-	-	-	58,390
- Financial services	100,526	-	-	-	100,526
- Rubber and fertiliser	30,162	-	-	-	30,162
- Energy, minerals and petroleum	14,604	-	-	-	14,604
- Pharmaceuticals	4,551	-	-	-	4,551
- Post office and telecommunications	1,420	-	-	-	1,420
- Real estate	67,969	-	-	-	67,969
- Other securities	21,766	-	-	-	21,766
- Corporate bonds	-	-	-	2,047	2,047
Investment properties	-	6,906	-	-	6,906
Property, plant and equipment	-	-	321	-	321
Investments in associates	-	139,101	9,334	-	148,435
Long-term loan receivables from related parties	-	58,615	-	-	58,615
Other long-term financial assets	-	14,144	1,170	-	15,314
Other long-term investments	-	327	2,004	-	2,331
Prepayments for operating lease assets	-	159	-	-	159
Deferred tax assets	-	-	90	-	90
Intangible assets	-	-	17	-	17
Cash and cash equivalents	-	-	-	69,691	69,691
Short-term investments	-	-	-	452	452
Inventories	-	-	2,071	-	2,071
Assets classified as held for sale	-	37,742	-	-	37,742
Other current assets	6,277	15,547	1,666	-	23,490
	356,619	272,541	16,673	72,190	718,023

The Group's revenues and investment income and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are divided into the following geographical areas:

	Year ended 30 June 2010		Year ended 30 June 2009	
	Revenue and income	Non-current assets	Revenue and income	Non-current assets
	USD'000	*USD'000*	*USD'000*	*USD'000*
Vietnam	118,542	13,630	89,621	9,254
Other countries	2,089	-	(6,092)	-
Total	120,631	13,630	83,529	9,254

Revenues and investment income include operating revenue, financial income and net gain/(loss) on fair value adjustments of investment properties and financial assets at fair value through profit or loss, have been identified on the basis of the operation and investment location. Non-current assets are allocated based on their physical location.

6. Subsidiaries

Acquisition of non-controlling interest in PA Investment Opportunity II Limited

As at 30 June 2009, the Group held a beneficial interest of 66.4% in PA Investment Opportunity II Limited, a subsidiary incorporated in BVI. The principal activity of this company is to invest in listed and unlisted companies. On 3 February 2010, PA Investment Opportunity II Limited redeemed the non-controlling interest of 33.6% for USD4.7 million, which was settled in cash. The consideration paid was equal to the carrying value of this interest and has been reflected in the Consolidated Statement of Changes in Equity. As a result, the Group's beneficial ownership in PA Investment Opportunity II Limited is 100% as at 30 June 2010.

Disposal of 50% interest in VOF PE Holding 1 Limited

As at 30 June 2009, the Group held 100% interest in VOF PE Holding 1 Limited, a subsidiary incorporated in BVI. During the year, the Group disposed of 50% interest in VOF PE Holding 1 Limited and the consideration received was equal to the carrying value of the holding interest. The Group continue to treat VOF PE Holding 1 Limited as a subsidiary as it has control of the operating and financial policies of the entity.

Particulars of principal subsidiaries of the Group as of 30 June 2010:

Name	Place of incorporation/ operations	Contributed share capital (USD)	Percentage interest held by the Group	Principal activities
Asia Value Investment Ltd.	BVI	1,800,000	100%	Investment
Vietnam Enterprise Ltd.	BVI	61,460,000	100%	Investment
Vietnam Investment Property Ltd.	BVI	8,500,000	100%	Investment
Vietnam Investment Property Holdings Ltd.	BVI	10,600,000	100%	Investment
Vietnam Investment Ltd.	BVI	18,800,000	100%	Investment
Vietnam Ventures Ltd.	BVI	7,100,000	100%	Investment
VOF Investment Ltd.	BVI	641,000,000	100%	Investment
Vina QSR Limited	BVI	1,610,000	100%	Investment
Indochina Building Supplies Pte. Ltd.	Singapore	3,384,000	100%	Building materials
American Home	Vietnam	23,400,000	75%	Building materials
Indotel Limited	Singapore	3,480,000	100%	Hospitality
BI VI Investments Corporation	Vietnam	23,400,000	100%	Investment
Pegasus Leisure Limited	BVI	2,475,000	100%	Property
Saigon Water Park	Vietnam	3,536,000	100%	Property
PA Investment Opportunity II Limited	BVI	17,721,862	100%	Investment
VOF PE Holding 1 Limited	BVI	360,075	50%	Investment
VOF PE Holding 2 Limited	BVI	10,100,000	100%	Investment
DTL Education Holding Ltd.	BVI	15,000,000	100%	Investment
Vinasugar Holding Ltd.	BVI	-	100%	Investment
Vietnam Master Holding 2 Ltd.	BVI	-	100%	Investment
Allright Assets Ltd.	BVI	-	100%	Investment
VinaLand Heritage Ltd.	BVI	-	100%	Investment

7. Investment properties

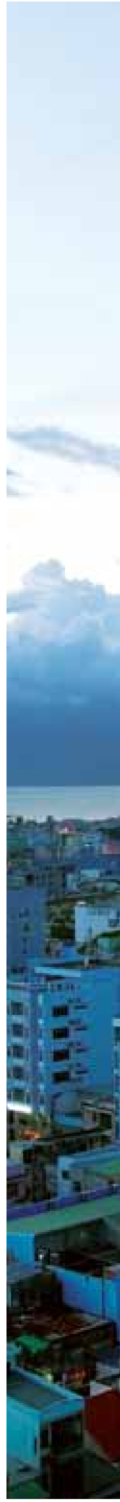
	30 June 2010	30 June 2009
	USD'000	*USD'000*
Opening balance	6,906	38,192
Additions during the year	201	8,138
Classified as assets held for sale	-	(26,658)
Net losses on fair value adjustments of investment properties (*)	(72)	(12,111)
Translation differences	(335)	(655)
Closing balance	6,700	6,906

(*) The net losses on fair value adjustments of investment properties relates to the revaluation of leasehold land of the Group's subsidiaries during the year as described in Note 4.

8. Investments in associates

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Opening balance	148,435	175,885
Additions (*)	17,650	3,735
Share of profits/(losses) of associates (*)	15,267	(35,059)
Share of associates' change in revaluation reserves	(2,363)	7,495
Reclassified as held for sale	-	(4,059)
Transferred from other long-term financial assets	3,000	-
Transferred from long-term loan receivables from related parties (Note 27)	16,330	2,032
Transferred from receivables from related parties	975	-
Dividends received	(1,534)	(1,400)
Disposals	(2,543)	-
Written-off	(312)	-
Translation differences	(217)	(194)
Closing balance	194,688	148,435

(*) Included in additions and share of profits/(losses) of associates are additions in related parties and share of profits/(losses) from related parties amounting to USD3.8 million and USD16.1 million respectively (Note 27).



Acquisition of associate interest in Hoan My Medical Corporation JSC

In September 2009, the Group acquired a 28.88% interest in Hoan My Medical Corporation JSC, a general medical group operating throughout Vietnam. The acquisition resulted an intangible asset in the form of a brand name valued at USD4.6 million.

Acquisition of further interest in Thang Loi Textile and Garment JSC

In July 2009, the Group acquired a further 19% interest in Thang Loi Textile & Garment JSC bringing its total interest to 49%. The consideration of USD1 million was approximately equal to the fair value of the share of net assets acquired and transferred from receivables from related parties.

Acquisition of associate interest in Phu Hoi City Company Limited (Licogi 16 project)

The Group had previously paid a deposit of USD3 million in respect of this project which was classified as a prepayment for acquisitions of investments at 30 June 2009. In addition to 7.5% interest in the project held by the Group through the investment licence, in September 2009, the Group acquired a further 10% interest from a local partner which resulted in the deposit of USD1.7 million being reclassified to represent part of the consideration of USD5.3 million. This brings the Group's total interest in the project to 17.5% at the reporting date. The Group has significant influence over this entity through their representation in the project's Board of Management, therefore it is accounted for as an associate.

Acquisition of associate interest in Vina Alliance Limited (Vinataba project)

During the year, the Group made further contribution in Vina Alliance Company for USD1.3 million to maintain the holding percentage of 12.25%.

The Group had previously paid a deposit of USD192,500 in respect of this project which was classified as long term loan receivables from related parties at 30 June 2009. In October 2009, the Group and VinaLand Limited, a related party, acquired a further 13% interest which resulted in the deposit of USD 192,500 being reclassified to represent part of the consideration of USD1.8 million including a gain bargain on purchase of USD1.2 million. This brings the Group's total interest in the project to 15.5% at the reporting date. The Group has significant influence over this entity through their representation in the project's Board of Management therefore it will be accounted for as an associate.

Acquisition of further interest in International School of Ho Chi Minh City

During the year, the Group acquired a further interest in International School Ho Chi Minh City for USD2.1 million. The Group continues to exercise significant influence over this entity.

Disposal of associate interest in T.D Company

During the year, the Group disposed its 30% equity interest in T.D Company for the selling price of USD3.5 million. The fair value of the net assets as the disposal date was USD2.5 million resulting in a gain on disposal of USD1 million as disclosed in Note 20. The Group no longer has significant influence over this entity.

Particulars of significant operating associates and their summarised financial information, extracted from their statutory audited/reviewed and/or management accounts as at 30 June 2010 are as follows:

	Incorporation/ operation	Direct & indirect equity interest held	Principal activity	Assets	Liabilities	Income	Net profit/ (loss)
		%		*USD'000*	*USD'000*	*USD'000*	*USD'000*
S.E.M Thong Nhat Hotel Metropole [(1)]	Vietnam	50	Hospitality	57,684	14,999	27,449	13,415
Thang Loi Textile & Garment JSC	Vietnam	49	Textile & Garment	9,923	7,605	2,803	1,446
Hung Vuong Corporation	Vietnam	40.91	Property	41,184	25,457	8,421	1,265
VinaCapital Commercial Center Limited. (Phase I: 12.75%, Phase II: 25%)	BVI	37.75	Property	54,249	7,697	1,624	1,604
Pho Viet Joint Stock Co.	Vietnam	32.5	Food & Beverage	3,429	2,013	6,728	16
Phong Phu Investment Development Ltd.	Vietnam	30	Investment	32,550	23,064	82	27
House &Urban Development Financial Investment Co.	Vietnam	30	Property	28,634	16,819	1	170
Hoan My Medical Corporation JSC	Vietnam	28.8	Medical	40,260	17,222	16,485	2,834
Vietnam Property Holding Ltd.	BVI	25	Property	109,272	81,066	243	(2,878)
Prosper Big Ltd.	BVI	25	Property	113,020	56,250	216	25,507
VinaCapital Danang Resorts Ltd.	BVI	25	Property	75,923	48,662	540	(3,560)
Roxy Assets Ltd.	BVI	25	Hospitality	25,110	29,527	6,356	(3,023)
Maplecity Investment Limited	BVI	25	Hospitality	56,381	29,816	7,227	(72)
Standbrook Global Ltd.	BVI	25	Property	26,055	32,650	-	(1,261)
VinaLand Espero Limited	BVI	25	Property	100,156	69,690	78	16,846
Sunbird Group Ltd.	BVI	25	Property	12,976	15,997	1	(223)
Pacific Alliance Land Ltd.	BVI	25	Property	102,470	39,525	683	23,468
Cypress Assets Ltd.	BVI	23	Hospitality	43,078	80,770	852	(9,418)
Kinh Do Property JSC	Vietnam	23	Property	34,597	3,020	1,609	5,603
Saigon Golf JSC	Vietnam	20	Property	7,333	5	266	72
Vina Dai Phuoc Corporation [(2)]	BVI	18	Property	105,349	16,875	268	21,134
Phu Hoi City Company Limited [(2)]	Vietnam	17.5	Property	42,290	15,750	3	(9,614)
Vina Alliance Limited [(2)]	Vietnam	15.5	Property	102,383	229	22,869	22,524

(1) *At the reporting date, the Group effectively has a 50% equity interest in SEM Thong Nhat Hotel Metropole (via the 100% equity holding in Indotel Limited – Note 6) but does not have control or joint control due to its limited representation on its Board. Therefore, it is considered appropriate to treat the interest as an associate holding.*

(2) *The Group holds 18%, 17.5% and 15.5% interest in Vina Dai Phuoc Corporation, Phu Hoi City Company Limited (Licogi 16 project), and Vina Alliance Limited (Vinataba project), respectively. These entities are subsidiaries of VinaLand Limited, however the Group has significant influence since it has the power to participate in the financial and operating policies of the entities, and are therefore treated as associates in the Group consolidated financial statements.*

9. Other long-term financial assets

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Prepayments for acquisitions of investments (*)	10,491	14,144
Loan to a non-controlling shareholder	1,170	1,170
	11,661	15,314

(*) Included in the movement during the year is USD3 million transferred to investment in associates.

These prepayments pertain to payments made by the Group to property vendors where the final transfer of the property is pending the approval of the relevant authorities and/or is subject to either the Group or the vendor completing certain performance conditions set out in agreements.

10. Other long-term investments

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Indochina Industries Food Pte. Ltd.	13,100	11,400
Others	3,415	530
	16,515	11,930
Allowance for impairment of assets (*)	(9,599)	(9,599)
	6,916	2,331

(*) The amount includes an allowance for impairment of investment in Indochina Industries Food Pte. Ltd. of USD9.4 million.

11. Trade and other receivables

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Trade receivables, gross	2,034	1,504
Receivable from matured bonds (*)	3,808	4,245
Interests receivable	1,351	1,311
Dividends receivable	-	779
Other receivables	842	772
Other current assets	94	138
	8,129	8,749
Provision for receivable write-downs	(2,084)	(737)
	6,045	8,012

As all trade and other receivables are short-term in nature, their carrying values are considered a reasonable approximation of their fair values at the reporting date.

(*) In November 2006, the Group entered into an agreement with Mai Linh Corporation to purchase convertible bonds equal to 15% of their share capital. An agreement was reached with Mai Linh Corporation in September 2009 whereby they will pay the Group USD4.2 million before April 2010 to terminate this agreement. Since this agreement was reached only USD0.4 million has been received. At the date of approval of the consolidated financial statements, the outstanding balance was USD3.8 million. An allowance of USD1.5 million has been recognised in respect of the overdue nature of the outstanding amount.

12. Financial assets at fair value through Statement of Income

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Financial assets at fair value through Statement of Income:		
Financial assets in Vietnam:		
Ordinary shares - listed	298,675	177,037
Ordinary shares - unlisted	115,422	157,099
Corporate bonds (*)	5,876	2,047
Financial assets in countries other than Vietnam:		
Ordinary shares - listed	35,553	16,206
Total financial assets at fair value through Statement of Income	455,526	352,389

(*) Corporate bonds have fixed interest rates of between 8.0% to 9.6% and mature in 2012.

During the year, the Group purchased 15,249,013 ordinary shares of VinaLand Limited for USD12,723,586 bringing the Group's total shareholding to 29,998,057 shares. As a result, the Group had a 6% interest in VinaLand Limited as at 30 June 2010.

During the year, the Group purchased 12,050,000 ordinary shares of Vietnam Infrastructure Fund Limited for USD4,535,472 bringing the Group's total shareholding to 12,050,000 shares. As a result, the Group had a 3% interest in Vietnam Infrastructure Fund Limited as at 30 June 2010.

The financial assets are denominated in the following currencies:

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Vietnam Dong	419,973	336,183
Other currencies	35,553	16,206
	455,526	352,389

The carrying amounts disclosed above are the Group's maximum possible credit risk exposure in relation to these instruments. See Note 29 for further information on the Group's exposure to financial risk.

13. Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	Notes	30 June 2010	30 June 2009
		USD'000	*USD'000*
Financial assets			
Financial assets held for trading (carried at fair value through Statement of Income)			
Ordinary shares - listed and unlisted	12	449,650	350,342
Corporate bonds	12	5,876	2,047
		455,526	352,389
Loans and receivables			
Trade and other receivables	9,11,27	76,988	97,419
Short-term investments		428	452
Cash and cash equivalents	14	50,033	69,691
		127,449	167,562
		582,975	519,951
Financial liabilities			
Financial liabilities measured at amortised cost:			
Non-current:			
Other payables		-	484
Current:			
Trade and other payables	17,27	9,791	11,285
		9,791	11,769

The fair values of financial assets and liabilities are presented in the related notes. The Group's risk management objectives and policies for financial instruments are set out in Note 29.

14. Cash and cash equivalents

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Cash on hand	18	19
Cash in banks	25,405	58,139
Cash equivalents	24,610	11,533
	50,033	69,691

15. Assets and liabilities classified as held for sale

Summary of the assets/(liabilities) held for sale at the reporting date:

	30 June 2009				
				Attributable to	
	Assets classified as held for sale	Liabilities classified as held for sale	Net assets classified as held for sale	Non-controlling interests	Equity shareholders of the parent
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
A&B Development JSC	28,644	(10,666)	17,978	(7,978)	10,000
SRLHO	9,098	-	9,098	-	9,098
	37,742	(10,666)	27,076	(7,978)	19,098

There were no assets and liabilities classified as held for sale as at 30 June 2010.

16. Share capital

	30 June 2010		30 June 2009	
	Number of shares	*USD'000*	Number of shares	*USD'000*
Authorised:				
Ordinary shares of USD0.01 each	500,000,000	5,000	500,000,000	5,000
Issued and fully paid:				
Opening balance	324,610,259	3,246	324,610,259	3,246
Closing balance	324,610,259	3,246	324,610,259	3,246

17. Trade and other payables

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Trade payables	1,205	1,152
Deposits received for conditional sale of assets post reporting date	760	4,412
Tax payable	-	403
Deferred income	-	1,342
Other accrued liabilities	728	411
Other payables	1,396	447
	4,089	8,167

As all trade and other payables are short-term in nature, their carrying values are considered a reasonable approximation of their fair values.

18. Net changes in fair value of financial assets at fair value through Statement of Income

	Year ended	
	30 June 2010	30 June 2009
	USD'000	*USD'000*
Unrealised gains in fair value of financial assets, net	61,064	46,225
Gains from realisation of financial assets during the year, net	35,831	17,214
	96,895	63,439

19. Selling, general and administration expenses

	Year ended	
	30 June 2010	30 June 2009
	USD'000	*USD'000*
Management fees (Note 27)	15,372	12,935
Professional fees	2,433	1,130
General administration and selling expenses (*)	1,549	2,662
Other expenses	2,020	1,454
	21,374	18,181

(*) The majority of these expenses relate to operating expenses incurred by subsidiaries of the Group.

20. Other income

	Year ended	
	30 June 2010	30 June 2009
	USD'000	*USD'000*
Gain on disposal of investments	1,035	-
Other income	1,598	968
	2,633	968

21. Other expenses

	Year ended	
	30 June 2010	30 June 2009
	USD'000	*USD'000*
Allowance for impairment of assets (*)	1,487	16,443
Written-off financial asset at fair value through Statement of Income	-	3,111
Other expenses	113	780
	1,600	20,334

(*) In the prior year, this amount represented an allowance of USD9.4 million for the impairment of the long-term investment in Indochina Industries Food Pte. Ltd. at the reporting date (Note 10).

22. Finance income and costs

	Year ended	
	30 June 2010	30 June 2009
	USD'000	*USD'000*
Interest income	3,825	6,299
Dividend income	9,938	16,870
Realised gains from foreign currency exchange differences	712	52
Finance income	14,475	23,221
Realised losses on foreign currency exchange differences	(2,151)	(1,989)
Loan interest	(265)	(597)
Unrealised losses from foreign currency exchange differences	(252)	(222)
Finance costs	(2,668)	(2,808)
Net finance income	11,807	20,413

23. Corporate income tax

VinaCapital Vietnam Opportunity Fund Limited is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, state, corporation, capital gains or other tax payable by the Company.

The majority of the Group's subsidiaries are domiciled in the British Virgin Islands (BVI) and so have a tax exempt status. Some of the subsidiaries are established in Singapore and have offshore operations in Vietnam. The income from these offshore operations is also tax exempt in Singapore.

A small number of subsidiaries are established in Vietnam and are subject to corporate income tax in Vietnam, however no provision for corporate income tax has been made for these Vietnamese subsidiaries of the Group for the year ended 30 June 2010 (30 June 2009: nil). All of the Vietnamese subsidiaries are in a position where there are no corporate income taxes payable because they either have incurred losses, or have unutilised tax holidays, or have sufficient carry-forward tax losses to offset any taxable income.

Under the laws of Vietnam, tax losses can be carried forward to offset against future taxable income for five years from the year the loss was incurred. The unrecognised deferred tax assets for the year of USD326,318 (30 June 2009: USD493,045) relate to the current year's losses of Vietnamese subsidiaries, which can be carried forward but no asset has been recorded for these tax losses due to uncertainty over of their recoverability.

The relationship between the expected income tax expense based on the applicable income tax rate (stated below) and the tax expenses actually recognised in the consolidated Statement of Incomecan be reconciled as follows:

	30 June 2010	**30 June 2009**
	USD'000	*USD'000*
Group profits before tax	105,216	3,206
Group profit multiplied by applicable tax rate (0%)	-	-
Income tax on Vietnamese subsidiaries	-	-
Withholding taxes imposed on investment income	(211)	(108)
Tax expenses	(211)	(108)

24. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profits attributable to the shareholders of the Group by the weighted average number of ordinary shares in issue during the year.

	30 June 2010	**30 June 2009**
	USD'000	*USD'000*
Profits attributable to equity holders of the Company from continuing and total operations (USD'000)	104,694	6,782
Weighted average number of ordinary shares on issue	324,610,259	324,610,259
Basic earnings per share from continuing and total operations (USD per share)	0.32	0.02

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has no category of potentially dilutive ordinary shares. Therefore, diluted earnings per share are equal to basic earnings per share.

(c) Net asset value per share

Net asset value (NAV) per share is calculated by dividing the net asset value attributable to ordinary shareholders of the Company by the number of outstanding ordinary shares as at the reporting date. Net asset value is determined as total assets less total liabilities and non-controlling interests.

	30 June 2010	**30 June 2009**
	USD'000	*USD'000*
Net asset value (USD'000)	782,501	681,912
Number of outstanding ordinary shares on issue	324,610,259	324,610,259
Net asset value per share (USD per share)	2.41	2.10

25. Non-cash flow adjustments

The following non-cash flow adjustments have been made to the pre-tax result for the year to arrive at operating cash flow:

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Depreciation and amortisation	355	453
Unrealised net gain from revaluation of financial assets at fair value through Statement of Income	(61,064)	(46,225)
Net gain from realisation of financial assets at fair value through Statement of Income	(35,831)	(17,214)
Losses on disposal of property, plant and equipment	8	3,540
Losses on revaluation of investment properties	72	12,111
Negative goodwill on acquisition of non-controlling interest/goodwill written-off	-	(2,779)
Gain on disposal of investment	(1,035)	-
Share of (profits)/losses of associates	(15,267)	35,059
Allowance for impairment of assets	1,487	16,442
Unrealised foreign exchange losses	252	222
Interest expense	265	597
Dividend income	(9,938)	(16,870)
Interest income	(3,825)	(6,299)
	(124,521)	(20,963)

26 Directors' and management's remuneration

The aggregate director fee amounted to USD222,500 (year ended 30 June 2009: USD195,000), of which there was no payable at the reporting date (30 June 2009: USD175,000).

Details remuneration for each director are summarised below:

	30 June 2010	30 June 2009
	USD'000	*USD'000*
William Vanderfelt	75	89
Martin Glynn	60	70
Michael Gray	58	-
	193	159

The Investment Manager has agreed to pay on behalf the Company if the aggregate annual directors remuneration is higher than USD60,000.

The Board of Management and certain other individuals who act on behalf of the Group are remunerated by the Investment Manager. However, it is not possible to specifically allocate their costs to the Group. Part of the management fees disclosed in Note 27 can be allocated to the remuneration of these individuals.

27. Related party transactions and balances

Management fees

The Group is managed by VinaCapital Investment Management Limited (the "Investment Manager"), an investment management company incorporated in the British Virgin Islands ("BVI"), under a management agreement dated 24 September 2003 (the "Management Agreement"). The Investment Manager receives a fee based on the net asset value of the Group, payable monthly in arrears, at an annual rate of 2%.

Total management fees for the year amounted to USD15,372,000 (30 June 2009: USD12,935,000), of which USD2,243,000 (30 June 2009: USD1,195,000) was payable to the Investment Manager at the reporting date.

Performance fees

In accordance with the Management Agreement, the Investment Manager is also entitled to a performance fee equal to 20% of the increase in the net asset value over the higher of a realised return over an annualised compounding hurdle rate of 8% and high watermark.

There were no performance fees payable in the year (30 June 2009: nil) and no amounts were payable to the Investment Manager at the reporting date (30 June 2009: nil).

Placement fees

When raising capital through the issuance of new Ordinary Share a commission equal to 3% of the subscription price multiplied by the total number of the shares allotted by the Group on admission is payable by the Group to the Investment Manager. The Investment Manager is responsible for paying placing agents that are engaged in respect to such subscriptions. The net proceeds of share subscriptions are recorded after netting off placement fees.

There were no placement fees payable in the year (30 June 2009: USD) and no amounts were payable to the Investment Manager at the reporting date (30 June 2009: nil).

Other related party transactions and balances

During the year, the following significant transactions with related parties were recorded as follows:

		Transactions (USD'000)			
Related party	**Relationship**	**Year ended 30 June 2010**		**Year ended 30 June 2009**	
		Additions	Share of profits/ (losses)	Additions	Share of profits/ (losses)
S.E.M Thong Nhat Hotel Metropole	Associate	-	2,249	-	1,826
House and Urban Development Financial Investment Co.	Associate	-	44	-	212
Hung Vuong Corporation	Associate	-	(1,023)	-	2,171
Kinh Do Property JSC	Associate	-	1,599	-	(1,794)
Pho Viet Joint Stock Company	Associate	-	5	-	(83)
T.D Company	Associate	-	(147)	1,788	(210)
Phong Phu Investment Development JSC	Associate	1,685	8	39	107
Thang Loi Textile & Garment JSC	Associate	-	709	1,908	170
Saigon Golf JSC	Associate	-	12	-	(2,561)
Vina Dai Phuoc Corporation	Associate	-	4,679	-	(5,930)
VinaLand Limited subsidiaries	Associate	-	6,944	-	(30,061)
Other related parties	Associates	2,162	1,026	-	1,094
		3,847	16,105	3,735	(35,059)

During the year, the Group engaged VinaSecurities Joint Stock Company, a related party, as a securities broker of the Group. An amount of USD16,000 had been paid to this broker relating to securities trading transactions which is based on the standard rates and at arm's length.

At 30 June 2010, the following receivable and payable balances were outstanding with related parties:

Related party	Relationship	Transactions	Receivables 30 June 2010	Receivables 30 June 2009
			USD'000	USD'000
Non-current assets				
VinaLand Limited subsidiaries	Under common management	Loan receivables (*)	42,631	58,615
Hung Vuong Corporation	Associate	Loan	5,087	-
			47,718	58,615
Current assets				
VinaLand Limited subsidiaries	Under common management	Dividend receivables	613	613
		Others	1,821	2,970
VinaCapital Investment Management Ltd.	Under common management	Advance payments	910	-
Hung Vuong Corporation	Associate	Loan and interest receivable	404	6,525
SIH Investment Ltd.	Under common management	Loan receivable	707	-
Lam Co Company Ltd.	Under common management	Loan receivable	700	-
VinaCapital Danang Golf Course Ltd. (Vietnam)	Under common management	Loan and interest receivable	1,094	-
Roxy Vietnam Ltd. (Vietnam)	Under common management	Loan interest receivable	17	-
East Ocean Real Estate & Tourist JSC (Vietnam)	Under common management	Loan interest receivable	69	-
Vinh Thai Urban Development Corporation (Vietnam)	Under common management	Loan receivable	525	-
Thang Loi Textile & Garment JSC	Associate	Loan receivable	3,353	3,000
Phong Phu Investment Development JSC	Associate	Loan and interest receivables	1,351	2,370
			11,564	15,478

Related party	Relationship	Transactions	Payables 30 June 2010	Payables 30 June 2009
			USD'000	USD'000
VinaLand Limited subsidiaries	Under common management	Advances for real estate projects	3,460	1,690
VinaCapital Investment Management Ltd.	Under common management and Investment Manager	Management fees	2,242	1,195
		Cash advance	-	89
VinaCapital Real Estate Limited	Under common management	Corporate advisory fees	-	144
			5,702	3,118

(*) Loan receivables represent the Group's share of loans provided to its associates on joint investments in real estate projects with VinaLand Limited. The loans are unsecured, bear interest at the 6-month SIBOR interest rate, and are repayable on demand or on disposal of related investments. The loans are carried at amortised cost at the reporting date.

Details of these loan receivables at the reporting date are as follows:

	30 June 2010	30 June 2009
	USD'000	*USD'000*
VinaCapital Danang Resorts Limited	3,376	3,376
Cypress Assets Limited	631	6,555
Prosper Big Investment Limited	12,073	11,188
Bantam Investments Limited	-	1,879
Avante Global Limited	2,998	620
Perimeter Investments Limited	-	279
VinaLand Espero Limited	9,261	9,261
Maplecity Investments Limited	5,951	10,990
Sunbird Group Limited	1,259	2,985
Vietnam Property Holding Limited	4,765	4,636
VinaCapital Commercial Center Limited	5	-
Hung Vuong Corporation	5,087	-
Pacific Alliance Land Limited	-	6,568
Standbrook Limited	1,210	1,210
VinaCapital Development Limited	-	165
Roxy Assets Limited	2,279	5,101
Others	33	51
	48,928	64,864
Loan receivable from SRLHO classified as held for sale at the reporting date	-	(5,039)
Allowance for doubtful loan receivable	(1,210)	(1,210)
	47,718	58,615

Included in the movement during the year is an amount of USD16.3 million transferred to investment in associates.

28. Commitments

The Group has a broad range of commitments under investment licences it has received for the real estate projects jointly invested with VinaLand Limited, a related party under common management, and other agreements it has entered into, to acquire and develop, or make additional investments in investment properties and leasehold land in Vietnam. Further investments in any of these arrangements are at the Group's discretion.

29. Risk management objectives and policies

The Group invests in listed and unlisted equity instruments, debt instruments, assets and other opportunities in Vietnam and overseas with the objective of achieving medium to long-term capital appreciation and providing investment income.

The Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's risk management is coordinated by the Investment Manager who manages the distribution of the assets to achieve the investment objectives.

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

Foreign currency risk sensitivity

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

The Group's financial assets and liabilities, exposure to risk of fluctuations in foreign currency exchange rates at the reporting date were as follows:

	Short-term exposure		Long-term exposure	
	VND	Others	VND	Others
	USD'000	*USD'000*	*USD'000*	*USD'000*
30 June 2010				
Financial assets	449,616	73,980	6,257	53,122
Financial liabilities	(3,232)	(6,559)	-	-
Net exposure	446,384	67,421	6,257	53,122
30 June 2009				
Financial assets	359,610	86,412	1,170	72,759
Financial liabilities	(3,791)	(7,495)	-	(483)
Net exposure	355,819	78,917	1,170	72,276

Sensitivity analysis to a reasonably possible change in exchange rates

Property valuations in Vietnam are based on a combination of factors linked to both the USD and VND. Assuming all properties are valued based on VND cash flow, a 5% weakening of the VND against the USD at the end of the year ended 30 June 2010 and 30 June 2009 would have impacted net income of the Group's equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	30 June 2010	30 June 2009
	USD'000	*USD'000*
5% devaluation of the Vietnam Dong	20,660	17,849

A 5% strengthening of the VND against USD would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

Price risk sensitivity

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or factors affecting all instruments traded in the market. As the majority of the Group's financial instruments are carried at fair value with fair value changes recognised in the Statement of Income, all changes in market conditions will directly affect net investment income.

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Investment Manager provides the Group with investment recommendations that are consistent with the Group's objectives. The Investment Manager's recommendations are approved by an Investment Committee of the Investment Manager and/or the Board of Directors before investment decisions are implemented.

All securities investments present a risk of loss of capital. The Investment Manager manages this risk through the careful selection of securities and other financial instruments within specified limits and by holding a diversified portfolio of listed and unlisted instruments. In addition, the performance of investments held by the Group is monitored by the Investment Manager on a monthly basis and reviewed by the Board of Directors on a quarterly basis.

The Group invests in listed and unlisted equity securities and is exposed to market price risk of these securities. If the prices of the securities were to fluctuate by 10%, the impact on Statement of Income and Statement of Changes in Equity would approximately amount to a gain of USD45.5 million (30 June 2009: approximately gain of USD35.2 million).

Cash flow and fair value interest rate risk sensitivity

The Group's exposure to interest rate risk is related to interest bearing financial assets and financial liabilities. Cash and cash equivalents, bank deposits and bonds are subject to interest at fixed rates. They are exposed to fair value changes due to interest rate changes. The Group currently has no financial liabilities with floating interest rates. As a result, the Group has limited exposure to cash flow and interest rate risk.

Credit risk analysis

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the Group at the reporting date. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	30 June 2010	30 June 2009
	USD'000	*USD'000*
Classes of financial assets - carrying amounts:		
Short-term investments	428	452
Long-term loan receivables	47,718	58,615
Other long-term financial assets	11,661	15,314
Trade and other receivables	17,609	23,490
	77,416	97,871

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

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

Some unimpaired trade receivables are overdue as at the reporting date. Financial assets overdue but not impaired comprise:

	30 June 2010
	USD'000
Not more than 3 months	1,437
More than 3 months but not more than 6 months	-
More than 6 months	-
	1,437

The Group has no other significant concentrations of credit risk.

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

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

Liquidity risk analysis

The Group invests in both listed securities that are traded in active markets and unlisted securities that are not actively traded.

The Group's listed securities are considered to be readily realisable, as they are mainly listed on the Vietnam Stock Exchange.

Unlisted securities, which are not traded in an organised public market, may be illiquid. As a result, the Group may not be able to quickly liquidate its investments in these instruments at an amount close to fair value in order to respond to its liquidity requirements or to other specific events such as deterioration in the creditworthiness of a particular issuer. However, the Group has the ability to borrow in the short-term to ensure sufficient cash is available for any settlements due.

At the reporting date, the Group's liabilities have contractual maturities which are summarised below:

	Current		Non-current	
	Within 6 months	6 to 12 months	From 1 to 5 years	Over 5 years
	USD'000	*USD'000*	*USD'000*	*USD'000*
30 June 2010				
Trade and other payables	4,089	-	-	-
Payable to related parties	-	5,702	-	-
	4,089	5,702	-	-
30 June 2009				
Trade and other payables	8,167	-	-	-
Payable to related parties	1,196	1,922	-	-
Other liabilities	-	-	484	-
	9,363	1,922	484	-

The above contractual maturities reflect the gross cash flows, which may differ to the carrying value of the liabilities at the reporting date.

Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To provide investors with an attractive level of investment income; and
- To achieve capital growth.

The Group considers the capital to be managed as equal to the net assets attributable to the holders of ordinary shares. The Group has engaged the Investment Manager to allocate the net assets in such a way so as to generate investment returns that are commensurate with the investment objectives outlined in the Group's offering documents.

30. Fair value hierarchy

Fair value hierarchy

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the Consolidated Statement of Financial Position. In the first year of application, comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the 30 June 2010 year end.

The following table presents financial assets and liabilities measured at fair value in the Consolidated Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data
- (unobservable inputs).

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

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*
Assets				
Financial assets at fair value through Statement of Income				
Financial assets in Vietnam				
- Ordinary share - listed	298,675	-	-	298,675
- Ordinary share - unlisted	1,559	113,863	-	115,422
- Corporate bonds	-	5,876	-	5,876
Financial assets in countries other than Vietnam	35,553	-	-	35,553
Investment in properties	-	6,700	-	6,700
Investments in associates	-	194,688	-	194,688
Other long-term investments	-	3,700	3,216	6,916
	335,787	324,827	3,216	663,830
Liabilities	-	-	-	-
Net fair value	335,787	324,827	3,216	663,830

There have been no significant transfers between Level 1 and 2 during the year.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period as disclosed in Note 4.

Fair value measurement in Level 3

	Other long-term investment
	USD'000
30 June 2010	
Opening balance	327
Gains or losses recognised in	
- Statement of Income	-
- Other comprehensive income	-
Purchases during the year	2,889
Closing balance	3,216

31. Subsequent events after the reporting date

In August and September 2010, the Group purchased a further 6,218,269 ordinary shares of VinaLand Limited, bringing the total number ordinary shares held by the Group to 36,216,326 at the date of approval of the consolidated financial statements, which represents a 7.24% holding in VinaLand Limited.

Investing policy

VinaCapital Vietnam Opportunity Fund Limited last updated its investing policy in November 2010 in accordance with AIM Rule 8.

1. Investment objectives

VinaCapital Vietnam Opportunity Fund Ltd is a closed-end investment company incorporated in the Cayman Islands with the primary objective of achieving medium to long-term (3-5 years) capital appreciation and providing an attractive level of income dividends and other distributions through investment in listed and unlisted companies, debt, private equity, real estate and other investment opportunities in Vietnam (primarily) and surrounding Asian countries Cambodia, Laos and Southern China.

Investment manager:
VOF is managed by VinaCapital Investment Management Ltd ("VCIM" or the "Investment Manager"), a BVI company. VCIM was established in 2003 and manages a number of listed and unlisted investment companies.

2. Investing policy

The Company will adhere to the following investment policies:

Type of investment:
Investments will be made in comparatively undervalued assets with the potential for value enhancement and realisation, for instance in listed and OTC securities, expansion capital for early and mid-stage companies, listed funds, distressed assets, NPL portfolios and Vietnamese assets of distressed overseas investors. The Company will engage in all forms of investment as allowed under the laws of each jurisdiction in which it operates, including but not limited to, listed and non-listed equity, debt, convertible loans, other assets, and other instruments and structures that may be suitable to allow participation in selected investment opportunities.

Geographical focus:
At least 70 percent of the Company's gross assets will be invested in Vietnam or related to entities in other countries having substantial assets, liabilities, operations, revenues or income derived from Vietnam. Up to a maximum of 30 percent of the gross assets of the Company may also be invested in neighbouring Asian countries (namely southern China, Cambodia and Laos), should the Directors consider that such investments offer potentially attractive returns or portfolio diversification.

Sector focus:
Investment will primarily be made in key growth sectors of the economy as Vietnam modernises and domestic consumer demand develops with rising income levels, including retail and consumer goods, financial services, property and construction materials. The secondary focus will be on other expanding sectors such as tourism, manufacturing, infrastructure and export sectors where Vietnam has a comparative advantage.

Investment criteria:

Key investment criteria will include:

- For investment in growth businesses, full use will be made of the established stock selection and analytical skills of the Manager and its advisers and the broad experience of the Directors to select enterprises which, in their opinion, have sound products and good growth prospects.
- The Company will seek to identify businesses with a record of profit growth, with strong and motivated management teams who have adopted proven business models and which have the realistic potential of exit through trade sale, listing in Vietnam or in another country.
- The Investment Manager will utilise its extensive sourcing capabilities in real estate investment and expertise in property development to selectively invest in projects to capitalise on ongoing demand/supply imbalances in the property sector.
- The Directors in conjunction with the Investment Manager will also aim to achieve a balance in its exposure to different sectors. Furthermore, no single investment may at the time of investment exceed 20 percent of the Net Asset Value of the Company.
- It is the intention of the Company to be active in the development of a thoroughly researched and carefully selected portfolio of investments. The Directors intend that the portfolio will be developed in such a way as to take, where practicable, relatively large stakes in those enterprises which have met the Investment Manager's criteria.

Exit strategy:

The Company is a publicly listed investment company on the London Stock Exchange's AIM Market. Investors are free to purchase and sell shares whenever they please. Concerning portfolio investments, the Company will aim to realise individual investments when the Board believes the realisation would be in the best interests of the Company, ideally within a five-year time frame.

Cross holdings:

The Company may from time to time invest in listed shares of other closed-ended funds focused on Vietnam by selectively acquiring shares of such funds where the shares are currently trading at prices below the intrinsic value of the funds' underlying assets. This includes among others, shares in Vinaland Limited ("VNL") (AIM: VNL) and Vietnam Infrastructure Limited (AIM: VNI), closed-ended investment companies admitted to trading on the AIM market of the London Stock Exchange plc and also managed by VCIM.

In such cases, VOF will enter into irrevocable arrangements with an independent third party broker to specifically purchase on its behalf and within certain pre-set parameters, ordinary shares in VNL and VNI. VOF intends to acquire and hold shares of VNL and VNI via such arrangements on a rolling basis. Furthermore, only the Independent Directors of the VOF Board shall be authorised to provide instructions to the Independent Broker and to vote on behalf of VOF at any VNL and VNI shareholder meetings.

VOF may waive its right of first refusal to take up to a 25 percent direct stake in new VNL projects, as contained in VNL's admission documents. In addition, VinaCapital Investment Management Limited will rebate the management fees corresponding to the portion of VOF's holding in VNL and VNI Shares to VOF.

Leverage:

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Other information:

- The Company will adhere to the above investment policies, in the absence of unforeseen circumstances, unless these are changed with the approval of a Shareholders resolution. Such changes may be prompted by changes in Government policies or economic conditions which change or introduce additional investment opportunities.

- Cash pending investment, reinvestment or distribution will be placed in bank deposits, bonds or treasury securities, for the purpose of protecting the capital value of the Company's cash assets.
- In order to hedge against interest rate risks or currency risk, the Company may also enter into forward interest rate agreements, forward currency agreements, interest rates and bond futures contracts and interest rate swaps and purchase and write (sell) put or call options on interest rates, and put or call options on futures on interest rates.

3. Valuation policy

The Net Asset Value and the Net Asset Value per share shall be calculated (and rounded to two decimal places), in US dollars by the Administrator (or such other person as the Directors may appoint for such purpose from time to time) on a monthly basis (or at such other times as the Manager may determine but in any event at least quarterly).

The Net Asset Value shall be the value of all assets of the Company less the liabilities of the Company determined in accordance with the valuation guidelines adopted by the Directors from time to time.

Under current valuation guidelines adopted by the Directors, such values shall be determined as follows:

- The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet, received shall be deemed to be the full amount thereof, unless in any case the Directors shall have determined that the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
- The value of securities which are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") shall be based on the last traded prices on such stock exchange, or if there is more than one stock exchange on which the securities are traded or admitted for trading, that which is normally the principal stock exchange for such security, provided that any such securities which are not freely transferable, or which are not regularly traded, or which for any other reason are subject to limited marketability, shall be valued at a discount (the amount of such discount being determined by the Directors in their absolute discretion or in a manner so approved by the Directors);
- As regards unquoted securities;
  - Unquoted investments will initially be valued at cost price, which will include any expenses relating to their acquisition;
  - A revaluation of unquoted investments to a value in excess of or below cost may be made in the circumstances provided by and in accordance with the guidelines issued by the British Investment Fund Association or any successor body;
- All other assets and liabilities shall be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures;
- Any value other than in US dollars shall be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate in the circumstances having regard, inter alia, to any premium or discount which may be relevant and to costs of exchange.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation or valuation procedure as they consider is reasonable in the circumstances provided that such other valuation or valuation procedure has been approved by the Company's auditors. The Directors may delegate to the Investment Manager any of their discretions under the valuation guidelines.

4. Co-investments

The Investment Manager may from time to time manage other funds which have a similar or different investment objective and policy to that of the Company. Nevertheless, circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more of the other funds managed by the Investment Manager. Where a conflict arises in respect of an investment opportunity, the Investment Manager will allocate the opportunity on a fair basis. In such event, the allocations will normally be made on a pro-rata basis between the Company and the other funds based on the amounts available for investment in each fund at the time the investment opportunity arises. However, the Investment Manager will be entitled to recommend to the Board the allocation of investment opportunities on a basis otherwise than as set out above if it deems it appropriate. In those circumstances the Board will determine what level of investment the Investment Manager may make on behalf of the Company.

5. Ordinary Shares

It is intended that the Company's income will consist wholly or mainly of investment income. The Directors currently intend to reinvest a large part of income to take advantage of opportunities meeting the Company's investment and return objectives, and where suitable opportunities are not available to distribute substantially all of the Company's income and capital gains to holders of the Ordinary Shares. The distribution of dividends may be made in the form of a tender offer to all shareholders at NAV for tax efficiency.

6. Distributions

Until further notice, the Board of Directors of the Company has resolved to distribute 4% of NAV per year in two payments per year following the finalisation of the half-year (interim) and annual financial statements of the Company. Distributions will be made in the form of a tender for the repurchase of shares.

7. Life of the Company

The Company does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends that a special resolution will be proposed every fifth year that the Company ceases to continue as presently constituted. If the resolution is not passed, the Company will continue to operate. If the resolution is passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

Historical financial information

Years ended 30 June	2004	2005	2006	2007	2008	2009	2010
Statement of Income (USD'000)							
Total income from ordinary activities	2,105	4,393	111,529	360,527	(381,067)	29,075	134,263
Total expenses from ordinary activities	(817)	(1,522)	(35,958)	(95,164)	(34,465)	(25,869)	(29,047)
Operating profit before income tax	1,288	2,871	75,572	265,363	(415,532)	3,206	105,216
Income tax expense	-	-	-	-	(125)	(108)	211
Profit for the year	1,288	2,871	75,572	265,363	(415,657)	3,098	105,005
Minority interests	-	-	523	1,196	1,347	(3,684)	311
Profit attributable to ordinary equity holders	1,288	2,871	75,049	264,167	(417,004)	6,782	104,694
Statement of Financial Position (USD'000)							
Total assets	10,986	96,943	277,942	924,785	723,614	718,023	793,820
Total liabilities	198	702	33,012	103,121	54,737	36,111	11,319
Net assets	10,788	96,241	244,930	821,664	668,877	681,912	782,501
Share information							
Basic earnings per share (cents per share)	14	8	76	134	(141)	2	32
Share price at 30 June	1.16	1.58	2.32	3.41	2.16	1.43	1.40
Ordinary share capital (thousand shares)	9,500	75,155	122,657	250,648	324,610	324,610	324,610
Market capitalisation at 30 June (USD'000)	11,020	118,745	283,951	853,456	699,535	462,569	455,428
Net asset value per ordinary share (USD)	1.14	1.28	2.00	3.28	2.06	2.10	2.41
Ratio							
Return on average ordinary shareholders' funds	13.6%	7.4%	58.2%	72.8%	-67.8%	1.1%	17.0%
Dividend pay out as % avr. NAV	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment management fees/avr. NAV	1.4%	7.6%	12.8%	15.6%	2.9%	2.0%	2.0%

VinaCapital Vietnam Opportunity Fund Ltd ("Vietnam Opportunity Fund" or "VOF") is a closed-end fund trading on the AIM Market of the London Stock Exchange. Launched in 2003, VOF is the largest and most successful diversified Vietnam fund. The fund focuses on key growth sectors of the domestic economy, and capitalises on the investment manager's broad network to realise sustainable capital appreciation and provide an attractive level of return for investors.

VOF overview and details

VOF details

Fund size	USD783 million (NAV as of 30 June 2010).
Fund launch	30 September 2003.
Term of fund	Five years subject to shareholder vote for liquidation.
Fund domicile	Cayman Islands.
Legal form	Exempted company limited by shares.
Structure	Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.
Auditor	Grant Thornton (Vietnam).
Nominated advisor (Nomad)	Grant Thornton Corporate Finance (UK).
Custodian	HSBC Trustee (HK).
Broker	LCF Edmond de Rothschild (UK)
Lawyers	Lawrence Graham (UK) Maples and Calder (Cayman Islands).
Management and performance fee	Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase over the higher of an 8 percent compound annual return and the high watermark.
Investment manager	VinaCapital Investment Management Ltd.
Investment policy	Medium to long-term capital gains with some recurring income and short-term profit taking. Primary investment focus areas are: Privately negotiated equity investments; Undervalued/distressed assets; Privatisation of state-owned enterprises; Real estate; and Private placements into listed and OTC-traded companies.
Investment focus by geography	Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.
Registered office	PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

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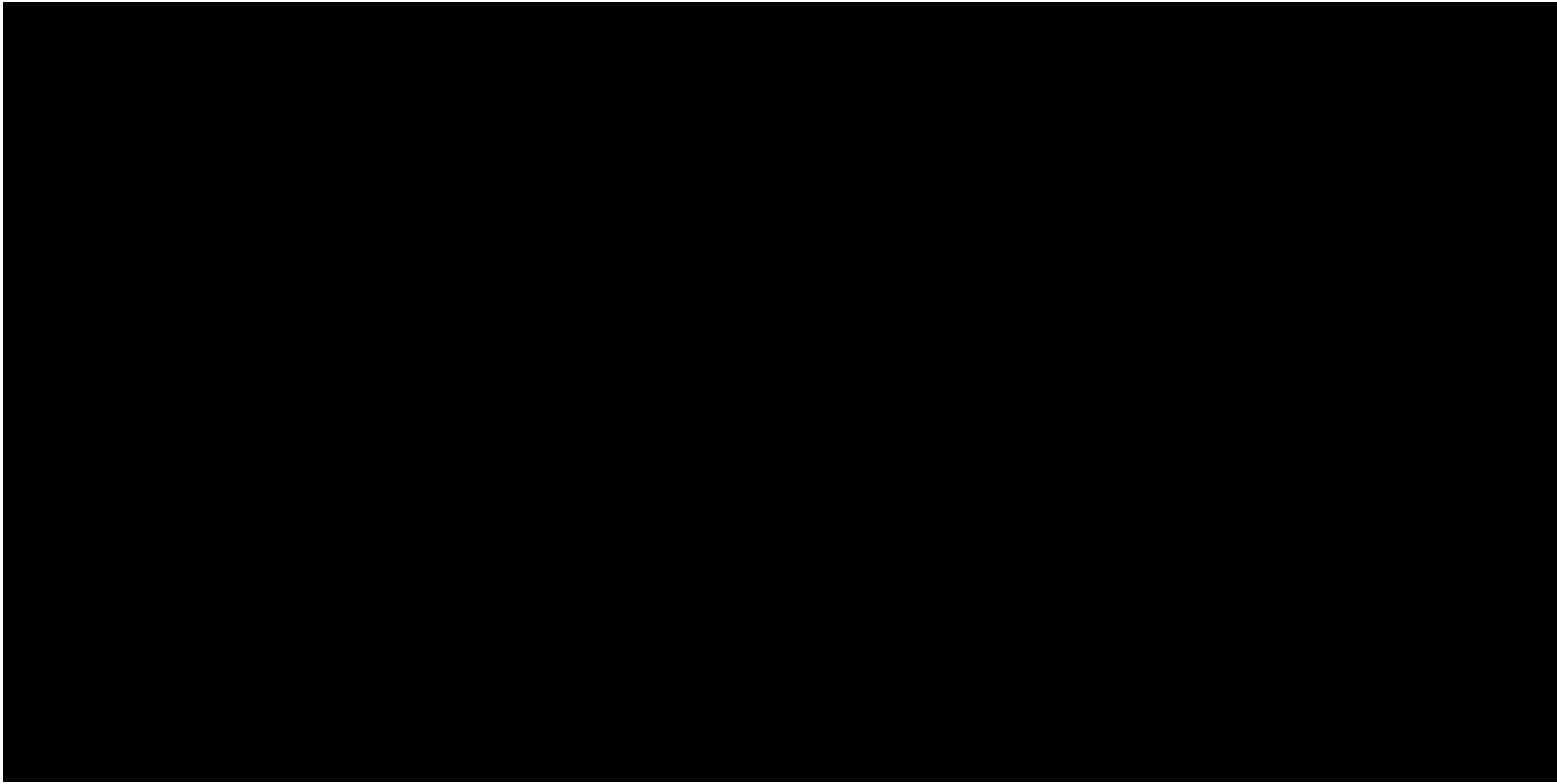

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