VinaCapital Vietnam Opportunity Fund Limited

2012 Annual Report

VinaCapital

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FINANCIAL HIGHLIGHTS

Net asset value at
30 June 2012

$765.6 m

NAV per share at
30 June 2012

$2.45

Despite a challenging macroeconomic environment VOF increased its net asset value per share by divesting mature private equity and listed equity holdings at attractive valuations and undertaking selected share buybacks.

VOF's capital markets portfolio recovered during the second half of the fiscal year, after the VN Index hit a multi-year low in January 2012.

Following shareholder approval in October 2011 the Board initiated a share buyback programme in early 2012, with the view to narrowing the share price to net asset value per share discount.

At 30 June 2012, the Company held USD42.2 million in cash; much of which will be funnelled into private equity investments and a continuation of the share buyback programme.

Performance summary	30 June 2012	% Change	30 June 2011	% Change	30 June 2010
NAV per share (USD)	2.45	5.6%	2.32	(3.9%)	2.41
Share price (USD)	1.48	(5.7%)	1.57	12.1%	1.40
Discount	38.3%		32.3%		42.9%

CHAIRMAN'S STATEMENT

William Vanderfelt
Chairman

"The Board will be reviewing the fund's strategy, governance practices, and the investment management agreement, with the purpose of aligning them with best practice before next year's continuation vote. "

Dear Shareholders,

The 2012 financial year saw Vietnam's economy continue to endure difficult conditions caused by high interest rates and inflation along with currency depreciation. However, after hitting a peak of 23 percent in August 2011, Vietnam's CPI has fallen rapidly throughout the year. The adoption and execution of a 'crawling peg' currency policy has alleviated some inflationary pressure and helped stabilize the VND against the USD. Unfortunately, the trade-off for controlling inflation has been slower growth. During the first half of 2012, GDP growth in Vietnam slowed to 4.4 percent, well below the long term historical average of approximately 7.0 percent annually.

Over the past twelve months, VOF has maintained a stable net asset value and increased its cash position despite the poor performance of Vietnamese listed equity and real estate markets. The company was able, despite a lacklustre environment for private equity deals, to divest several assets, including the Hoan My Hospital and NIVL. The fund continues to focus its investments on a core group of industries such as consumer goods, agriculture, healthcare, education and banks, which seek to benefit from the expected long term growth in domestic consumption.

VOF's audited net asset value at the end of June 2012 was USD765.6 million or USD2.45 per share, 5.6 percent above the NAV per share at the end of June 2011 of USD2.32. VOF's share price as at 30 June 2012 was USD1.48, down 5.7 percent compared to USD1.57 as at 30 June 2011; representing a share price discount to NAV of 38 percent.

VOF obtained shareholder approval on 25 October 2011 to modify its articles of association to permit it to acquire its own shares through a variety of means. By 30 June 2012 the company spent nearly USD18.6 million repurchasing approximately 12.61 million shares on the market, the consequence of which has been to stabilise the share price in a declining market. In fact since 30 June 2012 the fund's share price has climbed to USD1.72, effectively reducing the discount rate to approximately 29 percent, following a further repurchase of 21.4 million shares since the period end.

Over the next six to twelve months, the Board and manager will continue to keep an open dialogue with shareholders, updating you on the progress of the fund in achieving its strategic objectives. Specifically, we will be reviewing the fund's strategy, governance practices, and the investment management agreement, with the purpose of aligning them with best practice before next year's continuation vote. These will specifically include changing the composition of the Board of Directors with the intention of increasing the number of independent non-executive directors and preparing for my future retirement from the Board in 2013.

We thank you for your continued support.

William Vanderfelt
Chairman
VinaCapital Vietnam Opportunity Fund Ltd
24 October 2012

INVESTMENT MANAGER'S REPORT:

INVESTMENT ENVIRONMENT

Economy

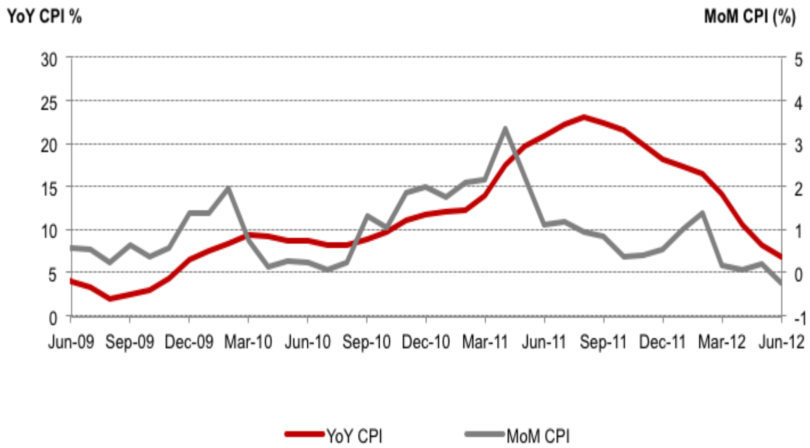
One of Vietnam's most longstanding issues; inflation, subsided substantially during the fiscal year, a stark contrast to the double digit levels recorded over the past two years. For June 2012, CPI actually fell by 0.3 percent, marking the first decline since March 2009 and brought calendar year-to-date inflation to 2.5 percent. However, one area of the country that continued to witness pricing pressure was food and food stuffs, which are more heavily influenced by global supply and demand and less from domestic pressure.

Notably, however, during the first six months of 2012, Vietnam's GDP growth failed to meet the government's initial annualized target of 6.0 percent, finishing the period ended 30 June 2012 at 4.7 percent. However, government officials quickly loosened monetary policy in an effort to mitigate further reductions in domestic growth. Despite success in reigning in inflation, Vietnam's officials issued five rate cuts during the year, lowering the refinancing rate by 100 bps to 11 percent by the end of the second quarter. Notwithstanding, many banks have remained resistant in refinancing or adjusting loans specifically within the real estate industry.

Overall business activity continued to face difficulties, mainly from a lack of access to credit despite the lowered interest rates. Banks became more resistant to offering new loans to domestic companies due to their rising bad debt ratios. According to the State Bank of Vietnam (SBV), new outstanding credit growth reached just 0.8 percent by the end of June 2012. This liquidity trap could continue to curb domestic growth throughout the rest of 2012.

The VND closed at a reference rate of approximately VND20,920 versus the USD at 30 June 2012, nearly unchanged from a reference rate of VND20,600 versus the USD at 1 July 2011. Demand for Vietnamese exports remained strong throughout the year, resulting in a trade deficit of just USD600 at 30 June 2012, far less than USD6.7 billion in the previous year. However, reported inward remittances were down nearly USD500 million during the first half of 2012, due to the persistent global economic slowdown, which could lead to increased foreign currency exchange risk into 2013.

Chart: Monthly CPI trends



Capital markets and private equity

The investment environment looked very bleak during the first half of the fiscal year with crippling interest rates, banks unwilling to lend and inflation reaching a peak of 23 percent in August 2011. As a result, the VN Index reached a multi-year low of 336 on 6 January 2012. However, as inflation began to recede and government fiscal policy lowered lending rates, the VN Index rallied strongly during the second half of the fiscal year, closing at 422 as at 30 June 2012, a decline of just 2.9 percent year-on-year in USD terms. The VN Index finished the year at a trailing price-to-earnings ratio of 10.6x and a price-to-book ratio of 1.5x. This marked one of the lowest valuations for an emerging market and is far lower than the P/E ratios in regional peers such as Thailand, Indonesia and the Philippines.

Vietnam's domestic consumer demand remained high throughout the year, favouring companies that cater to this ongoing trend such as consumer goods, financial services, healthcare and education. As a result, this has attracted many foreign strategic investors that conduct business in these sectors which facilitated divestment opportunities in the form of trade sales. Throughout the year, the valuations for private equity holdings and listed assets within these areas remained consistent, despite the volatility in the overall markets.

Real estate market

Vietnam's real estate market continued to slow over the past 12 months as high interest rates and restricted access to financing impacted both developers and prospective home-buyers. As inflation and interest rates increased during the second half of 2011, Vietnamese buyers preferred gold or deposited their VND currency in high-yielding term deposits achieving interest upwards of 14 percent. Over the medium term the fundamentals remain sound for the lower to mid price range residential products as continued urbanisation of this large population will create demand however the market is currently at a very low point in the cycle. Should the macroeconomic volatility continue to reduce and interest rates continue to decline this should provide some stimulus to the residential property market and in fact the real estate market overall. Currently, Vietnamese prospective buyers are waiting to see if pricing reduces before investing in property as developers have been offering incentives to prospective buyers.

Vietnam's retail sector saw a significant increase in supply during 2012, as new shopping centres opened in both Hanoi and Ho Chi Minh City. High inflation, however, started to take a toll on consumer spending. Retail sales growth at the end of June 2012 slowed to 16 percent year-on-year (adjusted for inflation) versus 22 percent year-on-year during the same period of 2011. To date, retail rents have held steady at CBD shopping centres, dropping only in outlying areas. CBD retail occupancy remains high, averaging over 85 percent in Ho Chi Minh City and Hanoi, and is increasingly the preserve of luxury and high-end brands. Foreign retail operators are interested in entering the market given its long-term growth potential.

In the hospitality sector, Vietnam has had mixed results despite a slow but steady recovery in tourism numbers since the 2009 economic slowdown. Increased hotel development has led to more hotel rooms, thus impacting the occupancy and room rate growth in a number of locations. Overall, the city based hotels have performed better than resort style hotels which are sometimes affected by the frequency of flights into remote locations such as Nha Trang. The three and four-star hotel market is likely to remain more stable, given greater demand from domestic travellers.

INVESTMENT MANAGER'S REPORT:

PORTFOLIO PERFORMANCE

Portfolio performance

VinaCapital Vietnam Opportunity Fund Ltd (VOF) had an audited net asset value of USD765.6 million as at 30 June 2012, representing a net asset value per share of USD2.45. This was an increase of 5.6 percent from an audited net asset value per share of USD2.32 as at 30 June 2011. The improvement in NAV was a result of the Company's successful divestment of several significant private equity holdings as well as stakes in listed investee companies.

Asset class performance

As a diversified fund, VOF has three primary asset classes, excluding cash: listed equity, over the counter (OTC)/ private equity and direct investments in hotels and real estate projects.

The listed equity component had a market value of USD290 million as at 30 June 2012, or 39 percent of the Company's NAV. Overall, this asset class saw realized and unrealized gains of 18.9 percent over the financial year. The one-year share price returns from listed investee companies such as EIB, VNM, KDC, AGPP and PNJ were strong, increasing by an average of 42.8 percent. As a result, the Company's listed component outperformed the VN Index, which declined 3.8 percent in USD terms.

The private equity and OTC component of the portfolio had a combined book value of USD110 million as at 30 June 2012, or 14.7 percent of NAV, a decrease from last year when private and OTC equities totaled USD126 million, or 17 percent of NAV. The primary reason for the decline was the sale of investments, as the holdings in this asset class actually delivered a 17.9 percent return during FY 2012.

VOF's real estate component consists primarily of minority holdings in assets co-invested with VinaLand Limited (VNL). During the year, VOF saw six projects written up by a weighted average of 0.4 percent and 13 projects written down by a weighted average of 17.4 percent, resulting in a net decrease of USD32.8 million. The net loss is due to the continued slowdown in Vietnam's real estate market. The real estate portfolio had a book value of USD165 million as at 30 June 2012, accounting for 22 percent of NAV.

The hospitality component, consisting of stakes in six operating hotels, had a book value of USD94 million as at 30 June 2012, or 13.0 percent of NAV. This was an increase over 30 June 2011, when the hospitality portfolio was valued at USD80 million. VOF invested in the Legend Hotel Saigon during the year to increase the Company's stake to 6.6 percent. The Sofitel Legend Metropole Hotel was also written up by 2.9 percent while Movenpick Saigon was written down 28.0 percent.

Bonds amounted to USD8.5 million as at 30 June 2012, while VOF's cash and cash equivalent holdings were USD77 million, down from USD81 million the previous year. Cash was received from private equity exits, and was used for reinvestment throughout the year while USD18.6 million was used to repurchase shares through the share buyback programme.

Net asset value at
30 June 2012

$765.6 m

NAV per share at
30 June 2012

$2.45

Increase

5.6 %

Key transactions

VOF's main investment focus is to acquire significant stakes of private and OTC-traded companies that benefit from domestic economic growth, which includes sectors such as consumer goods, education, healthcare, financial services, materials and logistics. This long standing strategy resulted in solid exits from most of the Company's stake in the Hoan My hospital group to Fortis Healthcare; and the sale of Pho 24, a leading Vietnamese fast food chain, to a regional strategic investor.

The Investment Manager believes large cap listed equities and private equity investments offer the greatest opportunities for the year ahead given the continued growth potential of many Vietnamese companies. VOF reinvested a portion of the proceeds from FY 2012 trade sales into Dabaco Corporation, one of Vietnam's largest manufacturer of cattle feed, and Danang Rubber JSC, which manufactures vehicle tires for the domestic market.

Share price discount

On 25 October 2011, VOF held a successful extraordinary meeting to obtain approval for the establishment of a permanent share buyback facility. The primary goal of this programme is to return capital shareholders and narrow the share price discount to NAV. By 30 June 2012 the Company had spent nearly USD18.6 million repurchasing approximately 12.6 million shares on the market, the consequence of which has been to stabilise the share price in a declining market. VOF's audited net asset value at the end of June 2012 was USD765.6 million or USD2.45 per share, 5.6 percent above the NAV per share at the end of June 2011 of USD2.32. VOF's share price as at 30 June 2012 was USD1.48, down 5.7 percent compared to USD1.57 as at 30 June 2011; representing a share price discount to NAV of 38 percent. Both the Board and Investment Manager remain committed to the share buyback programme as the best method to reduce the Company's share price discount.

Strategy and outlook

In FY2013, the Company will continue to divest mature holdings and reinvest proceeds into higher-growth businesses in addition to returning capital to shareholders through the share buyback programme.

The Investment Manager will seek to rebalance the portfolio, to reduce exposure to listed equities, real estate projects and other real estate-related assets. Investment in private and OTC equities will increase, focusing on well-managed companies that are attractive to potential strategic buyers, or are within 18-24 months of a listing. Targeted investment sectors will remain those benefiting from domestic economic growth and demographic trends, namely consumer goods, financial services, education, healthcare, and agriculture.

The recovery of the stock market in Vietnam continues to be an important part of VOF's long term success. Vietnam's listed equities now trade at a discount to regional peers, in P/E terms. As Vietnam's economy picks up, and if the P/E ratio were to catch up to regional peers, then we should see a 30 - 40 percent increase in valuations.

Overall, having now overcome many of the economic challenges that confronted Vietnam over the past several years, we remain cautiously optimistic about the prospects for growth over the next few years.

INVESTMENT MANAGER'S REPORT:

TOP HOLDINGS

	Holding	Asset class	Sector	Description	% NAV
1	Sofitel Metropole	Real estate	Hospitality	Vietnam's top city-centre hotel	7.65%
2	Vinamilk (VNM)	Listed equity	Consumer goods	Leading dairy company	7.46%
3	Eximbank (EIB)	Listed equity	Financial services	One of the top ten commercial banks	7.38%
4	An Giang Plant Protection	OTC	Agriculture	Leading plant protection chemicals firm	5.38%
5	Kinh Do Corp (KDC)	Listed equity	Consumer goods	Top confectionary manufacturer in Vietnam	3.64%
6	Century 21	Real estate	Real estate	HCM City residential development	3.12%
7	Hoa Phat Group (HPG)	Listed equity	Industrials	Major steel manufacturer	2.54%
8	Dai Phuoc Lotus	Real estate	Real estate	Danang City residential development	2.46%
9	VinaLand Ltd (AIM: VNL)	Real estate	Real estate	VCIM-managed Vietnam real estate fund	2.27%
10	Phu Nhuan Jewelry	Listed equity	Consumer goods	The largest jewelry manufacturer and distributor in Vietnam	2.03%

Sofitel Legend Metropole Hanoi Hotel

Acquired by VOF in 2005, the Sofitel Legend Metropole Hanoi Hotel (Metropole Hotel) is located on 7,500 sqm in the prime location of Hanoi's CBD, surrounded by various historic monuments and museums. Managed by Accor Group, the hotel operates with 364 rooms over 27,289 sqm gross floor area. In August 2011, a wartime air raid shelter was discovered hidden within the hotel grounds and is now renovated for tourist visits.

The Metropole Hanoi's average occupancy rate was 66.5 percent throughout 2012, generating USD33.6 million in revenue and USD17.2 million in gross operating profit for FY 2012, meeting 96.4 percent, 93.1 percent, and 92.5 percent of budget targets, respectively.

	H1 2012	2011	2010	2009
Occupancy rate (%)	66.5	67.4	62.6	49.3
ARR (USD)	211	199	198	198
RevPar (USD)	140	134	135	118

Vinamilk (VNM)

Vinamilk (VNM) is the leading dairy products manufacturer and distributor in Vietnam, with more than 30 percent of the total dairy market. The company offers a wide range of products, from fresh and powdered milk to condensed milk, yogurt and coffee. The domestic market accounts for about 90 percent of total sales. It is the first Vietnamese company to be one of Asia' s Top 200 Small and Midsize Companies, according to Forbes, ranked 18th among the Top 200 in terms of profit and 31st in overall market value.

For H1 2012, VNM achieved net revenue of USD631.8m, 30 percent year-on-year growth. Over the past four years, VNM has achieved a CAGR of 34.9 percent for revenue, helping to achieve its target revenue of USD1.0bn ahead of schedule. Net profit for H1 2012 was USD131.1m, up 32 percent year-on-year. VNM closed at VND 88,000 per share as at 30 June 2012, at a PE of 11.6 and a P/B of 4.6.

Financial highlights

Profit and loss (VNDbn)	FY10A	FY11A	H1
Revenue	17,184	22,544	13,343
Gross profit	5,173	6,588	4,221
Gross margin	32.8%	30.5%	32.8%
Net income	3,616	4,251	2,776
Net margin	23.0%	19.5%	21.5%
EPS (adjusted)	6,845	7,741	4,995
DPS	2,600	3,300	2,000
Balance sheet (VNDbn)			
Total assets	10,773	15,582	18,122
Shareholders' equity	7,964	12,477	13,864
ROE (%)	50.1%	41.3%	20.0%
Book value per share (VND)	15,040	22,444	24,946
Valuation (VND bn)			
PER (x)	8.4	11.2	11.6
P/B (x)	3.8	3.9	4.6
Dividend yield (%)	2.8%	3.7%	3.7%

Eximbank (EIB)

Eximbank is leading commercial bank in Vietnam, ranked 7th in terms of total assets (USD8.9 billion) and 6th in terms of profit. In recent years, the bank has diversified from its original focus of financing import/export operations to become a full service retail bank.

The bank currently has one of the largest operational networks in the country with 207 locations nation-wide. It has partnered with Sumitomo Bank of Japan to strengthen its risk management processes and expand its customer base.

Both total asset and loans saw strong growth during the 2008-2011 period, averaging 68 and 40 percent per year, respectively. 2011 saw net profit arrive at USD142.9 million up 66 percent year-on-year. Given the current difficult business environment in Vietnam, EIB's performance for the first six months of 2012 was modest with net profit of USD67.2 million and non-performing loans (NPL) rising to 1.9 percent of loans. Credit growth was only 1.0 percent YTD, while the bank's deposit base grew by 9 percent.

As at 30 June 2012, EIB traded at VND19,000 per share, at a P/E 2012 of 10.7 x and P/B of 1.5x.

Financial highlights

Profit and loss (VND bn)	FY09A	FY10A	FY11A	H1 2012
Net interest income	1,975	2,918	5,363	2,858
Total income	2,576	3,755	6,364	2,985
Net profit	1,132	1,814	3,038	1,411
EPS (adjusted) (VND)	916	1,468	2,460	1,175
DPS	855	1,153	1,400	-
Balance sheet (VND bn)				
Total assets	65,448	131,110	183,567	185,933
Shareholders' equity	13,353	13,510	16,302	15,260
ROE (%)	8.7	13.5	20.4	9.2
Book value per share (VND)	10,807	10,935	13,194	12,351
Valuation				
PER (x)	23.6	15.4	8.7	7.8
P/B (x)	1.6	1.3	1.2	1.2
Dividend yield (%)	4.9	6.2	9.0	6.5

An Giang Plant Protection JSC (AGPP)

An Giang Plant Protection JSC, formerly a state-owned company, is currently the market leader in the manufacturing and distribution of pesticides in Vietnam. The company utilizes its strong and extensive distribution network of 23 stock-keeping units (SKU), 500 wholesalers, and 4,500 retail outlets. The company has over 900 employees in offices in Ho Chi Minh City and Cambodia, two pesticide and five seed factories, a laboratory, and a packaging plant.

In last two years, the company invested USD29 million in four rice mills as part of its new business strategy. The expansion into the rice processing sector is to generate more revenue from activities that are higher on the value chain.

As at 30 June 2012, market capitalization was approximated USD41.2 million, representing a P/E and P/B of 5.1x and 1.9x respectively.

Financial highlights

Profit and loss (VND bn)	FY09A	FY10A	FY11A	H1 2012
Revenue	3,176	4,062	4,869	3,594
Gross profit	912	1,112	1,361	986
Gross margin	28.7%	27.4%	28.0%	27.4%
Net income	328	276	427	278
Net margin	10.3%	6.8%	8.8%	7.7%
EPS (adjusted)	14,578	6,195	6,876	4,477
DPS	12,148	4,444	6,876	4,477
Balance sheet (VND bn)				
Total assets	1,538	1,854	2,707	3,348
Shareholders' equity	638	1,024	1,225	1,484
ROE (%)	51.4%	27.0%	34.9%	37.5%
Book value per share	23,630	16,490	19,726	23,897
Valuation (VND bn)				
PER (x)	4.1	11.3	7.3	5.1
P/B (x)	2.1	3.0	2.5	1.9
Dividend yield (%)	3.3%	4.0%	6.0%	n/a

Kinh Do Corp (KDC)

Established in 1993 as a small bakery, Kinh Do Corporation (KDC) has grown to become one of Vietnam's largest companies. Its product lines include biscuits, cakes and other confectionary related food brands.

For fiscal year 2012, KDC has set a net income target of USD21.5 million. Earlier this year at the annual meeting, shareholders approved the acquisition of a 100 percent stake in Vinabico, in an attempt to acquire smaller competitors and brands.

In the first quarter of 2012, KDC sold 14 million shares, equivalent to 10 percent stake, to strategic investor Ezaki Glico, a confectionary producer in Japan at VND47,000 per share, a significant premium to the market price at the time of issuance. This is part of the company's strategy to diversify product lines into higher margin merchandise (instant noodle, cooking oil, milk). Glico will help KDC develop new premium products that target higher-end segments.

For H1 2012, KDC achieved net revenue of USD78.7million and a net loss of USD0.3 million. H1 2012 saw negative net earnings due to a pretax loss of VND60 billion from divestment of an investment. KDC sales and profit are highly seasonal with 70% revenue and earnings centered in H2 and usually peak in Q3 thanks to the high sales of moon cakes during the Harvest Moon Festival. It is currently the largest moon cake producer in the world with volume of 20 million pieces a year. KDC closed at VND41,000 per share as at 30 June 2012, at a PE of 14.4 and a P/B of 1.1.

Financial highlights

Profit and loss (VNDbn)	FY09A	FY10A	FY11A	H1 2012
Revenue	1,969	2,631	4,392	1,637
Gross profit	572	673	349	591
Gross margin	33.1%	35.5%	39.4%	38.2%
Net income	480	522	273	(7)
Net margin	31.4%	27.1%	6.4%	(0.6%)
EPS (adjusted)	4,085	4,406	1,963	-
DPS	1,142	2,400	2,000	-
Balance sheet (VNDbn)				
Total assets	4,247	5,039	5,809	5,541
Shareholders' equity	2,413	3,738	3,814	4,103
ROE (%)	20.9%	18.3%	7,24%	(1.7%)
Book value per share (VND)	20,490	31,085	26,930	25,869
Valuation (VND bn)				
PER (x)	9.9	9.7	11.0	14.4
P/B (x)	2.0	1.4	0.8	1.1
Dividend yield (%)	2.8%	2.9%	5.7%	-

Century 21

Century 21 was acquired in 2006 because of its location close to a new traffic corridor to the Ho Chi Minh CBD. The Thu Thiem tunnel which was part of the Ho Chi Minh City East-West Highway, running from the South West to the North East of the city, opened in November 2011. The opening of the tunnel has made the site much more accessible. In the final quarter of 2011, the Century 21 Nam Rach Chiec project also received a revised 1/500 Master plan and Investment Licence.

The strategy is to divest the commercial portion and find co-investors to develop the residential component. On-site work will not commence until a co-investment partner is secured or market conditions improve. The surrounding District 2 area, has seen improvements to infrastructure, which have created interest among domestic and foreign investors. Preliminary infrastructure plans are being designed and initial discussions have been held with two potential co-investment partners for the residential Phase 1 and commercial Phase 2 components of the project.

Project summary

Sector	Residential (25ha) and retail (5ha).
Area	30ha; approved GFA 822,781 sqm
Location	District 2, Ho Chi Minh City.
History	Acquired in June 2006. Site cleared and compensated in Jun 2008. Revised Investment Lisence application submitted December 2010. Revised masterplan submitted and awaiting approval.
NAV	USD27.6 million.
Investment rationale	A 30ha site is located along new infrastructure corridor in a new desirable suburban area.

Hoa Phat Corporation (HPG)

Hoa Phat Group (HPG) is a leading industrial manufacturer in Vietnam. Established in 1992 as a trading company, HPG has evolved into a consortium with seven subsidiaries and three affiliated companies, specializing in construction materials such as steel, steel pipes, furniture, refrigeration, construction and mining equipment, and industrial park operations. HPG has a well established nationwide distribution and sales network, with a strong platform for future product expansion and diversification.

The company's sales and net profit were down 6% and 47% year-over year from a reduction in gross margins and higher interest expense resulting from the more challenging business environment. HPG's current capital expenditures include a steel complex with an annual capacity of 700,000 tons and plans for expanding operations into the mining and energy sector to mitigate the company's rising utility and input costs.

As at 30 June 2012, HPG traded at VND24,000 per share, equivalent to a P/E of 6.4 and P/B of 0.9x.

Financial highlights

Profit and loss (VNDbn)	FY09A	FY10A	FY11A	H1 2012
Revenue	8,244	14,492	18,295	8,745
Gross profit	1,976	2,458	2,872	1,230
Gross margin	24.3%	17.3%	16.1%	14.3%
Net income	1,271	1,349	1,236	542
Net margin	15.7%	9.5%	6.9%	6.2%
EPS (adjusted)	3.925	4,150	3,561	1,554
DPS	1,200	1,200	1,800	-
Balance sheet (VNDbn)				
Total assets	10,243	14,903	17,524	9,704
Shareholders' equity	4,898	6,398	7,413	8,008
ROE (%)	28.2%	23.9%	17.9%	6.7%
Book value per share (VND)	15,119	18,299	21,490	22,932
Valuation (VND bn)				
PER (x)	9.0	8.5	4.5	6.4
P/B (x)	2.6	2.3	0.9	0.9
Dividend yield (%)	1.7%	7.75%	10.5%	-

Dai Phuoc Lotus

The Dai Phuoc Lotus Township was acquired due to its attractive location on an island in a future suburban region of Ho Chi Minh City. The resort environment, with transport by both road and boat available to Ho Chi Minh City, attracts second homebuyers and young families.

The strategy is to develop the first of six zones of the 200ha site over a period of five to seven years, in conjunction with partial wholesale divestment to co-investors. First phase of development commenced with Zone 5, comprising 332 villas. Soft sales began in April 2010 with an official sales launch in April 2011. To date 73 percent (169 of 230) of the villas released have been sold. Sales have slowed as the overall market for residential real estate has softened. The construction phase is flexible in that it can be slowed down in line with the rate of sales. To help bolster unit sales, a community sports and recreation centre will be constructed. A recently completed golf course on the island, owned and operated by a Korean group, is used as an additional marketing tool to promote the project.

Project Summary

Sector	Township.
Area	200.7ha, approved GFA 1,758,975 sqm
Location	Dong Nai Province, near Ho Chi Minh City.
History	Acquired in June 2007; Investment Licence received in May 2007. Land-use rights issued for four of six zones, with Zone 8 and CBD LUR applications underway. Construction and sales of Zone 5 townhouses underway.
NAV	USD20.7 million.
Investment rationale	The site lies in the fast-growing eastern suburbs of Ho Chi Minh City and will benefit from the completed transport infrastructure roll-out at Thu Thiem.

VinaLand Limited (VNL)

VNL is a real estate investment fund also managed by VinaCapital. VOF has previously invested on a 25:75 ratio with VNL on real estate projects such as top holdings Dai Phuoc Lotus and Century 21. However, when VNL began trading at a significant discount, the VOF Board initiated share purchases of VNL, to provide the VOF with greater liquidity than investing directly in real estate projects. VNL has one of the largest portfolios of real estate assets among foreign investment funds or developers, acquired between 2006 and 2009. The fund is now in a realisation phase that will see the sale of some assets, and return cash to shareholders.

AIM inception:	22 March 2006
NAV (June 2012):	USD546.3 million
Acquisition phase:	VNL had acquired 46 investments at its peak, diversified by geography and real estate sector.
Development/divestment phase:	VNL has fully divested 10 projects, achieved one partial exit since inception and continued its programme of residential unit sales.
Total Assets:	36

Phu Nhuan Jewelry Company (PNJ)

Established in 1988, Phu Nhuan Jewelry Company is among the top jewelry producers in Vietnam, with more than 2,000 employees. PNJ offers a wide range of products under three major brands (Cao Fine, PNJ Gold and PNJ Silver) that cater to all, including teenagers and luxury shoppers. Its distribution network includes 13 branches, 85 retail shops, and 3,000 wholesalers. PNJ also exports to both the US and Japanese markets. The company went public in 2007 and listed on the Ho Chi Minh Stock Exchange in 2009.

Since its IPO, PNJ has achieved strong financial performance with 33.1 percent annual earnings growth over the past three years. In 2011, revenue and after-tax profit were USD857 million and USD12.3 million, a year-on-year increase of 29.9 and 21.1 percent respectively, compared to 2010. Despite a challenging economic environment and with Decree 24, which limited PNJ's gold bar business, management delivered USD7.4 million in profit for the first half of 2012, or 59 percent of the full year target. Additionally, PNJ has recently opened 11 new stores and a new factory is planned to begin operating by late July. The company has engaged consultants to assist in reviewing its operations and develop a five year strategy and execution plan.

PNJ closed 30 June 2012 at VND45,000 per share, representing a P/E of 10x, and P/B of 2.25x.

Financial highlights

Profit and loss (VNDbn)	FY09A	FY10A	FY11A	H1 2012
Revenue	10,256	13,752	18,038	3,343
Gross profit	501	542	738	280
Gross margin (%)	4.9%	3.9%	4.1%	9.9%
Net income	204	212	258	155
Net margin(%)	2.0%	1.5%	1.43%	4.6%
Adjusted EPS (VND/share)	3,400	3,533	4,285	4,900
DPS (VND/share)	3,000	2,500	2,500	2,500
Balance sheet (VNDbn)				
Total assets	2,026	2,464	2,928	3,000
Shareholders' equity	991	1,047	1,130	1,200
ROE (%)	20.6%	20.2%	22.8%	13.0%
Book value per share (VND)	16,516	17,433	18,833	20,000
Valuation (VND bn)				
PER (x)	11.5	11.0	9.4	10.0
P/B (x)	2.4	2.2	2.1	2.3
Dividend yield (%)	5.2%	6.4%	6.2%	5.5%

VINACAPITAL MANAGEMENT TEAM

Don Lam
Chief Executive Officer

Don Lam co-founded VinaCapital in 2003. Don has over 17 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 also the founder and Chairman of the VinaCapital Foundation, a non-profit aimed at improving access to quality health care for poor children. 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.

Brook Taylor
Chief Operating Officer

Brook Taylor has more than 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 Arthur Andersen Vietnam and a senior audit partner at KPMG. Brook has lived and worked in Vietnam since 1997. His expertise spans a broad range of management and finance areas including accounting, business planning, audit, corporate finance, taxation, 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.

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.

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 and Hau Giang Pharma. 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.

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.

BOARD OF DIRECTORS

William Vanderfelt
Chairman

Mr. Vanderfelt was appointed to the VOF Board in 2003 and became Chairman in 2008. He has over 30 years of experience as Managing Partner of Petercam, the leading independent 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 will help the Company ensure that it maintains best practice in its corporate governance.

Michael G. Gray
Director

Michael G. Gray was appointed to the VOF Board in 2009. He has over 30 years professional experience, including 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 Pricewaterhouse-Coopers Indochina (Vietnam, Cambodia and Laos). He is a board member of several companies in Singapore, including Avitech Electronics Ltd, JEL Corporation Holdings Ltd, Grand Banks Ltd, and Raffles Marina Holdings Ltd.

Martin Glynn
Director

Martin Glynn was appointed to the VOF Board in 2008. He has 30 years of experience in the financial services industry. He 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 and worked his way up to President and CEO of HSBC Bank Canada. From 2003 to 2006 he served 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. He has two degrees from Canadian universities.

Don Lam
Director

Don Lam co-founded VinaCapital in 2003. Don has over 17 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 also the founder and Chairman of the VinaCapital Foundation, a non-profit aimed at improving access to quality health care for poor children. 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.

GOVERNANCE REPORT

The Board of Directors ('the Board') is pleased to report on the activities of the Board and its Committees during the 2012 financial year. VinaCapital Vietnam Opportunity Fund ('VOF' or 'the Company') is a Cayman Islands company established in 2003 and traded on the Alternative Investment Market ('AIM') of the London Stock Exchange. The Company respects the AIM governing laws and regulations, and has implemented and promoted the guidelines and rules issued by the relevant regulatory authorities. Throughout the year ended 30 June 2012, the Company has complied with the AIM rules.

Additionally, the Company, although not required to do so as an AIM listed company, has implemented and executed the use of good practice guidelines set by the UK Corporate Governance Code (the 'Code'), and the Association of Investment Companies Code of Corporate Governance (the 'AIC Code'), which adapts the Combined Code specifically for investment companies. The Board regularly reviews the Company's corporate governance system with advice from our Nominated Advisors (Nomad) and Brokers to ensure that it is aligned and balanced with international standards. The Company's current departures from the AIC Code are noted below, along with the Board's plans to implement policies that fully comply with the AIC Code.

The Board is committed to attain and maintain a high standard of corporate governance, with the ultimate aim to protect shareholders' and other stakeholders' interests. The activities performed by the Board and the Board Committees during the year are testament to this commitment. In particular, the Board has invested considerable time and effort to ensure the Investment Manager executes the strategy of the Company, liaised with shareholders and reviewed the processes of VinaCapital Investment Management Ltd (the 'Investment Manager'), that will further enhance governance and transparency.

Board responsibilities

The Board is responsible to shareholders for the long-term performance of the Company and the entities it controls. The Board oversees the implementation of a high standard of corporate governance with respect to the Company's affairs, strategy, direction and the supervision of the Investment Manager, as stipulated in the Investment Management Agreement ('IMA'). The IMA documents the Investment Manager's responsibilities and authority to enter or exit investments, or enter into any commitments on behalf of the Company. Under the existing agreement, the Board ensures the Investment Manager follows the Board's strategic direction to achieve the investment objectives in the identification, acquisition, management and disposal of investments and the determination of any financing arrangements.

The Board is also responsible for the preparation and approval of the reviewed interim and audited annual financial statements as a true and fair view of the Company's financial position and performance at the time of the report and that any issues or matters raised by the auditor are adequately addressed. The Board is also responsible for ensuring that the Company's assets are safeguarded and appropriate controls are in place.

The relationship between the Board and the Investment Manager are primarily set out in the AIM Admission Document and IMA. The following sections provide an overview of how responsibilities are allocated between the Board and the Investment Manager.

Shareholder relations

The Board is ultimately responsible for communicating with shareholders. However, this task cannot be undertaken without considerable support from the Investment Manager. The Board responds to shareholders in respect to matters directly relating to the Board's responsibilities and significant issues, monitors the shareholder profile and investor relations activities of the Investment Manager, engages with shareholders and ensures that they are provided with sufficient information, and approves regulatory announcements. The Investment Manager responds to investors in respect to investment related matters and enquiries, prepares regulatory announcements and reports and holds investor briefings, conferences and visits.

Board independence, composition and fees

The Board is considered independent of the Company and the Investment Manager because the majority of its members are independent directors. The Board is comprised of three independent Directors, including the Chairman, and one non-independent Director. Each Director has appropriate qualifications, industry experience and expertise to help guide the Company. The Directors' biographies are included in this annual report. The independent Directors annually declare that they were, and continue to be, independent from the Company, the Investment Manager, and any of its managed vehicles.

Board members	Independence to the Company	Exec/non-exec director
William Vanderfelt	Yes	Non-executive
Martin Glynn	Yes	Non-executive
Michael G. Gray	Yes	Non-executive
Don Lam	No[1]	Non-executive
Horst Geicke[2]	No[3]	Non-executive

1. Mr Don Lam is an executive of the Investment Manager, VinaCapital Investment Management Ltd, and a Director of VinaCapital Group Ltd, a controlling shareholder of the Investment Manager.
2. Mr Horst Geicke resigned on 3 February 2012.
3. Mr Horst Geicke was formerly a Director of VinaCapital Group Ltd, a controlling shareholder of the Investment Manager.

Each Director's performance is evaluated each year by their peers. The Chairman coordinates the evaluation process by requesting each Director to provide feedback in respect to other Directors' performance. The Chairman then collates the results, reviews feedback with each Director where appropriate and presents the findings to the Board for consideration. A similar process is conducted in respect to evaluating the performance of the Chairman, whereby the other Directors consult with one another and present their findings to the Board. At present there is no specific policy for the re-election of Board members. However, the Board is reviewing this policy and expects to implement a nomination and re-election process as part of a future Annual General Meeting.

The selection of new Board members is initiated by recommendations from current Board members, shareholders, and/or referrals from international recruitment agencies. After a shortlist of potential members is created and reviewed by the RMNE Committee, a final candidate is nominated and presented to the Board for a final consideration.

Director's fees are fixed and reviewed against available market information each year. At the end of the financial year, the aggregate fees for the Company's Directors amounted to USD195,000. Under the Company's Article of Association directors fees are limited to USD300,000 per annum, however any amount paid in excess of USD60,000 must be deducted from the management fee paid to the Investment Manager. The Board does not consider this arrangement acceptable and intends to implement changes that will rectify the situation within the next 12 months.

The Company has provided appropriate Directors and Officers insurance coverage for the Company's Directors to cover any liabilities arising from corporate activities. The insurance coverage is reviewed every 18 months or as required.

Board meetings

The Board meets at least four times a year and uses a structured agenda to ensure all key areas are reviewed; covering but not limited to the review of the Company's strategy, financial position and performance, Investment Manager's operations and shareholder relations.

A quorum is present at a Board meeting if two directors are present. During Board meetings decisions in all matters that the Board is responsible for performing are concluded and considered approved by a majority vote. In the event of a contentious vote, split evenly between Board members, the Chairman shall have the casting vote. Decisions made by written (circulated) resolution must be approved by all directors.

Members attended all required Board and Committee meetings. A summary of the Board members' attendance and fees paid are shown in the table below:

VOF board member	Appointed	Current Board Position	Audit Committee (AC)	Valuation Committee (VC)	RNME Committee (RNME)	Attendance[1]				Total Fee USD
						Board meetings (5)	AC meetings (5)	VC meetings (6)	RNME meetings (1)	
William Vanderfelt	2003	Chairman	Member	Member	Chairman	5/5	5/5	6/6	1/1	75,000
Michael Gray	2009	Member	Chairman	Member	Member	5/5	5/5	6/6	1/1	60,000
Martin Glynn	2008	Member	Member	Chairman	Member	5/5	5/5	6/6	1/1	60,000
Don Lam	2008	Member	-	-	-	5/5	-	-	-	-
Horst Geicke	2003	Member	-	-	-	3/3[2]	-	-	-	-
Total										**195,000**

Note:
1 Attendances of Board and Committee meetings are from 1 July 2011 to 30 June 2012.
2 Mr Horst Geicke resigned on 3 February 2012.

The Company's Directors have direct access to the Company's nominated advisor, lawyers, brokers and the Investment Manager's Legal Counsel and Head of Compliance. They advise the Board on corporate documentation,

Board committees

To assist the Board in discharging its responsibilities, the Company has adopted a governance framework which provides for the delegation of functions to Board Committees. While the ultimate accountability rests with the Board, the framework ensures that functions are carried out by the most appropriate person or group and that a tiered system of responsibility and accountability exists throughout the Company. This also ensures that independent oversight of internal controls and risk management are maintained. Each Board Committees' terms of reference is based on the model terms of reference from the Institute of Chartered Secretaries and Administrators (ICSA) and details the administration requirements, duties and responsibilities.

It is the Board's policy that each Board Committee should:
- Be chaired by an independent non-executive Director;
- Be comprised solely of independent non-executive Directors;
- If needed, be entitled to obtain independent professional or other advice at the Company's cost;
- Have at least three members.

Audit Committee

Michael G. Gray*	William Vanderfelt	Martin Glynn

*Chairman

The Committee is responsible for overseeing the effectiveness of the Company's systems of internal control, risk management and financial reporting. The Committee is also kept informed of the annual audit and interim review of the Company's financial statements. It assesses the external auditor's independence and considers the appropriateness of any non-audit services provided by the external auditor. The Committee also evaluates the performance of both the internal and external auditors following each audit cycle.

The Committee undertakes an advisory role and makes recommendations arising from the above activities at each Board meeting. The committee's Chairman presents the auditors' findings and any proposals to the Board for approval.

The Committee met five times during the year in order to perform the duties stated by its Terms of Reference, including the following key activities. A full list of the Committee's Terms of Reference can be found on the Company's website. During the year the Committee:
- Recommended the appointment of a new external auditor to the Board;
- Reviewed the audit strategy and practices of the external auditor;
- Reviewed the integrity and opinion on the interim and year-end financial reports before the Board's review and approval;
- Reviewed the annual internal audit plan and appointment of the internal auditor;
- Reviewed the internal audit reports on the Investment Manager's internal control system and key business processes;
- Reviewed the Investment Manager's risk management framework and associated activities;
- Reviewed the Company's major risks as reported by the Investment Manager;
- Reviewed related party transactions involving the Company, directors, the investment manager and its employees and affiliates, and project companies;
- Reviewed governance policies of the Investment Manager;
- Reviewed the Investment Manager's fraud, bribery and corruption procedures;
- Reviewed the Company's insurance D&O, public liability and construction policies;
- Reviewed the Committee's Terms of Reference.

Valuation Committee

Marin Glynn*	William Vanderfelt	Michael G. Gray

*Chairman

The Committee's primary goal is to ensure that the Company's investments are recorded at fair values. In doing so, the Committee reviews the Investment Manager's valuation process and the individual results of each valuation exercise. The Committee approves the fair values of investments used to prepare the financial statements. The Committee's Chairman presents the Committee's findings to the Board at each Board meeting.

The Committee met six times during the year in order to perform the duties stated by its Terms of Reference, including the following key activities. A full list of the Committee's Terms of Reference can be found on the Company's website. During the year the Committee:
- Checked that the basis for valuation is fair and reasonable;
- Oversaw the Investment Manager's approach to the valuation process, ensuring that it was undertaken on a consistent, transparent and prudent basis;
- Ensured the valuation policies and procedures are aligned with relevant regulations and best practices;
- Approved the fair values of investments and reported the results to the Board;
- Ensured Directors have a clear understanding of the valuation process and results;
- Reviewed the Committee's terms of reference to ensure it meets the needs of the Board.

Remuneration, Nomination, and Management Evaluation Committee

William Vanderfelt *	Michael G. Gray	Martin Glynn

*Chairman

The Committee is responsible for overseeing that the Board is appropriately structured, the Directors adhere to their responsibilities and are appropriately remunerated, to nominate new Directors to the Board if required, and to evaluate the Company's services providers. The Committee undertakes an advisory role and makes recommendations arising from its activities at each Board meeting. The Committee's Chairman presents its recommendations and any proposals to the Board for approval.

The Committee met one time during the year in order to perform the duties stated by its Terms of Reference, including the following key activities. A full list of the Committee's Terms of Reference can be found on the Company's website. During the year the Committee:
- Reviewed the performance of the Investment Manager;
- Reviewed the performance and remuneration policies of Directors;
- Evaluated new potential Director candidates;
- Evaluated the performance of the Company's key third-party service providers;
- Evaluated new potential Director candidates via a Subcommittee including Mr Gray and Mr Glynn;
- Reviewed and evaluated the Committee's own performance, duties and responsibilities.

Investment Committee

The Investment Committee is comprised of executives of the Investment Manager. The Committee met as required during the year to consider and approve investments that the Investment Manager felt were suitable for investment, development, or exit, which fell within the delegated investment authority provided to it by the Board. The Committee is appointed by the Investment Manager and is comprised of individuals with financial and business backgrounds combined with extensive hands-on experience in Vietnam.

The Investment Manager

Under the investment management agreement the Company has delegated to 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 and framework set out by the Board.

During the year, the Investment Manager has enhanced its corporate governance and risk management frameworks, with specific improvements in respect to appointing independent directors to its own Board, defining and communicating its values, expanding its system of internal controls and risk management processes, and greater transparency and quality of information when reporting to the Board of Directors and shareholders. These improvements provide ongoing comfort that the Investment Manager is committed to protecting and enhancing its clients' interests and promoting good corporate governance in Vietnam.

Internal Controls and Risk Management

The Investment Manager has implemented a risk management system covering the identification of risks, implementation of controls, and monitoring and reporting of risks. The internal audit function has been outsourced to KPMG Vietnam, to ensure that Investment Manager's controls over the Company's major risks are adequate, effective and independently monitored.

Code of Conduct and Compliance

All employees of the Investment Manager must adhere to the Code of Conduct set out in the Investment Manager's Compliance manual. The Investment Manager has adopted a Code of Conduct based on the International Organisation of Securities Commissions ("IOSCO") International Code of Business Principles 1990, which serves as a model reference for regulators in Vietnam. The manual also incorporates the necessary requirements of any applicable anti-bribery and corruption regulations.

All staff are required to sign an annual compliance attestation confirming compliance with the Code of Conduct and Compliance manual, including their commitment to the fraud and whistleblower policies and procedures. Non-compliance will result in disciplinary action.

Risk management system

The Investment Manager's newly implemented Enterprise Risk Management ('ERM') framework provides a structured approach to managing risk by establishing a risk management culture through education and training, formalised risk management procedures, defining roles and responsibilities in respect to managing risk, and establishing reporting mechanisms to monitor the effectiveness of the framework.

Internal audit

The Investment Manager appointed KPMG Vietnam as its internal auditor for the fiscal year. The internal audit work was performed based on an internal audit plan reviewed by the Company's Audit Committee. The internal auditors have unrestricted access to the business and the Company's Audit Committee. They performed audits of the control environment, procedures, and internal controls in respect to the audit areas selected for review. The internal auditor presents its findings to the audit committees of the Investment Manager and the Company. During the year, no serious control breaches were reported.

External audit

The Company's auditor is PwC Hong Kong, with support provided by PwC Vietnam. To ensure independence from the Investment Manager, the external auditor is selected and approved by the Board. The Audit Committee considers whether any other engagements provided to the auditor will have an effect on, or perception of, compromising the external auditor's independence. The performance of services outside of external audit must be specific and approved by the Audit Committee Chairman.

Sincerely,

William Vanderfelt
Chairman
VinaCapital Vietnam Opportunity Fund

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements of VinaCapital Vietnam Opportunity Fund Limited ("the Company") and its subsidiaries (together, "the Group") set out on pages 29 to 86 which comprise the consolidated balance sheet as at 30 June 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the directors, as well as evaluating the overall presentation of the consolidated 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 the Group as at 30 June 2012, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers

Certified Public Accountants
Hong Kong, 22 October 2012

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“the Board”) 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 from 1 July 2011 to 30 June 2012 (“the year”).

The Group

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

VinaCapital Vietnam Opportunity Fund Limited and its subsidiaries herein are referred to as the Group.

Principal activities

The Company’s principal activity is to undertake various forms of investment primarily in Vietnam but 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 predominantly investment holding, having investments in property and hospitality management.

Results and dividend

The results of the Group for the year and the state of its affairs as at that date are set out in the consolidated financial statements on pages 29 to 86.

The Board does not recommend the payment of a dividend for the year (year ended 30 June 2011: Nil).

Treasury shares

The Company has commenced a share buy-back programme. Details of ordinary shares held as treasury shares available for resale in the market are contained in Notes 16 and 32 of the consolidated financial statements.

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
Martin Glynn	Director	18 March 2008
Don Lam	Director	18 March 2008
Michael Gray	Director	24 June 2009
Horst Geicke	Director	14 March 2003/(3 February 2012)

Directors’ interests in the Company

As at 30 June 2012, the interests of the directors in the shares, underlying shares and debentures of the Company are as follows:

	No. of shares		Approximate % of direct and indirect holding
	Direct	Indirect	
Don Lam	1,005,859	235,342	0.382%
William Vanderfelt	-	600,000	0.185%
Michael Gray	100,000	-	0.031%
Martin Glynn	60,000	-	0.018%

Auditor

The Group's auditor is PricewaterhouseCoopers.

Subsequent event after the reporting date

Details of subsequent event after the reporting period are contained in Note 32 of the consolidated financial statements.

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

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 as issued by the International Accounting Standards Board ("IASB") or, if there have been any departures in the interest of 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 Company 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 balance sheet, consolidated statement of changes in equity, consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows, together with the notes thereto, have been properly drawn up and give fair presentation of the financial position of the Group as at 30 June 2012 and the results of its operations and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards as issued by the IASB.

On behalf of the Board of Directors

William Vanderfelt
Chairman
22 October 2012

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

BALANCE SHEET

	Note	30 June 2012 USD'000	30 June 2011 USD'000
ASSETS			
Non-current			
Plant and equipment		800	572
Investment property	5	1,785	3,445
Interests in associates	6	199,137	247,570
Prepayment for acquisition of investment property	7	7,500	8,986
Available-for-sale financial assets	8	6,111	16,923
Long-term loan to an associate	29(e)	-	7,115
Other non-current assets		583	95
Total non-current assets		**215,916**	**284,706**
Current			
Inventories	10	6,090	2,380
Trade and other receivables	11	14,611	12,054
Short-term loans to related parties	29(e)	10,771	6,337
Financial assets at fair value through profit or loss	12	425,281	383,782
Available-for-sale financial assets	8	28,450	-
Short-term investment		-	27
Cash and cash equivalents (excluding bank overdraft)	13	42,209	62,968
Total current assets		**527,412**	**467,548**
Assets classified as held for sale	14	32,127	12,349
Total assets		**775,455**	**764,603**

BALANCE SHEET

	Note	30 June 2012 USD'000	30 June 2011 USD'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	3,246	3,246
Additional paid-in capital		722,064	722,064
Treasury shares	16	(17,785)	-
Revaluation reserve	17	28,602	27,513
Available-for-sale financial assets reserve		14,180	-
Translation reserve		(17,011)	(4,834)
Retained earnings		32,349	3,917
Total equity		**765,645**	**751,906**
LIABILITIES			
Non-current			
Deferred tax liabilities		101	101
Other long-term liabilities		175	55
Total non-current liabilities		**276**	**156**
Current			
Short-term borrowings	18	2,588	-
Trade and other payables	19	4,787	3,932
Payable to related parties	29(d)	2,159	8,609
Total current liabilities		**9,534**	**12,541**
Total liabilities		**9,810**	**12,697**
Total equity and liabilities		**775,455**	**764,603**
Net asset value, USD per share	26(c)	**2.45**	**2.32**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Additional paid-in capital	Treasury shares	Revaluation reserve	Available-for-sale financial assets reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance at 1 July 2010	3,246	722,064	-	21,193	-	(3,762)	39,760	**782,501**	1,427	**783,928**
Loss for the year	-	-	-	-	-	-	(36,285)	**(36,285)**	106	**(36,179)**
Other comprehensive income/ (loss)	-	-	-	6,320	-	(1,072)	-	**5,248**	(30)	**5,218**
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**6,320**	**-**	**(1,072)**	**(36,285)**	**(31,037)**	**76**	**(30,961)**
Acquisition of non-controlling interest	-	-	-	-	-	-	442	**442**	(1,056)	**(614)**
Disposal of subsidiary	-	-	-	-	-	-	-	**-**	(447)	**(447)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**442**	**442**	**(1,503)**	**(1,061)**
Balance at 30 June 2011	**3,246**	**722,064**	**-**	**27,513**	**-**	**(4,834)**	**3,917**	**751,906**	**-**	**751,906**
Balance at 1 July 2011	3,246	722,064	-	27,513	-	(4,834)	3,917	**751,906**	-	**751,906**
Profit for the year	-	-	-	-	-	-	28,432	**28,432**	-	**28,432**
Other comprehensive income/ (loss)	-	-	-	1,089	14,180	(12,177)	-	**3,092**	-	**3,092**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**1,089**	**14,180**	**(12,177)**	**28,432**	**31,524**	**-**	**31,524**
Shares repurchased, representing total transaction with owners (Note 16)	**-**	**-**	**(17,785)**	**-**	**-**	**-**	**-**	**(17,785)**	**-**	**(17,785)**
Balance at 30 June 2012	**3,246**	**722,064**	**(17,785)**	**28,602**	**14,180**	**(17,011)**	**32,349**	**765,645**	**-**	**765,645**

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 30 June 2012 USD'000	Year ended 30 June 2011 USD'000
Revenue	20	8,913	8,797
Cost of sales	20	(4,867)	(7,059)
Gross profit		**4,046**	**1,738**
Dividend income		20,710	16,725
Interest income	21(a)	3,413	4,142
Gain/(loss) from financial assets at fair value through profit or loss, net	22	27,491	(52,520)
Fair value loss on investment property	5	(1,660)	(301)
Other income	23	23,565	6,946
Selling, general and administration expenses	24	(19,498)	(20,155)
Other expenses		(11,622)	(4,056)
Operating profit/(loss)		**46,445**	**(47,481)**
Finance income	21(b)	93	594
Finance costs	21(b)	(1,059)	(4,171)
Finance costs, net		(966)	(3,577)
Share of (losses)/profits of associates, net of tax	6	(16,347)	15,424
		(17,313)	11,847
Profit/(loss) before tax		**29,132**	**(35,634)**
Corporate income tax	25	-	(203)
Withholding taxes imposed on investment income		(700)	(342)
Profit/(loss) for the year		**28,432**	**(36,179)**
Profit/(loss) attributable to:			
Owners of the parent		28,432	(36,285)
Non-controlling interest		-	106
		28,432	(36,179)
Earnings/(loss) per share - basic and diluted (USD per share)	26(a), (b)	**0.09**	**(0.11)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 June 2012 USD'000	Year ended 30 June 2011 USD'000
Profit/(loss) for the year		**28,432**	**(36,179)**
Other comprehensive income/(loss)			
- Share of revaluation reserve of associates	17	1,089	6,320
- Change in fair value of available-for-sale financial assets	8	14,180	-
- Currency translation differences	6	(12,177)	(1,102)
Other comprehensive income for the year		**3,092**	**5,218**
Total comprehensive income/(loss) for the year		**31,524**	**(30,961)**
Attributable to:			
Owners of the parent		31,524	(31,037)
Non-controlling interest		-	76
		31,524	**(30,961)**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2012 USD'000	30 June 2011 USD'000
Operating activities			
Profit/(loss) before tax		29,132	(35,634)
Adjustments for:			
Depreciation and write off of assets		299	442
Unrealised (gain)/loss from revaluation of financial assets at fair value through profit or loss	22	(22,920)	74,691
Net gain from realisation of financial assets at fair value through profit or loss	22	(4,571)	(22,171)
Loss on fair value changes of investment property	5	1,660	301
Loss of acquisition of investment		445	-
Gain on disposals of investments	23	(10,858)	(5,876)
Reversal of impairment loss	23	(9,400)	-
Impairment of assets		12,493	4,056
Share of losses/(profits) of associates	6	16,347	(15,424)
Unrealised losses from foreign exchange differences	21(b)	16	656
Interest expense	21(b)	172	460
Profit before changes in working capital		**12,815**	**1,501**
Change in trade receivables and other assets		(3,456)	(4,265)
Change in inventories		(3,710)	57
Change in trade payables and other liabilities		(6,728)	2,510
Withholding taxes imposed on investment income		(700)	(342)
Net cash outflow from operating activities		**(1,779)**	**(539)**
Investing activities			
Purchase of plant and equipment		(284)	(162)
Dividends received		4,000	1,500
Financial assets at fair value through profit or loss:			
- Acquisition of investment		(82,484)	(70,294)
- Proceed from disposals		65,785	91,134
Investment in associates:			
- Acquisition of investment		(22,000)	(7,038)
- Capital contribution into associate		(552)	-
- Proceed from disposals		14,199	11,668
Available-for-sale financial assets:			
- Acquisition of investment	8	(2,223)	(7,112)
- Proceed from disposals		17,506	-
Proceed from disposal of short-term investments		-	401
Shareholder loans:			
- Advanced made	29(e)	(1,259)	(7,496)
- Repayment received	29(e)	875	1,812
Net cash (outflow)/inflow from investing activities		**(6,437)**	**14,413**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 30 June 2012 USD'000	Year ended 30 June 2011 USD'000
Financing activities			
Interest paid		(172)	(460)
Acquisition of non-controlling interest		-	(614)
Loan refunded from third party		2,985	-
Payment for buy back of shares		(17,785)	-
Loan proceed from banks, net of bank overdraft		1,413	-
Net cash outflow from financing activities		**(13,559)**	**(1,074)**
Net (decrease)/increase in cash and cash equivalents for the year		**(21,775)**	**12,800**
Cash and cash equivalents at the beginning of the year	13	62,968	50,033
Exchange differences on cash and cash equivalents		(159)	135
Cash and cash equivalents at the end of the year	13	**41,034**	**62,968**

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 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. The Board tabled such a special resolution in 2008 and it was not passed, allowing the Company to continue as presently constituted. The next special resolution on the life of the Company will be held in 2013.

The consolidated financial statements for the year ended 30 June 2012 were approved for issue by the Board of Directors on 22 October 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements of VinaCapital Vietnam Opportunity Fund Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared using the historical cost convention, as modified by the revaluation of investment property, available for sale financial assets, leasehold land, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss. The financial statements have been prepared on a going concern basis subject to further shareholders' decision on business development.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

There are no new IFRS or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning on or after 1 January 2011 and not early adopted

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

The Board anticipates that all such pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective dates of these pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated 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 (2010) Financial Instruments - Classification and Measurement is effective from 1 January 2013. There are significant changes to existing guidance in IAS 39, including the multiple classification and measurement models in IAS 39 being replaced with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. Adoption of IFRS 9 will result in changes to the presentation and disclosure of financial assets in the financial statements of the Company, but will not impact on the recognition and measurement of the financial assets.

IFRS 10, "Consolidated financial statements" is effective from 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 12, "Disclosures of interests in other entities" is effective from 1 January 2013. It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The impact on adoption is on disclosure in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosure (continued)

IFRS 13, "Fair value measurement" is effective from 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required within IFRS. The Group will assess IFRS13's full impact on the financial statements before the year of adoption of the standard.

Amendments to IAS 1 Presentation of Financial Statements are effective from 1 July 2012. The amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRS: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The board expects this will change the current presentation of items in other comprehensive income but will not affect the measurement of recognition of such items.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.3 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity, along with contractual arrangements, are taken into consolidation. 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 subsidiaries with a different reporting date, the Group consolidates management information up to 30 June.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's interest in associates includes goodwill identified on acquisition and long-term loans to associates which in substance form part of the Group's interest in the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (continued)

The Group determines at each reporting date whether there is any objective evidence that the interest in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.4 Foreign currency translation

(a) Functional and presentation currency

The Group's 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 the Vietnamese Dong. The financial statements prepared using the Vietnamese Dong are then translated into the presentation currency. USD is used as the presentation currency because it is the primary basis for the measurement of the performance of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

2.5 Investment property

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.

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 can be reliably determined.

2.6 Operating 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 2.5). Where the Group has the use of an asset held under an operating lease, payments made under the lease are charged to the consolidated income statement 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Non-current assets (or disposal groups) and liabilities held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable at the reporting date. The assets are classified as “asset held for sale” and presented separately in the consolidated balance sheet. They 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.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or designated by the management to be carried at fair value through profit or loss at inception. Financial assets at fair value through profit or loss held by the Group include listed and unlisted securities, bonds. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group’s loans and receivables comprise “Trade receivables” and “Cash and cash equivalents” in the consolidated balance sheet (Notes 2.13 and 2.14)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group’s available-for-sale financial assets are investments in private entities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (continued)

2.8.2 Recognition and measurement

Purchases or sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

If the investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured, such investments shall be measured at cost, less provision for impairment.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the income statement within‘ fair value gain/(loss)of financial assets at fair value through profit or loss” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Prepayments for acquisition of investments

These represent prepayments made by the Group to investment/property vendors for land compensation and other related costs, and professional fees directly attributed to the projects, where the final transfer of the investment/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. 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 appropriate investment accounts.

2.11 Impairment of assets

(a) Impairment of non-financial assets

Assets that have an indefinite useful life, for example, prepayment for acquisition of investment, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(b) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of assets (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital

Ordinary shares are classified as 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. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

2.16 Treasury shares

Where any group company purchases the Company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued.

Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When such treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revaluation reserve

The revaluation reserve arises from the revaluation of buildings and leasehold land improvements including hotels and golf courses held by associates. The revaluation policy is consistent with the fair value policy as described in Note 3. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the income statement.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

2.19 Current and deferred income tax

(a) Corporate income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Gains and losses from changes in fair value of properties of the associates are accounted for using the equity method of accounting.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, 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 income statement.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax (continued)

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 income statement. 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.

(b) 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 income statement.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. 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 the Group’s management.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sale of goods

Revenue from sale of goods is recognised in the consolidated income statement when the significant risks and rewards of ownership of goods have passed to the buyer. Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, excluding sales taxes, rebates, and trade discounts.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan receivables is recognised using the original effective interest rate.

(c) Dividend income

Dividend income, other than those from investments in associates, is recognised when the right to receive payment is established as disclosed in Note 2.8.2.

2.22 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.

Enterprises and individuals that directly, or indirectly through one or more intermediary, control, or are controlled by, or under common control with, the Company, including, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owing directly, or indirectly, an interest in the voting power of the Company that give them significant influence over the entity, key management personnel, including directors and officers of the Company, the investment manager and the close members of the family. In consider each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the consolidated financial statements, the Group undertakes a number of accounting 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 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.

3.1 Critical accounting estimates and assumptions

Fair value of properties within the associates and the Group

Properties within the associates and the Group are stated at fair value. Two independent valuation firms 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 same valuation date. The fair value is estimated by the independent valuation firms, including: CB Richard Ellis, Savills, Jones Lang LaSalle, Colliers and HVS, assuming there is an agreement between a willing buyer and a willing seller in an arm's length transaction after proper marketing; wherein the parties have each acted knowledgeably, prudently and without compulsion.

These valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. The valuations by the independent valuation firms 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. The estimated fair values provided by the independent valuation firms are used by the valuation committee as the primary basis for estimating each property's fair value. In addition to the reports of the independent valuation firms, the valuation committee considers information from other sources, including those sources as below, before recommending each property's estimated fair value to the board for approval.

a) 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;

b) 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;

c) 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

d) 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (continued)

Discount rates ranging from 14% to 22% (30 June 2011: 14% to 19%) are considered appropriate for properties in different locations. Gains and losses from changes in fair value of properties of the Group are recognised in the consolidated income statement. Gains and losses from changes in fair value of properties of the associates are accounted for using the equity method of accounting.

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 (see Note 31(e)).

3.2 Critical judgement in applying the Group's accounting policies

Equity investments

When the Group has interest in the voting power of the investee of between 20% and 50%, significant influence over the investee is presumed. There are situations, however, where it can be clearly demonstrated that interest held by the Group is less than 20%, but significant influence exists; and interest held of more than 20% but there is no significant influence. In exercising its judgement, management considers one or more of the following as to whether the Group has significant influence over the investee. The criteria are whether the Group:

a) has representation on the Board of Directors of the investee;

b) participates in policy-making processes, including decisions about dividends or other distributions;

c) has interchange of managerial personnel; or

d) provides essential technical information.

At the reporting date, the Group has interests in certain investees with more than 20% voting power but which are not accounted for as associates (Note 12), and certain investees with less than 20% voting power, but are accounted for as associates of the Group (Note 6).

4. 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 short-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:

Revenue and other segment profit and loss

	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash USD'000	Total USD'000
Year ended 30 June 2012					
Revenue	-	-	8,913	-	**8,913**
Dividend income	20,710	-	-	-	**20,710**
Interest income		-	-	3,413	**3,413**
Share of losses of associates	-	(16,347)	-	-	**(16,347)**
Other income	-	12,301	11,264	-	**23,565**
Fair value loss of investment property	-	(1,660)	-	-	**(1,660)**
Net changes in fair value of financial assets at fair value through profit or loss:					
– Listed and unlisted securities	27,011	-	-	-	**27,011**
– Corporate bonds	480	-	-	-	**480**
	48,201	(5,706)	20,177	3,413	**66,085**

4 SEGMENT ANALYSIS

Revenue and other segment profit and loss (continued)

	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash USD'000	Total USD'000
Year ended 30 June 2011					
Revenue	-	-	8,797	-	**8,797**
Dividend income	16,725	-	-	-	**16,725**
Interest income	-	157	510	4,069	**4,736**
Share of profits of associates	-	15,413	11	-	**15,424**
Other income	-	5,876	1,070	-	**6,946**
Fair value loss of investment property	-	(301)	-	-	**(301)**
Net changes in fair value of financial assets at fair value through profit or loss:					
– Listed and unlisted securities	(52,575)	-	-	-	**(52,575)**
– Corporate bonds	55	-	-	-	**55**
	(35,795)	21,145	10,388	4,069	**(193)**

4 SEGMENT ANALYSIS (CONTINUED)

Assets

	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash USD'000	Total USD'000
As at 30 June 2012					
Financial assets at fair value through profit or loss	394,369	-	5,000	25,912	**425,281**
Investment property	-	1,785	-	-	**1,785**
Interest in associates	-	193,611	5,526	-	**199,137**
Prepayment for acquisition of investment property	-	7,500	-	-	**7,500**
Available-for-sale financial assets:					
- Non current	-	6,111		-	**6,111**
- Current	-	-	28,450	-	**28,450**
Other non-current assets	-	-	1,383	-	**1,383**
Cash and cash equivalents	-	-	-	42,209	**42,209**
Inventories	-	-	6,090	-	**6,090**
Other current assets	3,412	15,527	6,443	-	**25,382**
Assets classified as held for sale	-	27,227	4,900	-	**32,127**
	397,781	251,761	57,792	68,121	**775,455**

4 SEGMENT ANALYSIS (CONTINUED)

Assets (continued)

	Capital markets USD'000	Real estate USD'000	Private equity USD'000	Cash USD'000	Total USD'000
As at 30 June 2011					
Financial assets at fair value through profit or loss	367,401	-	5,000	11,381	**383,782**
Investment property	-	3,445	-	-	**3,445**
Interest in associates	-	243,797	3,773	-	**247,570**
Long term loan receivable from related party	-	7,115	-	-	**7,115**
Prepayment for acquisition of investment property	-	8,986	-	-	**8,986**
Available-for-sale financial assets	-	6,111	10,812	-	**16,923**
Other non-current assets	-	-	667	-	**667**
Cash and cash equivalents	-	-	-	62,968	**62,968**
Inventories	-	-	2,380	-	**2,380**
Other current assets	2,680	15,426	285	27	**18,418**
Assets classified as held for sale	-	245	12,104	-	**12,349**
	370,081	285,125	35,021	74,376	**764,603**

5 INVESTMENT PROPERTY

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	3,445	6,700
Reclassified to assets held for sale (Note 14)	-	(245)
Net loss from fair value changes	(1,660)	(301)
Disposed during the year	-	(2,344)
Translation difference	-	(365)
Closing balance	1,785	3,445

6 INTERESTS IN ASSOCIATES

	30 June 2012 USD'000	30 June 2011 USD'000
Investments in associates	172,341	199,579
Long-term loan receivables (Note 29(e))	35,733	47,991
Interests in associates	208,074	247,570
Less: provision for impairment	(8,937)	-
Total	199,137	247,570

The movement in investments in associates is analysed as follows:

Opening balance	199,579	194,688
Additions	22,107	7,038
Share of (losses)/profits, net of tax	(16,347)	15,424
Share of change in revaluation reserve	(112)	6,320
Reclassified to asset held for sale (Note 14)	(24,700)	(12,104)
Loan converted to shares, reclassified from loans to related parties (Note 29(e))	12,550	-
Transferred from/(to) available-for-sale financial assets (Note 8)	8,165	(2,895)
Transferred to financial assets at fair value through profit or loss	-	(1,912)
Dividends received	(4,000)	(1,500)
Disposals	(13,041)	(5,125)
Share of translation differences	(11,860)	(355)
Closing balance	172,341	199,579

6 INTERESTS IN ASSOCIATES (CONTINUED)

The Group's share of the results of its significant associates, its aggregated assets (including goodwill) and liabilities at 30 June 2012 and their performance during the year was as follows:

		As at 30 June		For 30 June 2012			
		2012	2011				
Name	Country of incorporation	% of group interest	% of group interest	Assets USD'000	Liabilities USD'000	Revenue USD'000	Profit/ (loss) USD'000
S.E.M Thong Nhat Hotel Metropole	Vietnam	50.00	50.00	45,374	9,224	17,629	3,919
Hung Vuong Corporation	Vietnam	40.91	40.91	37,393	21,639	8,249	1,128
VinaCapital Danang Golf Course Ltd.	Vietnam	25.00	25.00	97,542	25,783	5,463	(10,594)
Prosper Big Ltd.	BVI	25.00	25.00	162,166	144,152	-	(14,617)
VinaCapital Danang Resorts Ltd.	Vietnam	25.00	25.00	93,458	31,770	32,013	(1,146)
Vinh Thai Co. Ltd.	Vietnam	25.00	25.00	67,369	36,342	-	(24,561)
Vina Alliance Limited (*)	Vietnam	15.50	15.50	117,006	30,185	-	(32,332)
Saigon Golf JSC	Vietnam	20.00	20.00	11,865	3,232	-	(212)
Vina Dai Phuoc Corporation (*)	Vietnam	18.00	18.00	103,746	41,573	-	(12,858)
Phu Hoi City Company Limited (*)	Vietnam	17.50	17.50	31,224	15	-	(6,928)
Kotobuki Holding (Hongkong) Ltd	Vietnam	38.00	9.50	51,546	3,617	10,748	1,824

(*) Although the Group holds less than 20% of equity shares in Vina Alliance Limited, Vina Dai Phuoc Corporation and Phu Hoi City Company Limited, the Group exercises significant influence by having the power to participate in the financial and operating policies decisions of these entities and therefore these investments are treated as associates of the Group.

The Group has discontinued the recognition of its shares of losses of those which have been written down to zero and the Group has no continuing obligation to the associates. The amount of unrecognised share of losses for the year ended 30 June 2012 and cumulatively is USD2.5 million and USD3.0 million (year ended 30 June 2011 and cumulatively: nil and USD0.5 million) respectively.

6 INTERESTS IN ASSOCIATES (CONTINUED)

Acquisition of additional interest in Clear Interest Group Limited

During the year, the Group acquired the remaining 75% interest in Clear Interest Group Limited which owns 38% equity interest of Kotobuki Holding (Hong Kong) Limited. This company owns and manages the Legend Hotel, a five-star hotel located in District 1, Ho Chi Minh City, and an adjoining office building. The total cost of the acquisition was USD22.0 million, which was settled in cash and brings the Group's total interest in the project to 38% following the acquisition.

Subsequent to the acquisition of the additional interest in the associate, the Group has received an offer to sell its interest in the associate to a third party. At the reporting date, the Group is in negotiation with the third party and based on its commitment, has reclassified its interest in Kotobuki Holding (Hong Kong) Limited as an asset held for sale (Note 14).

7 PREPAYMENT FOR ACQUISITION OF INVESTMENT PROPERTY

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	8,986	10,491
Disposal	-	(1,505)
	8,986	8,986
Less: Provision for impairment loss	(1,486)	-
Closing balance	7,500	8,986

The prepayment relates to payments made by the Group to property vendors where the final transfer of the property is pending the approval of the relevant authorities as at the balance sheet date.

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	16,923	6,916
Additions	2,223	7,112
Reclassified (to)/from interest in associates (Note 6)	(8,165)	2,895
Reversal of impairment loss (see below)	9,400	-
Fair value gain recognised in reserve	14,180	-
Closing balance	34,561	16,923
Less: current portion	(28,450)	-
Non-current portion	6,111	16,923
Available-for-sale financial assets	34,760	26,522
Less: Cumulative provision for impairment losses	(199)	(9,599)
Total	34,561	16,923

The movement of provision for impairment losses is analysed as follows:

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	9,599	9,599
Reversal of impairment loss (Note 23)	(9,400)	-
Closing balance	199	9,599

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

The reversal of impairment loss of USD9.4 million is in respect to one of the Group's private equity holdings. The investment will be disposed within 12 months and the financial asset has been classified as current at the reporting date. The fair value of the investment has increased based on the divestment price.

No fair value adjustments to available-for-sale financial assets were recognised in the prior year. The impairment losses on these investments were recognised in the income statement as losses from investment securities.

The Group has determined whether the investments are impaired based on discounted cash flows method using a rate based on market interest and the risk premium specific to the unlisted securities (2012: 12%, 2011: 14%).

9 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
	USD'000	USD'000	USD'000	USD'000
As at 30 June 2012				
Available-for-sale financial assets	-	-	34,561	**34,561**
Long-term loan included in interest in associates	35,733	-	-	**35,733**
Long-term loan to an associate	3,845	-	-	**3,845**
Trade and other receivables	21,537	-	-	**21,537**
Financial assets at fair value through profit or loss	-	425,281	-	**425,281**
Cash and cash equivalents	42,209	-	-	**42,209**
Total	103,324	425,281	34,561	**563,166**
Financial assets denominated in:				
USD	10,955	23,321	29,600	**63,876**
VND	92,329	401,960	4,961	**499,250**
Other	40	-	-	**40**
	103,324	425,281	34,561	**563,166**

9 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
	USD'000	USD'000	USD'000	USD'000
As at 30 June 2011				
Available-for-sale financial assets	-	-	16,923	**16,923**
Long-term loan included in interest in associates	47,991	-	-	**47,991**
Long-term loan to an associate	7,690	-	-	**7,690**
Trade and other receivables	17,843	-	-	**17,843**
Financial assets at fair value through profit or loss	-	383,782	-	**383,782**
Cash and cash equivalents	62,968	-	-	**62,968**
Total	136,492	383,782	16,923	**537,197**
Financial assets denominated in:				
- USD	38,227	37,452	3,700	**79,379**
- VND	97,732	346,330	13,223	**457,285**
- Other	533	-	-	**533**
	136,492	383,782	16,923	**537,197**

All financial liabilities are classified as financial liabilities carried at amortised cost. As at the balance sheet date, the financial liabilities denominated in USD and in VND are USD1.19 million and USD8.52 million (30 June 2011: USD5.94 million and USD6.66 million), respectively.

10 INVENTORIES

	30 June 2012 USD'000	30 June 2011 USD'000
At cost:		
Raw materials	1,487	106
Work in progress	155	181
Spares and tools	1,000	959
Goods on consignment	24	-
Subtotal	2,666	1,246
At net realisable value:		
Finished goods	3,424	1,134
Total	6,090	2,380

The cost of inventories recognised as expenses and included in costs of sales amounted to USD4.32 million (year ended 30 June 2011: USD4.48 million) during the year.

The Group reversed USD2.07 million of previous write downs of inventory as these goods were sold during the year. The amount reversed has been included in cost of sales.

11 TRADE AND OTHER RECEIVABLES

	30 June 2012 USD'000	30 June 2011 USD'000
Trade receivables	1,293	969
Receivable from matured bonds	3,404	3,480
Interests receivables	1,839	728
Dividend receivables	948	1,583
Receivable from disposal of investment property	3,518	1,958
Payment on behalf of related parties (Note 29(d))	2,941	3,340
Short-term loans to third parties	-	2,985
Deposits for shares tenders	3,293	-
Other receivables	1,121	1,236
	18,357	16,279
Less: Cumulative provision for impairment of receivables	(3,746)	(4,225)
	14,611	12,054

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements in the cumulative provision for impairment of receivables is analysed as follows:

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	4,225	2,084
Provision for receivables impaired	-	2,141
Reversal of unused provision	(479)	-
Closing balance	3,746	4,225
Provision balance is in respect of:		
- Trade receivables	342	745
- Receivable from matured bonds	3,404	3,480
	3,746	4,225

The creation and release of provision for impaired receivables have been included in 'other expenses' in the income statement.

The credit quality of the trade receivables as at the reporting date is as follows:

	30 June 2012 USD'000	30 June 2011 USD'000
Current and not impaired	626	224
Past due but not impaired, less than 6 months	33	-
Past due but not impaired, more than 6 months	292	-
Past due and impaired	342	745
Total	1,293	969

The amounts past due and assessed as impaired relate sales agents which are in difficult economic situations. The amounts past due but assessed as not impaired at the balance sheet date relate to a number of customers to whom there is no recent history of default.

As at both reporting dates, there is no significant concentration of credit risk relating to any single customer.

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

Other than the provision for impairment of receivables disclosed above, the other classes within the trade and other receivables do not contain impairment assets.

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

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2012	30 June 2011

	USD'000	USD'000
Financial assets in Vietnam:		
Ordinary shares – listed	297,074	241,521
Ordinary shares – unlisted	78,974	93,428
Corporate bonds	8,500	11,381
Government bonds	17,412	-
	401,960	346,330
Financial assets in countries other than Vietnam:		
Ordinary shares – listed	23,321	37,452
Total	425,281	383,782

Corporate bonds carry fixed interest rates ranging from 8.0% to 9.6% (30 June 2011: 8% to 15%) and will mature in December 2012. The Government bonds carry fixed interest rate of 9.8%. Government bonds have a Moody's rating of B2 in October 2012.

As at the reporting date, the Group holds more than a 20% equity interest in the following entities but which the Group determines that it has no significant influence:

	Equity interest (%) as at	
	30 June 2012	**30 June 2011**
Listed entities:		
- Transforwarding Warehousing Joint Stock Corporation (TMS)	25.7%	22.8%
- Thu Duc Water Supply Joint Stock Company (TDW)	30.0%	30.0%
Unlisted entity:		
- An Giang Plant Protection Joint Stock Company (AGPP)	24.7%	21.6%

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The details of financial assets at fair value through profit or loss by industry are as follows:

	30 June 2012 USD'000	30 June 2011 USD'000
Consumer staples	106,559	87,835
Construction	39,559	48,614
Financial services	77,416	57,761
Rubber and fertiliser	73,502	25,898
Energy, minerals and petroleum	21,916	24,680
Pharmaceuticals	12,567	11,359
Real estate	49,589	64,537
Other securities	18,261	51,717
Bonds	25,912	11,381
Total	425,281	383,782

13 CASH AND CASH EQUIVALENTS

	30 June 2012 USD'000	30 June 2011 USD'000
Cash on hand	18	106
Cash in banks	16,277	42,706
Cash equivalents	25,914	20,156
	42,209	62,968

Cash equivalents represent short-term deposits with annual interest rates of 0.5% and 9.0% for USD and VND accounts (30 June 2011: 0.5% and 14.0% for USD and VND accounts), respectively. The majority of these deposits have maturity terms from one to two months from the reporting date.

13 CASH AND CASH EQUIVALENTS (CONTINUED)

As at the balance sheet date, the cash equivalents are denominated in the following currencies:

	30 June 2012 USD'000	30 June 2011 USD'000
Short-term deposits in USD	2,140	2,100
Short-term deposits in VND	23,774	18,056
Total	25,914	20,156

For the purpose of the statement of cash flows, cash and cash equivalents include bank overdraft as follows:

	30 June 2012 USD'000	30 June 2011 USD'000
Cash and cash equivalents	42,209	62,968
Bank overdraft (Note 18)	(1,175)	-
	41,034	62,968

14 ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2012 USD'000	30 June 2012 USD'000
Opening balance	12,349	-
Disposed of during the year	(7,449)	-
Reclassified from investment property (Note 5)	-	245
Reclassified from loan to a related party (Note 29(e))	2,527	-
Reclassified from interest in associates (Note 6)	24,700	12,104
Closing balance	32,127	12,349

15 SHARE CAPITAL

	30 June 2012		30 June 2011	
	Number of shares	USD'000	Number of shares	USD'000
Ordinary shares of USD0.01 each:				
Authorised	500,000,000	5,000	500,000,000	5,000
Issued and fully paid	324,610,259	3,246	324,610,259	3,246

16 TREASURY SHARES

At the Extraordinary General Meeting of shareholders on 25 October 2011, the Company's Articles of Association were modified to enable the Company to acquire its own shares. As at 30 June 2012, the Group has purchased 12,074,663 of its ordinary shares for a total cash consideration of USD17,784,729 at an average cost USD1.47 per share.

17 REVALUATION RESERVE

	30 June 2012	30 June 2011
	USD'000	USD'000
Opening balance	27,513	21,193
Share of associates' change in revaluation reserve, net of tax	1,089	6,320
Closing balance	28,602	27,513

The Group shares the revaluation gains/(losses) relating to the revaluation of associates' hospitality properties.

18 SHORT-TERM BORROWINGS

Included in bank borrowings is a bank overdraft of USD1.2 million (30 June 2011: Nil) (Note 13).

Bank borrowings are not secured and their fair values at the reporting date are equal to the carrying amounts due to the short term.

Bank borrowings are denominated in VND and are repayable within 12 months. They are subject to interest rates ranging from 10.5% to 17.5%.

19 TRADE AND OTHER PAYABLES

	30 June 2012 USD'000	30 June 2011 USD'000
Trade payables	1,987	1,702
Withholding tax payable	785	769
Unearned revenue	1,616	367
Other payables	399	1,094
Total	4,787	3,932

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

20 REVENUE AND COST OF SALES

The Group's revenue and cost of sales represent the sale of goods and cost of sales by its wholly owned subsidiary, American Home Vietnam Co., Ltd. All revenue is derived from external customers and there was no significant concentration of sales to any single customer.

21 INTEREST INCOME, FINANCE INCOME AND FINANCE COSTS

(a) Interest income

	Year ended	
	30 June 2012 USD'000	30 June 2011 USD'000
Interest income comprised:		
- cash and term deposits	1,661	1,704
- corporate bonds	700	938
- short-term loans to associates	595	1,298
- others	457	202
Total	3,413	4,142

(b) Finance costs, net

	Year ended	
	30 June 2012 USD'000	30 June 2012 USD'000

Other finance income:		
- realised gains on foreign currency differences	93	594
Finance costs comprised:		
- interest expenses	(172)	(460)
- realised loss on foreign currency differences	(871)	(3,055)
- unrealised loss on foreign currency differences	(16)	(656)
	(1,059)	(4,171)
Total	(966)	(3,577)

22 GAIN/(LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

	Year ended	
	30 June 2012	**30 June 2011**
	USD'000	**USD'000**
Financial assets at fair value through profit or loss:		
Gain from realisation of financial assets, net	4,571	22,171
Unrealised gains/(losses)	22,920	(74,691)
Total	27,491	(52,520)

23 OTHER INCOME

	Year ended 30 June 2012 USD'000	Year ended 30 June 2011 USD'000
Gain on disposals of investments in:		
- Associates	1,103	5,092
- Investments property	-	356
- Prepayment for acquisition of investment	-	428
Assets classified as held for sale	7,616	-
Gain on disposal of a subsidiary	2,139	-
Total gain on disposals of investments	10,858	5,876
Reversal of impairment loss (Note 8)	9,400	-
Consulting income	330	443
Other income	2,977	627
Total	23,565	6,946

24 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	Year ended 30 June 2012 USD'000	Year ended 30 June 2011 USD'000
Management fees (Note 29(a))	14,863	14,488
Professional fees	2,478	2,714
Selling, general and administration expenses (*)	1,571	1,338
Other expenses	586	1,615
Total	19,498	20,155

(*) The majority of these expenses relate to operating expenses incurred by subsidiaries of the Group. An analysis of ongoing charges is provided in Note 27.

25 INCOME TAX EXPENSE

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 taxes 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 subsidiaries because they are all 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.

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

	Year ended	
	30 June 2012	30 June 2011
	USD'000	USD'000
Profit/(loss) before tax	28,432	(35,634)
Profit/(loss) multiplied by applicable tax rate (0%)	-	-
Income tax on Vietnam subsidiaries	-	(203)
Tax expense	-	(203)

26 EARNINGS/(LOSS) PER SHARE AND NET ASSET VALUE PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company from operations by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (Note 16).

	Year ended 30 June 2012	Year ended 30 June 2011
Profit/(loss) for the year (USD'000)	28,432	(36,285)
Weighted average number of ordinary shares in issue	321,013,954	324,610,259
Basic earnings/(loss) per share (USD per share)	0.09	(0.11)

(b) Diluted

Diluted loss 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 loss per share is equal to basic loss per share.

(c) Net asset value per share

Net asset value (NAV) per share is calculated by dividing the net asset value attributable to equity shareholders of the Company by the number of outstanding ordinary shares in issue as at the reporting date excluding ordinary shares purchased by the Company and held as treasury shares (Note 16). Net asset value is determined as total assets less total liabilities.

	As at 30 June 2012	As at 30 June 2011
Net asset value attributable to owners of the Company (USD'000)	765,645	751,906
Number of outstanding ordinary shares on issue	312,535,596	324,610,259
Net asset value per share (USD/share)	2.45	2.32

27 ONGOING CHARGES

	Year ended 30 June 2012	Year ended 30 June 2011
Ongoing charges (using AIC recommended methodology)	2.13%	2.13%
Performance fee	-	-
	2.13%	2.13%

Ongoing charges have been calculated in accordance with the Association of Investment Companies ("AIC") recommended methodology dated May 2012. It is the ratio of annualised ongoing charges over the average undiluted net asset value during the year.

28 DIRECTORS' FEES AND MANAGEMENT'S REMUNERATION

The aggregate directors fees amounted to USD195,000 (year ended 30 June 2011: USD195,000), of which there was no outstanding payable at the reporting date (30 June 2011: nil).

The details of remuneration by director are summarised below:

	Year ended	
	30 June 2012	30 June 2011
	USD'000	USD'000
William Vanderfelt	75	75
Martin Glynn	60	60
Michael Gray	60	60
	195	195

The other directors in office during the year and prior year did not receive any fee.

At the EGM on 17 June 2009, the shareholders approved a resolution to increase Directors' remuneration to a maximum amount of USD300,000 per year, subject to the condition that any fees paid in excess of USD60,000 for services rendered from 1 July 2007 shall result in a corresponding reduction in the management fee paid to VinaCapital Investment Management Limited, the Investment Manager (Note 29).

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 as disclosed in Note 29 were used to remunerate these individuals.

29 RELATED PARTIES

(a) Management fees

The Group was managed by VinaCapital Investment Management Limited (the "BVI Investment Manager"), a company incorporated in the British Virgin Islands ("BVI"), under a management agreement dated 24 September 2003 (the "Management Agreement"). From 1 January 2011, the Group was managed by VinaCapital Investment Management Limited (the "Investment Manager"), a 100% owned subsidiary company of the BVI Investment Manager incorporated and registered as a licensed fund manager in the Cayman Islands, under the novation agreement between the BVI Investment Manager and the CI Investment Manager. 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% (30 June 2011: 2%).

Total management fees for the year amounted to USD14.86 million (30 June 2011: USD14.49 million), with USD1.19 million (30 June 2011: USD5.7 million) in outstanding accrued fees due to the investment manager at the reporting date.

(b) Performance fees

The investment manager is also entitled to a performance fee equal to 20% of the realised returns over an annualised compounding hurdle rate of 8%. There was no performance fee payable for the years ended 30 June 2012 and 30 June 2011.

(c) Acquisition of associate

During the year, the Group acquired the remaining 75% interest in Clear Interest Group Limited which owns 38% equity interest of Kotobuki Holding (Hong Kong) Ltd., from VinaLand Limited, a fund under common management, for USD22.0 million (Note 6). The purchase consideration has been fully settled during the year and there is no outstanding balance as at 30 June 2012. There was no transaction of this nature in the prior year.

(d) Receivables/(payables) from/(to) related parties

	30 June 2012 USD'000	30 June 2011 USD'000
Payments on behalf of related parties (Note 11)	2,941	3,340
Payables to related parties	(2,159)	(8,609)

29 RELATED PARTIES (CONTINUED)

(e) Loans to related parties

	30 June 2012 USD'000	30 June 2011 USD'000
Long-term loans to:		
- Associates under common management (*) (Note 6)	35,733	47,991
- An associate	-	7,115
Total long-term loans to related parties	35,733	55,106
Short-term loans to:		
- Current portion of long-term loan to an associate	3,845	575
- Other related parties	6,926	5,762
Total short-term loans to related parties	10,771	6,337
Total loans to related parties	46,504	61,443

(*) Associates under common management refer to associates which have joint investments in real estate projects with VinaLand Limited, another fund managed by VinaCapital Investment Management Limited. These loans form part of the Group's net investment in the associates as settlements are not planned.

The movement of loans to related parties during the year is as follow:

	30 June 2012 USD'000	30 June 2011 USD'000
Opening balance	61,443	55,534
Loans advanced	1,259	7,496
Loan repayments received	(875)	(1,812)
Reclassified a long-term loan to assets held for sale (Note 14)	(2,527)	-
Loans converted to shares, reclassified to investment in associates (Note 6)	(12,550)	-
Interest charged	874	793
Interest received	(649)	(568)
Impairment of loan receivables	(471)	-
Closing balance	46,504	61,443

29 RELATED PARTIES (CONTINUED)

(e) Loans to related parties (continued)

The long-term loan to an associate is secured by way of shares of an entity listed on the Vietnam stock exchange, bears interest rate of 15% per annum and has a minimum repayment term of USD0.58 million annually. The remaining balance of the loan of USD3.84 million is due and repayable by January 2013.

The short-term loans to other related parties have prepayment terms within 12 months period, are unsecured and carry interest at rates ranging from 1.5% to 15% per annum (30 June 2011: 1.5% to 15%).

No provision was required at 30 June 2012 (30 June 2011: nil) for loans to related parties.

(f) Others

During the year, the Group engaged VinaSecurities Joint Stock Company, a related party, as a securities broker. An amount of USD21,585 (30 June 2011: USD4,592) was paid to this broker as securities brokerage fees charged at prevailing market rates.

30 COMMITMENTS

The Group has a broad range of commitments under investment licences it has received for 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.

31 FINANCIAL RISK FACTOR

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 potentially 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.

31 FINANCIAL RISK FACTOR (CONTINUED)

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

(a) Market risk analysis

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 the Vietnam Dong (VND), the value of the VND has historically been closely linked to that of the USD, the reporting currency. The value of real estate in Vietnam is based on pricing that is a combination of VND, USD and gold. For this reason, a decline in the value of the VND against the USD does not necessarily mean proportionately lower prices will be obtained in USD.

The Group has not entered into any hedging mechanism as the estimated benefits of available instruments outweigh their costs. On an ongoing basis the Investment Manager analyses the current economic environment and expected future conditions and decides the optimal currency mix considering the risk of currency fluctuation, interest rate return differentials and transaction costs. The Investment Manager updates the Board regularly and reports on any significant changes for further actions to be taken.

As the reporting date, had the VND weakened/strengthened by 5% in relation to USD, with all other variables held constant, there would be a net exchange loss/profit from the financial assets and liabilities denominated in VND (Note 9) of USD23.3 million (30 June 2011: USD20.4 million).

Price risk

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.

The Group invests in listed and unlisted equity securities and is exposed to market price risk of these securities.

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 the investment committee of the Investment Manager.

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.

If the prices of the securities were to fluctuate by 10%, the impact on the net asset value of the Group would be a gain/loss of USD39.4 million (30 June 2011: approximately gain/loss of USD36.7 million).

Cash flow and fair value interest rate risk

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

(b) 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 Investment Manager maintains a list of approved banks for holding deposits and set aggregate limits for deposits or exposures to individual banks. While this list is formally reviewed at least monthly, it is updated to reflect developments in the market on a timely basis as information becomes available.

31 FINANCIAL RISK FACTOR (CONTINUED)

(b) Credit risk analysis (continued)

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, loan receivables and available-for-sale financial assets represent the Group's maximum exposure to credit risk in relation to its financial assets.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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.

31 FINANCIAL RISK FACTOR (CONTINUED)

(b) Credit risk analysis (continued)

The Group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the reporting date, as summarised below:

	30 June 2012 USD'000	30 June 2011 USD'000
Classes of financial assets – carrying amounts:		
Available-for-sale financial assets	34,561	16,923
Long-term loan included in interest in associates	35,733	47,991
Long-term loan to an associate	3,845	7,690
Trade and other receivables	21,537	17,843
Financial assets at fair value through profit or loss	425,281	383,782
Cash and cash equivalents	42,209	62,968
	563,166	537,197
Allowance for impairment	(3,746)	(4,225)

Total allowances of USD3.75 million (30 June 2011: USD4.23 million) had been provided for balances that the Group expected to be uncollectible or impaired. These are for receivables in Note 11.

Cash and cash equivalents and short-term investments are held at banks and financial institutions which do not have histories of default.

The Group has no other significant concentrations of credit risk.

(c) 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 Exchanges.

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.

As at the reporting date, the Group's contractual financial liabilities as shown in the consolidated balance sheet as current is repayable with six months (30 June 2011: six months) from the balance sheet date. The long-term contractual financial liability is not material to the Group.

(d) Capital management

The Group's capital management objectives are to achieve capital growth and ensure the Group's ability to continue as a going concern.

The Group considers the capital to be managed as equal to the net assets attributable to the holders of ordinary shares. The Group is not subject to any externally imposed capital requirements. 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

31 FINANCIAL RISK FACTOR (CONTINUED)

(d) Capital management (continued)

with the investment objectives outlined in the Group's offering documents.

(e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no financial liabilities of the Group which were measured using the fair valuation method as at 30 June 2012 and 30 June 2011.

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

31 FINANCIAL RISK FACTOR (CONTINUED)

(e) Fair value estimation (continued)

The financial assets measured at fair value in the consolidated balance sheets are grouped into the fair value hierarchy as follows:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2012				
Financial assets at fair value through profit or loss in Vietnam:				
- Ordinary shares – listed	297,074	-	-	**297,074**
- Ordinary shares – unlisted	-	65,040	13,934	**78,974**
- Corporate bonds	-	8,500	-	**8,500**
Government bonds	17,412	-	-	**17,412**
Financial assets in countries other than Vietnam:				
- Ordinary shares – listed	23,321	-	-	**23,321**
Available-for-sale financial assets:				
- Private equity investments	28,450	-	6,111	**34,561**
	366,257	73,540	20,045	**459,842**
As at 30 June 2011				
Financial assets at fair value through profit or loss in Vietnam:				
- Ordinary shares – listed	241,521	-	-	**241,521**
- Ordinary shares – unlisted	-	79,494	13,934	**93,428**
- Corporate bonds	-	11,381	-	**11,381**
Available-for-sale financial assets				
- Private equity investments	-	-	16,923	**16,923**
Financial assets in countries other than Vietnam:				
- Ordinary shares – listed	37,452	-	-	**37,452**
	278,973	90,875	30,857	**400,705**

31 FINANCIAL RISK FACTOR (CONTINUED)

(e) Fair value estimation (continued)

During the year, the transfers between the levels are as follows:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Available-for-sale financial assets:				
- Private equity investment	28,450	-	(28,450)	-

The transfer of available for sale financial assets from level 3 to level 1 during the year is due to the Group has entered into an agreement to sell the interest in Indochina Food Industries (Note 8), and the Group considers the committed price as level 1 in the fair value hierarchy.

Other than the above, there were no other transfers between levels of fair value hierarchy (year ended 30 June 2011: no transfers between levels of fair value hierarchy). There were also no reclassifications of financial assets in the current year and in prior year.
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from the exchange, dealer and broke, and those princes represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise the Vietnam stock exchanges equity investments classified as trading securities or available for sale. The level 1 fair value may also include committed prices at the balance sheet date to sell the unlisted equity instrument.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based observables market data, the instrument is included in Level 3.

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

31 FINANCIAL RISK FACTOR (CONTINUED)

(e) Fair value estimation (continued)

The following table presents the changes in Level 3 financial assets:

	Year ended 30 June 2012 USD'000	Year ended 30 June 2011 USD'000
Opening balance	30,857	16,955
Transfers out of Level 3	(28,450)	-
Purchases of available-for-sale financial assets (Note 8)	2,223	7,112
Transferred (to)/from interest in associate	(8,165)	2,895
Gain recognised in income statement (Note 23)	9,400	3,895
Gain recognised in available-for-sale investment reserve	14,180	-
Closing balance	20,045	30,857
Total gains for the year included in:		
- Income statement	9,400	3,895
- Other comprehensive income	14,180	-
	23,580	3,895

Due to numerous uncertainties regarding the future development of these investees, the fair value of the Group's equity interest in these level 3 instruments cannot be reliably measured and therefore have been stated at cost less impairment charges. However, management believes the changing inputs to the Level 3 valuation to a reasonable possible alternative assumption would not change significant amounts recognised in profit or loss, total assets, total liabilities or total equity.

32 EVENTS AFTER THE REPORTING PERIOD

Treasury shares

Subsequent to 30 June 2012 and up to the date the financial statements is authorised for issue, the Group has purchased a further 21,844,137 ordinary shares of the Company for a total cash consideration of USD35.4 million at an average cost of USD1.62 per share during the period.

Accordingly, as at 22 October 2012, the Group has spent USD53.3 million overall repurchasing 33,918,800 shares which are held as treasury shares. The total number of shares acquired since November 2011 represents 10.45 percent of the Company's 324,610,259 Ordinary Shares in issue and as a result, total voting rights in the Company have been reduced to 290,691,459.

33 COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been reclassified to conform to the current year's presentation. These changes are of a presentational nature and do not have any impact on the prior year's consolidated financial statements.

The significant reclassification is as follows:

	30 June 2011	Reclassification	30 June 2011
	USD'000	USD'000	USD'000
Investments in associates	199,579	47,991	247,570
Long-term loans to related parties	51,836	(47,991)	3,845

The settlements of the loans to associates were neither planned nor likely to occur in the foreseeable future and therefore, in substance, the loans to associates are an extension of the Group's investment in the associates. Accordingly, the balance in the long-term loans to related parties is reclassified to investments in associates in the current year.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There are no financial liabilities of the Group which were measured using the fair valuation method as at 30 June 2012 and 30 June 2011.

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

The financial assets measured at fair value in the consolidated balance sheet are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
As at 30 June 2012	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	3,036	-	**3,036**

	Level 1	Level 2	Level 3	Total
As at 30 June 2011	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Financial assets held at fair value through profit or loss				
- Ordinary shares – unlisted	-	17,831	-	**17,831**

There were no significant transfers between levels during the year

40 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

Management remuneration (continued)

The payment by the Company to the Investment Manager of the accrued performance fees, which total approximately USD28.2 million will be conditional on distributions by the Company to shareholders. Under the revised agreement the Investment Manager will be entitled to receive payments of the accrued but deferred performance fees, equalling in aggregate 20% of any amounts deemed to be available for distribution during the Cash Return Period or received by the Company within 12 months of the termination of the Cash Return Period. This arrangement will also be subject to the following conditions:

- The first USD50.0 million deemed available will be distributed to shareholders without any deductions for payments to the Investment Manager;
- The Investment Manager will then be entitled to 50% of all subsequent distributions until such point that the 80:20 split has been reached;
- 50% of cash payments received by the Investment Manager from the deferred performance fee will be used by the Investment Manager to purchase shares in the Company on the secondary market and such shares shall be subject to lock-in arrangements of up to two years; and
- A maximum amount of USD5.0 million will be applied to the deferred performance fee outstanding at the end of the Cash Return Period should the Investment Manager not have recovered the full amount of such deferred performance fee during the Cash Return Period or subsequent 12 month period. This residual amount due (if any) will be converted to shares of VinaLand Limited issued at a price equivalent to NAV per share. Any amount in excess of the USD5.0 million not recovered by the Investment Manager during the time period stated above would be forfeited by the Investment Manager.

Other proposals

If the proposals discussed above are not approved by shareholders during the EGM then the Board will be required to formulate other proposals to be put to shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up.

41 COMPARATIVE FIGURES

Certain comparative figures in the consolidated financial statements have been reclassified to conform to the current year's presentation in addition to the restatements as described in Note 2.30. These changes are of a presentational nature and do not have any impact on the prior year's consolidated financial statements.

INVESTING POLICY

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 Cayman Islands company. VCIM was established in 2008 and manages a number of listed and unlisted investment companies.

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 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, VCIM 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.

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.

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.

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.

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. The Board tabled such a special resolution in 2008 and it was not passed, allowing the Company to continue as presently constituted. The next special resolution on the life of the Company will be held in 2013.

HISTORICAL FINANCIAL INFORMATION

Years ended 30 June	2008	2009	2010	2011	2012
Statement of Income (USD'000)					
Total income from ordinary activities	-381,067	29,075	134,263	-8,420	54,556
Total expenses from ordinary activities	-34,465	-25,869	-29,047	-27,214	-25,424
Operating profit before income tax	-415,532	3,206	105,216	-35,634	29,132
Income tax expense	-125	-108	211	545	700
Profit for the year	-415,657	3,098	105,005	-36,179	28,432
Minority interests	1,347	-3,684	311	106	0
Profit attributable to ordinary equity holders	-417,004	6,782	104,694	-36,285	28,432
Statement of financial position (USD'000)					
Total assets	723,614	718,023	793,820	764,603	775,455
Total liabilities	54,727	36,111	11,319	12,697	9,810
Net assets	668,877	681,912	782,501	751,906	765,645
Share information					
Basic earnings per share (cents per share)	-141	2	32	-11	9
Share price as 30 June	2.16	1.43	1.40	1.57	1.50
Ordinary share capital (thousand shares)	324,610	324,610	324,610	324,610	312,536
Market capitalization at 30 June (USD'000)	699,535	462,569	455,428	509,313	468,803
Net asset value per ordinary share (USD	2.06	2.10	2.41	2.32	2.45
Ratio					
Return on average ordinary shareholder's funds	-67.8%	1.1%	17.0%	-6.0%	4.0%
Total expense ratio (% of NAV)	2.18%	2.24%	2.16%	2.13%	2.13%

OVERVIEW AND DETAILS

Fund size
USD765.6 million (NAV as of 30 June 2012).

Fund launch
30 September 2003.

Term of fund
Five years and then subject to shareholder vote to discontinue.

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
PricewaterhouseCoopers (Hong Kong)

Nominated advisor
(Nomad) Grant Thornton Corporate Finance (UK).

Custodian
HSBC Trustee (HK).

Brokers
Edmond de Rothschild (UK), Numis Securities (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 water mark.

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.

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