VinaCapital Vietnam Opportunity Fund Limited
Annual Report 2013

VinaCapital

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SECTION 1

FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR 2013

Strong returns from listed shares and the sale of some long-held private equity holdings at a profit offset a lacklustre performance from real estate holdings and led to an increase in VinaCapital Vietnam Opportunity Fund Limited ("VOF" or "the Company") Net Asset Value ("NAV") per share of 17.6 percent to USD2.88. Consequently the share price rose over the year by 43.9 percent to USD2.13, reflecting this return as well as a significant reduction in the share price discount to NAV to 26.0 percent as at 30 June 2013, from 38.3 percent a year ago.

The Stock Market Index of Vietnam ("VN Index") increased over the year by 13.9 percent to 481.13 as at 30 June 2013, underpinned by a combination of falling inflation and the easing of monetary policy. During the fiscal year, the capital markets component of VOF's portfolio was the largest contributor to return, increasing by 22 percent, a rise mainly attributable to listed investee companies; Vinamilk (VNM), Kinh Do Corporation ("KDC") and Hoa Phat Group ("HPG") which increased by 127.62, 31.7 and 39.27 percent, respectively. Private equity contributed positively as well, while returns from the real estate sector were negative reflecting write-downs of 15.9 percent in certain portfolio holdings.

Performance summary	30 June 2013	% Change	30 June 2012	% Change	30 June 2011
NAV per share (USD)	2.88	17.6%	2.45	5.6%	2.32
Share price (USD)	2.13	43.9%	1.50	(5.7%)	1.57
Discount	26.0%		38.8%		32.3%

Throughout the fiscal year, VOF continued to operate its share buyback programme in order to narrow the discount rate and to add value to the NAV. For the twelve month period ended 30 June 2013, VOF spent USD95.6 million to repurchase 51.2 million shares. Since the share buyback programme began in 2011, VOF has repurchased 63.2 million shares, representing 19.5 percent of the total shares in issue and adding 21 cents to NAV per share.

Net asset value at 30 June 2013

$752.4m

NAV per share at 30 June 2013

$2.88

Increase

17.6%

CHAIRMAN'S STATEMENT

Steven Bates
Chairman

"The Board agrees with the Investment Manager that attractive opportunities exist across the asset classes in which VOF invests and that the VinaCapital team are well placed to ferret these out."

Dear Shareholder,
This is my first statement to you as Chairman of VOF and it has been an eventful few months since I took over from Bill Vanderfelt on his retirement. I would like to take this opportunity to thank Bill on behalf of the Board for his nine years of service which saw the Company grow from an initial USD10 million of assets to one of the largest closed end funds focused on Vietnam.

I want to set out a number of important issues facing VOF. In order to cover these fully, I intend to break this statement down into sections, each covering one important area. I will comment on returns including a review of the portfolio and the issues surrounding valuations; the continuation vote; corporate governance; and the discount to NAV at which the shares trade.

Returns
During the fiscal year, the NAV per share rose by 17.6 percent from USD2.45 to USD2.88, while the share price rose 43.9 percent from USD1.50 to USD2.13, reflecting a narrowing of the discount from 38.8 percent to 26.0 percent. Over the same period, the VN index rose by 13.9 percent in US Dollar terms. It is obviously pleasing to be able to report these good results, which reflect a robust investment management performance. Net assets at 30 June 2013 were valued at USD752.4 million. The portfolio comprises three main segments, described below, which account for 86 percent of net assets. The balance is held in cash and bonds to be used for new opportunities and to finance the buyback.

Listed Portfolio (47.4 percent of NAV)
The bulk of the return over the year is down to the performance of the listed equity segment of the portfolio. Here, the single most important contributor to return was VOF's largest listed holding, Vinamilk, an excellent company whose share price rose 132 percent over the year. This asset alone represents 15.4 percent of VOF's total assets and 32.5 percent of the listed portion of the fund.

Decisions on whether and when to reduce the size of this position are hotly debated within the investment team, and centre on the trade-off between the quality of the business and the level of valuation. Over the past year, the Investment Manager, VinaCapital Investment Management Limited ("VCIM" or "the Investment Manager"), has sold 1,750,000 shares, at a weighted average premium to the quoted price of 15.4 percent, as Vinamilk, along with many other companies in the portfolio, has a limit on the percentage of shares which can be owned by foreigners, and this quota is often full. This premium is not reflected in the NAV but may be a source of hidden value for the Company. In addition to holdings in the consumer goods sector (which includes Vinamilk), the listed assets are also heavily represented in the financial services and agribusiness sectors, and are focused on companies which the Investment Manager believes are sound businesses at reasonable valuations.

Real Estate Portfolio (25.4 percent of NAV)
As there are limited opportunities in Vietnam to invest in completed quality property developments for yield and capital gains, of necessity VOF's exposure to real estate has had to take the form of development with all of the risks and issues that entails. Conceptually, the original investment strategy was to invest as a developer and sell rather than to hold completed buildings for the longer term. In practice, for a variety of reasons development periods have been much longer than the Investment Manager expected. Nevertheless, the Investment Manager believes that real estate has attractive longer term prospects in a fast growing country such as Vietnam, which requires all manner of quality property developed to international standards. Real estate is the largest single sector weighting in the fund. About half these assets are direct investments held in projects jointly with VinaLand Limited ("VNL") another closed end AIM-listed company managed by VinaCapital Investment Management (VCIM). The majority of projects consist of land earmarked or partially developed as residential, 'villa' projects, rather than condominiums, office, commercial or industrial development. The Investment Manager believes that this represents the best ongoing strategy. A further 9 percent is invested in hotels, the lion's share of which is VOF's flagship hotel asset, the Sofitel Legend Metropole Hanoi (Metropole Hotel), which continues to deliver excellent operating results on the back of high room rates and occupancy levels. The balance of 6 percent is invested in indirect property assets, mostly in listed equities exposed to the sector, and including a position in VNL itself. Despite the Investment Manager's belief in the longer term attraction of real estate investment, the shorter term has seen lacklustre performance. During the year, we took further write-downs on our direct holdings, so this part of the portfolio contributed negatively to the year's results. All of our real estate investments are valued independently by internationally recognised real estate valuers on the basis either of discounted cash flow analysis or of appropriate comparable assets, depending on the circumstances.

VNL is in the process of realising assets in order to return capital to its investors and it is likely that this exercise will involve the sale over a period of time of some or all of the projects jointly owned with VOF. The decision to sell VOF's interest in a jointly held project is independent of VNL's, but VOF itself has neither the desire nor the capacity to manage the developments and risks which would be associated with standing aside in circumstances where VNL sells its (usually controlling) stake. For this reason, your Board is looking to strengthen its relationship with the Board of VNL, in order to minimise the conflicts of interest which could arise in these circumstances. Although there is no pressure on us to sell assets at depressed prices, in practical terms, we are limiting the amount of new capital available to VNL-controlled joint projects except where follow-on capital is required to protect our investment and the next three years or so is likely to see an overall reduction in our exposure.

Private Equity and OTC Portfolio (4.2 and 6.4 percent of NAV respectively)
VOF made some important sales from its private equity portfolio, earning good returns from Prime Group, a construction materials company sold in April 2013 at a multiple of 2.4x cost for an IRR of 34 percent and TMS, a transport and logistics company sold in March 2013 at a multiple of 1.4x cost for an IRR of 9 percent. Redeploying assets into attractive private equity opportunities is an important challenge and opportunity in the year ahead. While there is a new deal pipeline valued at over USD100 million, the likelihood is that only a small proportion of that will be investable at attractive valuations. Sectors under review include food processing, media and education.

VOF has made excellent returns over the years from assets in this segment, buying into companies, supporting the business restructuring and building before selling on to trade buyers, mostly from outside Vietnam. The Investment Manager continues to believe that although returns from both OTC and private equity investments will be good, the challenge rests in developing the deal flow, and making investments of a scale that 'move the dial'.

While OTC companies are traded and quoted prices are available, many of them trade rarely and have private equity characteristics. The bulk of the 6 percent in OTC assets is invested in a manufacturer and distributor of crop protection chemicals called An Giang Plant Protection, a company which the Investment Manager believes has excellent prospects. The Investment Manager is looking for new OTC investment targets and the supply is largely determined by the pace of privatisation of state owned enterprises.

Our investments in OTC companies are valued using the last quoted market price. Private equity investments are fair valued on the basis of cost less any impairment, except those which VOF controls and whose results are consolidated into our balance sheet, where periodic impairment tests are applied.

In part because we are obliged under accounting rules to consolidate the balance sheets of those companies where VOF has a controlling stake, VOF's accounts remain unusually complex for a closed ended fund. For this reason, our balance sheet includes, for example, inventories of birds' nests associated with our holding in Yen Viet, despite the fact that this confuses rather than enlightens the picture for shareholders. The accounting rules on this are in the process of changing and we hope to be able to produce financial statements that are easier to interpret, as they will then just account for the fair value of the investment in those companies that are currently consolidated.

Continuation

Every fifth year, the Board is obliged to put to shareholders a resolution as to whether they wish to discontinue the fund. In July 2013, shareholders voted against discontinuing the fund, by a majority of 75 percent of those voting. This time, the Board went through an extensive consultation process with shareholders prior to the vote and negotiated a revised investment management agreement with the Investment Manager. There were inevitably many views about how the fund should organise its affairs but the majority wanted VOF broadly to maintain its strategy of investing across the range of opportunities in Vietnam. This diversified approach has delivered good returns over time compared to more specialised approaches while offering a smoother ride in terms of volatility.

The new Investment Management Agreement entered into with VCIM and effective from 1 July 2013 incorporates current best market practices and current market fee arrangements. The Board agreed to cut both base and incentive fees by 25 percent in exchange for a reduction of the high water mark above which the incentive fee would be payable. We also agreed to split the portfolio into two parts, one containing the direct real estate holdings, the other the balance of the assets. To enhance the alignment of interest between the Investment Manager and the Shareholders, the Investment Manager will only earn an incentive fee on the realization value on the sales of direct real estate holdings. The total value of the assets which have been allocated to the real estate pool is just over USD200 million, or around 25 percent of VOF's aggregate net assets. This includes the projects jointly owned with VNL, a small number of other direct investments and the hospitality assets, including the Metropole Hotel in Hanoi, which is VOF's single largest real estate asset, but excludes some 5 percent of assets in the real estate sector which are listed on the stock market. Incentive fees are often criticised because they don't work as an incentive and are excessively complicated. Unfortunately, it is impossible to devise a simple structure which works as an incentive without disadvantaging shareholders. VOF's is a complex arrangement, but your Board believes it will function as an incentive for the Investment Manager, while capping the amounts that can be earned at a reasonable level. Details of the fee arrangements are provided in note 32 to the financial statements.

Discount Management

As the Board went through the shareholder consultation process, the common feedback was that the share price discount to NAV remained too high. Shareholders feel that the underlying value of the assets is either inefficiently represented by the share price and/ or that the investments are overvalued. In theory, it ought to be simple to deal with a discount by having a robust discount control mechanism which is consistently applied. Since the start of the share buyback programme, VOF has bought back 63.2 million shares at an average weighted discount of 28.2 percent, spending USD113.7 million. Given the scale of the buyback, which over the last year was amongst the largest of any London Main Market or AIM listed closed end fund, the Board is disappointed that the discount has not fallen further. At one level, this simply reflects an imbalance of supply over demand, but the reasons why that is the case are complex. Many shareholders bought into VOF at the higher levels of discount which prevailed in the past. This group has seen a narrowing of the discount and a good increase in Vietnamese equity markets, which has offered a selling opportunity even at comparatively high levels of discount. Other factors include: risk aversion in developing markets, with some shareholders reallocating capital to 'safer' assets; the level of discounts for Vietnamese funds generally; management of shareholder expectations and the inherent risk in NAV where a proportion of the assets are not priced by the market and are largely illiquid.

Whatever the reasons, your Board has decided to continue with its buyback programme over the long run, with the goal of gradually reducing the volatility and absolute level of the discount on a continuing basis and allowing the shareholder base to adjust over time. The Board takes full responsibility for the discount policy and as part of the new investment management agreement have removed what was a significant disincentive for the Investment Manager to support buybacks as they will benefit from NAV accretion. The Board is also attempting to be more transparent to our shareholders through improved corporate governance and communication. The goal has to be to ensure that over time there are more buyers than sellers, even when the only buyer is the Company.

Corporate Governance
This topic is about trying to give you, our shareholders, more of a voice in your Company. We, as your Board are pursuing a number of initiatives:

1. AGM – at our first ever AGM, which we are now committing to hold every year towards the end of November or beginning of December, you will have a chance to vote, inter alia, on the election of Directors and the adoption of the financial statements. This year, the AGM will be held in Zurich on 28th November. Andy Ho, the head of VOF's investment management team, will be giving a portfolio update and all shareholders are welcome to attend;

2. Articles of Association – this year, we will be asking at the AGM for one change to our Articles. This involves the reduction of the percentage of shares required to call an EGM from 25 percent to 10 percent. The Board believes this would be a significant advance in shareholder enfranchisement and will undoubtedly give you more control over what is, after all, your Company. This change requires approval by a special resolution of two thirds majority of those voting, and I urge you to vote in favour of this resolution;

3. Remuneration cap – We will also be putting an ordinary resolution to the meeting to increase the cap on Directors' fees from USD300,000 to USD500,000. This increase is to ensure that we have the capacity to add at least one further independent Director, as well as to allow an increase in fees to reflect market levels and the workload involved in this complex company. We have also foregone the subsidy to Directors' fees historically provided by the Investment Manager, as we believe this has the potential to create a conflict with regard to the independence of the Directors not employed by the Investment Manager;

4. Directors' Report – in these financial statements, we give considerable detail about the workings of the Board and its Committees. At our Board meeting on 9 July 2013, we decided to merge the Audit Committee with the Valuation Committee to reflect the increasing involvement of the valuation processes in determining the accounts. Michael Gray is the Chairman. We have also set up separate committees to deal with Management Engagement, Remuneration and Nomination;

5. Directorate – during the past year, Martin Adams and I have both joined the Board. Martin is a veteran of investment in Vietnam and is a specialist in private equity, with a wealth of board experience in complicated funds. My background is as an emerging markets investor with a long history in the closed end fund world. We are also committing to a policy of director rotation, where each independent Director will put himself up for re-election every year. Don Lam, who is, of course, the CEO of the Investment Manager and therefore non-independent, will put himself forward for re-election as he will every year at the AGM. As this will be the first time that shareholders will be given the opportunity to vote on the Board, all Directors will offer themselves for election;

6. Regulation – there are two possible regulatory developments lurking in the wings. The first is the Alternative Investment Funds Directive (AIFMD), a piece of EU legislation which is aimed at hedge funds and private equity vehicles but inadvertently captures certain closed end funds. The second is FATCA, a US initiative which attempts to extend the reach of the US tax authorities into the investing world outside the US. We are taking advice on both of these, and the current view is that while we may need to register with certain regulatory bodies, neither will affect the operation of the Company. Nevertheless, the advancing regulatory tide we are witnessing globally makes it likely that at some point VOF will be caught in new reporting requirements;

7. Shareholder Communication – all of us on the Board are available to shareholders. We will be present at the AGM to answer questions in person, and can be contacted through either of the Company's brokers or through the Investment Manager. We also intend to continue with the provision of timely information through announcements to the market, the Company's website and the reports of the Investment Manager.

Outlook

Your Investment Manager comments at length on the outlook for the Vietnamese market in the Investment Manager's Report which follows. The Board is optimistic about the prospects for markets in Vietnam in the medium term, but acknowledges that there are some short term headwinds which may cause uncertainty. These blow from outside the country as well as from within. In particular, the likely shift in the developed world to more conventional monetary conditions is likely to cause increased volatility in markets generally as liquidity tightens. The flipside of this, of course, is that the anaemic growth in developed countries may improve somewhat and reduce one of the factors limiting growth in the developing Asian region. Inside Vietnam, weak banks are in need of major restructuring and the business environment remains difficult for companies which seek free and open markets with the accompanying profitability. Nevertheless, the Board agrees with the Investment Manager that attractive opportunities exist across the asset classes in which VOF invests and that the VinaCapital team are well placed to take advantage of these opportunities.

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Ltd
25 October 2013

SECTION 2

INVESTMENT MANAGER'S REPORT

INVESTMENT ENVIRONMENT

Economy

Vietnam's macroeconomic conditions are experiencing a third year with an improving trend, after the challenges the country faced from 2008 to 2010 following the global financial crisis. Vietnam's top leadership group continues to demonstrate the political will to drive forward the implementation of major reform programs in place since 2011. Government policies appear more transparent and stable, and less subject to sudden changes when faced with unexpected difficulties. Foreign investment continues to play an important role and is necessary to allow the country to evolve in an efficient manner, as Vietnam shifts from an export-led growth economy, to an economy driven by rapid household wealth creation and increased domestic consumption.

GDP growth

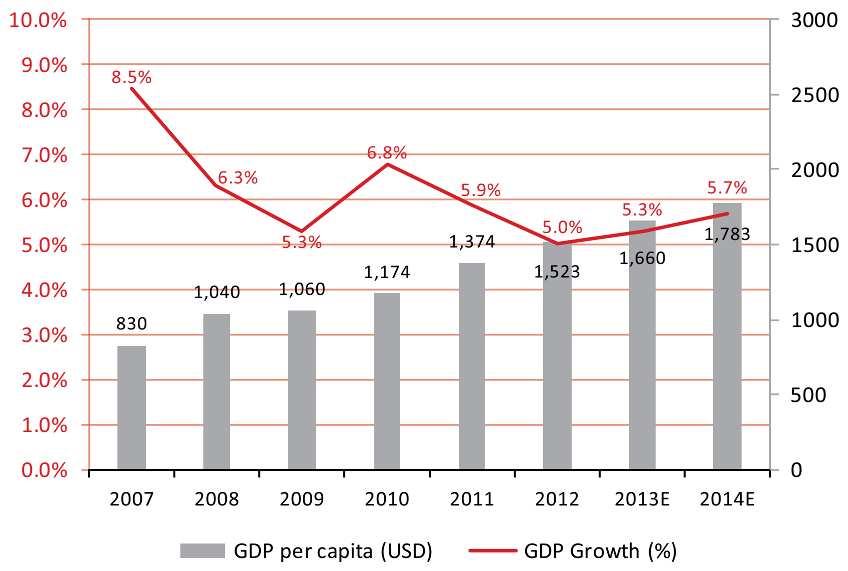
The government's prioritization of macroeconomic stability has come at the expense of lower GDP growth. 2012 started with a slower GDP growth rate of 5.2 percent. This trend continues, and in the first half of 2013, where GDP growth remained at 4.9 percent versus the government's full year target of 5.5 percent. HSBC's Purchasing Managers' Index has hovered slightly below the 50 point threshold, indicating a contraction in activity across manufacturing industries. The State Bank of Vietnam ("SBV") has responded, in part, with continued loosening of monetary policy to support economic growth. The SBV cut its policy rate nine times during the past years with the goal of increasing credit growth, bringing the Vietnam Dong ("VND") deposit cap from 14 percent in late 2012 to 7 percent by June 2013.

Credit growth

Banks remain resistant to offering new loans to domestic companies due to continued concerns over non-performing loans ("NPL's") remaining in the banking system. Vietnam businesses rely heavily on bank credit for their operations, including for the financing of working capital. When this funding source is constrained, production in most sectors will hold steady or scale back. In previous years, credit growth ran at a 30 percent annual average rate. In 2012 this contracted to 9 percent, and as of June 2013 declined further to 5 percent. The SBV target of 12 percent credit growth for the full year, although it may come close, is unlikely to be achieved. In order to address the problem of NPL's and rising bad debts, the government has established an asset management company, with the objective of buying and restructuring bad debts from commercial banks, thereby stimulating credit growth from these commercial banks.

With the Vietnam Asset Management Company (VAMC) officially established and the USD1.4 billion housing credit package launched in the second quarter of 2013, the government has begun to carry out its promise of addressing the NPL problem. The SBV Governor estimated that VAMC would purchase about USD2-3 billion worth of NPLs this year in an effort to clean up the banks' balance sheets and boost credit.

GDP Growth



Source: General Statistics Office of Vietnam ("GSO"), VinaCapital estimate.

Inflation

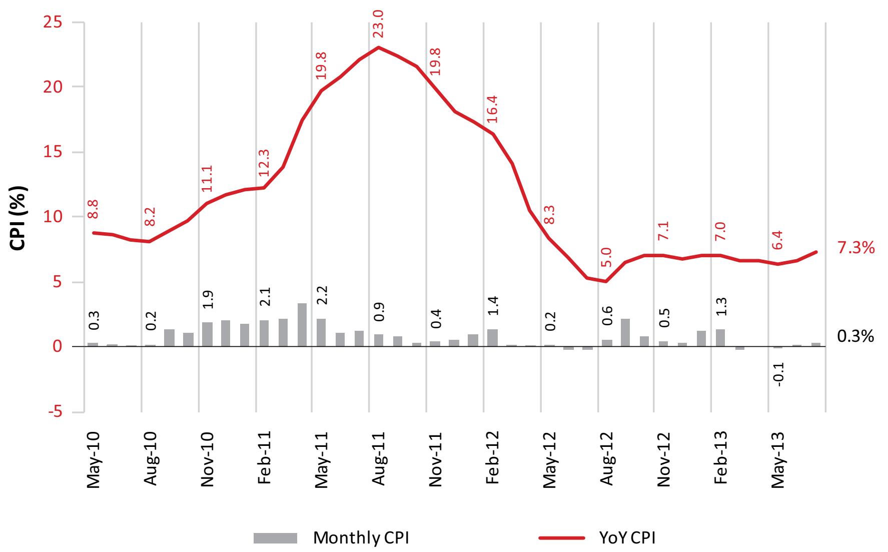
Inflation for the 2013 fiscal year has been remarkably moderate and stable, starting with 6.9 percent year-on-year in June 2012 and ending at 6.7 percent year-on-year in June 2013. Such low inflation can be attributed to two primary factors; a slowdown in credit growth, and weak aggregate demand. Inflation in 2013 has been characterized by an absence of demand pressures due to a modest rate of economic growth, the lowest increase since 2009, at the commencement of the global financial crisis. Cost push forces play a dominant role, coming mostly from upwards adjustments as a result of the government's policy of removing subsidies from certain goods and services such as gasoline, electricity, hospital fees, and education expenses. Learning lessons from the past, the government has also managed inflation by spreading out these measures which equate to price increases over the year, to avoid a bunching-up effect which can cause a temporary spike in the consumer price index.

Foreign currency

On a positive note, the government has been able to maintain a successful foreign exchange policy. A stable exchange rate, along with moderate inflation, are the two pillars of macroeconomic stability. The Vietnam Dong has remained resilient and stable – demonstrated by the fact that the SBV was able to keep the official exchange rate at 20,828 to the US Dollar for 18 months, and only recently in June 2013 was there a 1 percent adjustment to 21,036. This devaluation was not due to market pressures, but in effect a policy adjustment in support of Vietnam's export industries. Furthermore, with official reserves of approximately USD30 billion as indicated by the Prime Minister in April 2013, the SBV is armed with sufficient liquidity to carry out market intervention to maintain stability in the foreign exchange market.

Going forward, we expect the SBV to maintain a goal of keeping the annual depreciation at a level of 2 percent or less. The SBV is aware that it should keep the foreign exchange risk at a low level in order to encourage foreign investors to invest in Vietnam.

Year-on-year and month-on-month inflation %



Source: GSO

Capital markets and private equity

While challenging economic conditions continue to shape Vietnam's investment environment, the performance of the capital markets has improved and outpaced regional peers in USD terms. The VN Index closed at 481.1, increasing 12.5 percent in USD terms, although the much smaller HNX Index dropped by 15.2 percent for the year. Meanwhile, over the same period the MSCI Asia ex-Japan and MSCI Emerging Markets indices increased 8.9 and 3.8 percent, respectively.

During the year, the average daily trading value was USD45 million, for both exchanges, decreasing 6.3 percent compared to USD48 million for the previous financial year. The combined market capitalisation for both of Vietnam's bourses was USD42.1 billion with the VN Index trading at a trailing price-to-earnings ratio of 13.4 times and price-to-book ratio of 1.7 times as of 30 June 2013. This was one of the lowest valuations for an emerging market and is clearly lower than the P/E ratios of regional peers such as Thailand, Indonesia and the Philippines.

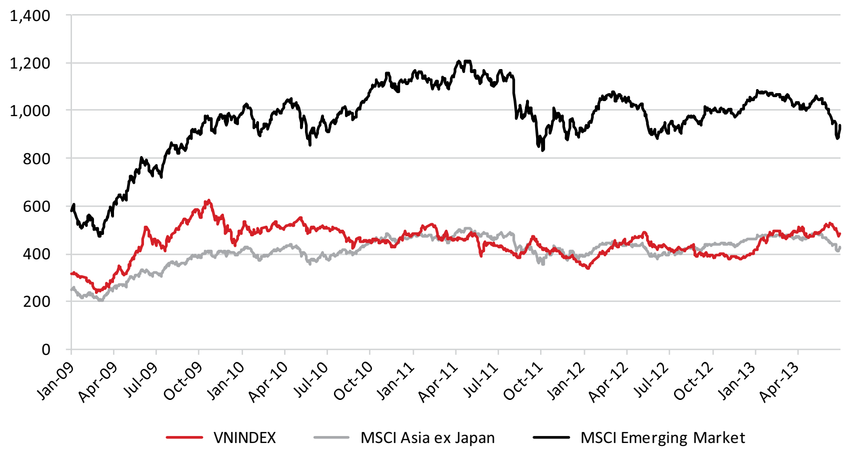
Overall, foreign investors were net buyers, with total net purchases of USD343 million during the year, compared to a net sell position of USD62 million for the previous financial year. The top acquired companies across the 2 bourses were Masan Group (MSN), Vincom Group (VIC), PetroVietnam Gas (GAS), Phu My Fertiliser and Hoa Phat Group (HAG), while Vietinbank (CTG), Eximbank (EIB), Hoang Anh Gia Lai Group (HAG), Minh Phu Corporation (MPC), and Sacombank (STB) were actively divested.

Despite the backdrop of slower growth, Vietnam's domestic consumer demand remained high throughout the year, favouring companies in sectors that cater to this ongoing trend such as consumer goods, financial services, healthcare and education. As a result, these sectors continue to attract foreign strategic investors which, in turn, facilitates 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 remained challenging over the past twelve months as high financing costs, difficult economic conditions, and low market confidence continued to impact property developers and prospective home buyers. Nonetheless, since the beginning of 2013 there has been a significant improvement in terms of the government's determination and action towards reviving the real estate market.

VN Index -vs- MSCI Asia ex-Japan and Emerging Markets



Source: Bloomberg (Jan 2009 – Jun 2013)

A new decree (Decree 11) came into effect in March 2013 which allows real estate investors to sell land lots with completed infrastructure, allowing the land use rights to be transferred to individuals to build their own houses in accordance with approved plans. This new provision should have a positive impact on the portfolio. Where the infrastructure is complete, such as with Ocean Villas K Series, Norman Estates, and Dai Phuoc Lotus, there is now an alternative sales option for VOF and VinaLand's (VNL's) traditional land/villa packages.

The second quarter of 2013 continued to witness the Vietnam Government's efforts to revive the whole economy and the property market. With inflation subdued, the SBV implemented another rate cut in late June 2013 which brought the VND deposit rate cap to 7 percent. Despite the policy rate cuts and the SBV's continual call for lower lending rates, access to borrowing for all businesses in general and for real estate in particular remained very limited. Lending rates for real estate are still high at an average of 13 to 15 percent. Banks are demanding high collateral in view of the slow market, making it a challenge to seek new loans or refinance existing ones. Until the status of NPLs status in the banking system improves, lending activities and rates are not likely to improve, especially for the real estate sector.

Condominium/apartment sector
The condominium sector continued to experience stagnation over the past twelve months. Many developers still face financial challenges leading to a decrease in completed units; however there is still a significant oversupply. According to Jones Lang LaSalle and CB Richard Ellis (CBRE), primary and secondary prices have continued to trend downward. Take-up remains limited, and since the fourth quarter of 2012, has occurred mainly in the low-end and affordable segments, for developments that are either completed or scheduled to be handed over during 2013.

Landed property sector
In both primary and secondary markets, overall prices of villas and townhouses have trended down and take-up rates remained very slow given the numerous options available. Demand still exists for landed projects by reputable developers who produce quality products with good master planning. CBRE forecasts that the segment will remain stagnant for the rest of 2013, although it should recover at a faster rate than the condominium sector when the market rebounds, as Vietnamese generally prefer landed houses to apartments.

Retail property sector
Vietnam's retail sector saw a significant increase in supply during the past four quarters with new shopping centres opening in both Hanoi and Ho Chi Minh City. Central Business District ("CBD") retail space remained attractive, averaging over 85 percent occupancy in Ho Chi Minh City and Hanoi. During 2012, many new foreign brands entered the Vietnam market for the first time including Sisley, Christian Dior, Banana Republic, and Starbucks Coffee, and the expansion from digital product retailers such as Samsung and Sony. Many big retail groups are planning for longer term strategic expansion in 2013 and beyond, including Aeon (expanding to 20 shopping malls by 2020), FairPrice (forming a joint venture with CoopMart to open CoopXtraPlus in May 2013), and Lotte Group (planning to open 60 new supermarkets and shopping centres). Furthermore, in Q2 2013 Warburg Pincus acquired a 20 percent share in VinGroup Retail for an estimated USD200 million. This deal demonstrates that specific developments located in the right locations and with the right retail concepts will be sought after.

Hospitality property sector
In the hospitality sector, Vietnam's hotels experienced a difficult year in 2012 with occupancy and room rates falling by 3 and 7 percent year-on-year respectively according to Savills. Difficult global and domestic economic conditions have significantly affected demand for both business and leisure travel and foreign arrivals have declined since the beginning of 2013. Hotels, as a result, have been flexible in their pricing strategies so as to retain business.

Despite the lacklustre hospitality market, the Sofitel Legend Metropole Hanoi Hotel has performed remarkably well during FY2013. Similar to FY2012, this hotel continues to deliver record growth with regards to average room rates, revenue and Gross Operating Profit ("GOP"). The Sofitel Legend Metropole Hanoi Hotel is a unique property in the central part of Hanoi attracting not only wealthy tourists but also business executives, foreign diplomats and royalty, from Tony Blair the former Prime Minister of the United Kingdom, to His Royal Highness Prince Andrew the Duke of York.

Real estate outlook
Vietnam's real estate market has been though a prolonged difficult period over the past 24 months. However, macro indicators appear to be under control and are heading in the right direction with improved stability. Given the current policy on gold trading, declining interest rates and a recent VND devaluation, it is expected that residential real estate will again become attractive to Vietnamese investors as these alternatives begin to offer less attractive returns.

It is expected that more developers will pay attention to the affordable and mid-range housing where large demand still exists and take advantage of current government policies offering incentives in this segment. Prices of newly launched projects are expected to be more realistic and match product quality. In the commercial sector, as the country continues to grow and disposable income increases, albeit at a slower pace than before, market confidence and demand for retail space shall remain reasonable. The Vietnam government is determined to revive the country's real estate market and has implemented various supporting fiscal and monetary policies to assist in a recovery. Although these policies have somewhat improved market confidence, they still require more time to show a real effect on market activity.

INVESTMENT MANAGER'S REPORT

PORTFOLIO PERFORMANCE

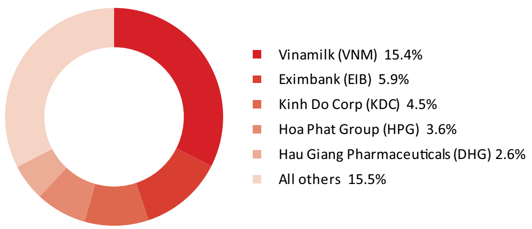
VOF had an audited NAV of USD752.4 million as at 30 June 2013, representing a NAV per share of USD2.88. This was an increase of 17.6 percent from an audited NAV per share of USD2.45 as at 30 June 2012, of which NAV accretion from share buybacks accounted for 16 cents or 5.7 percent. The improvement in NAV was a result of a significant increase in VOF's capital markets portfolio, which returned 26 percent year-on-year, as well as several successful divestments of private equity holdings above VOF's carrying value at the time of sale.

During the year, 51.2 million shares were purchased by VOF and held as treasury shares, with a total price of USD95.9 million (at an average price of USD1.87 per share), thus reducing the total number of outstanding shares by 15.8 percent to 273.5 million shares (from 312.5 million shares as at June 2012). Both the Board and the Investment Manager believe that this ongoing share buyback programme is a good method to distribute capital to shareholders and narrow VOF's share price to NAV per share discount.

Listed Portfolio
The listed equity segment of the portfolio, which makes up 47 percent of NAV, delivered the bulk of the return over the year. This segment delivered a 26 percent return (equivalent to USD98.5 million total gain) over the fiscal year, and outperformed the VN Index, which returned 13 percent over the same period. Here, the single most important contributor to return was VOF's largest listed holding, Vinamilk, an excellent company in the food and beverage sector whose share price rose 132 percent over the year. As at June 2013, this asset alone represented 15.4 percent of VOF's total assets and 32.5 percent of the listed portion of the fund. We recognize that Vinamilk represents a substantial portion of the portfolio but feel that the growth potential of the company in the foreseeable future is still strong, both in terms of sales and profits.. Vinamilk's run rate for calendar year 2013 indicates that it can potentially grow revenue and profit by 20% and 15%, respectively, relative to CY 2012.

In addition to further holdings in the consumer goods sector which, with Vinamilk, represent approximately 22 percent of the overall portfolio, the listed assets are also heavily represented in the financial services and agribusiness sectors, and are focused on companies which we believe are sound businesses at reasonable valuations and with strong growth potential. Strong performers over the year included companies in food & beverage (KDC), fertilizer (DPM) and tire manufacturing(DRC). Conversely, holdings in companies in banking (EIB), real estate development (KDH), and jewellery retailing (PNJ) saw declines.

Listed equity



Real Estate Portfolio

Real estate is the largest single sector weighting in the fund, making up 25 percent of NAV. Of this, 16 percent of NAV is in direct investments through projects held jointly with VinaLand Limited (VNL), another closed-end AIM-listed company managed by the Investment Manager. The majority of this is invested in land development, but largely excluding apartments and a further 9 percent is invested in hotels. The largest share of this is VOF's flagship hotel asset, the Sofitel Legend Metropole Hanoi Hotel, which continues to deliver excellent operating results on the back of high room rates and occupancy levels. The balance of Real Estate is invested in indirect property assets, mostly in listed equities exposed to the sector, and including a position in VNL itself.

Private Equity and Over-The-Counter Portfolio

The Company made a number of material exits from its private equity portfolio including the sale of its holding in the Prime Group, a leading construction materials company, where VOF earned a multiple of 2.4x cost for an IRR of 34 percent. This divestment was executed in April 2013.

The bulk of the 6 percent in OTC assets is invested in a manufacturer and distributor of crop protection chemicals called An Giang Plant Protection, a company which we believe can deliver excellent returns. We continue to focus on investment opportunities in the OTC space, where opportunities are dominated by shares of State Owned Enterprises and family businesses that have recently privatized. Privatization is a corporate transition whereby the shares of the SOE's or family-held businesses are sold and made available to existing management, public investors and financial investors such as ourselves. It is also a process to enfranchise existing management to own a piece of the business, thereby aligning their interest with shareholders to grow and take the business to the next level, normally onto the stock market.

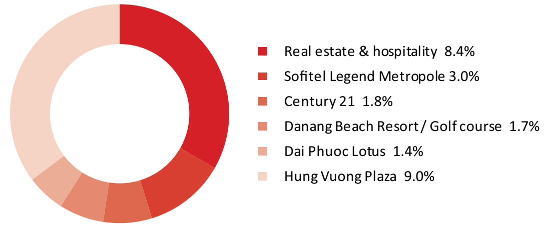
The government is motivated to continue the privatization process. Privatization is not only a form of fund raising for the government through the sale of their stakes in SOE's, but is also a proven way to increase SOE efficiency and create jobs. Again, this process effectively increases value in the privatized SOE's through better alignment of interest between the shareholders and managers.

Overall outlook

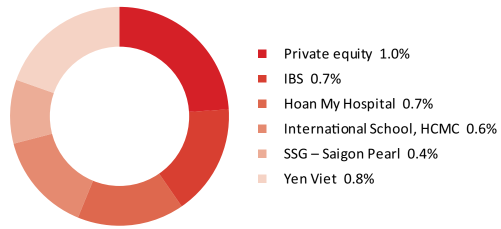
Although markets in the country have been reasonable, Vietnam has had problems of its own. A credit downturn and the emergence of a major bad debt problem have led to the creation of the Vietnam Asset Management Company to facilitate bank reconstruction. VOF's portfolio is exposed to the banking sector and has inevitably felt the effects of this challenge, which has also seen credit growth at very low levels. The holdings in this area are concentrated in what we believe to be higher quality banks.

The weak currency and rising inflation have been addressed by relatively aggressive monetary tightening policies which have had the effect of cutting credit growth and exacerbating problems in the real estate market. Inflation has responded by falling sharply and the Vietnamese Dong has stabilised, although economic growth has inevitably been sluggish as a result. On balance, the economy looks to be on a more even keel than was the case 18 months ago.

Real estate and hospitality



Private equity



Over the counter (OTC)

There has been a reported pickup in the level of interest in foreign direct investment in the first nine months of 2013 , attracted to Vietnam's manufacturing and processing industries which enjoy low labour costs compared to immediate neighbours, as well as the country's burgeoning domestic demand. FDI commitments and disbursement for the first 9 months of 2013 was $15 billion and $11 billion, a rise of 15.6 percent and 5.6 percent over the entire 2012 year. Japan was the leading country investing in Vietnam, followed closely by Singapore and Russia ranking second and third. FDI inflows are considered more favourable to economic growth as they reduce Vietnam's exposure to the volatility in global markets and the investments are considered longer term.

The stock market continues to recover from multi-year lows, in anticipation of a longer-term economic recovery. Furthermore, a stable currency has allowed investors to enjoy near similar dollar-denominated returns. Valuations of the companies in VOF's portfolio are relatively undervalued at 12x trailing earnings compared to companies in the region.

The underlying long term investment story for Vietnam remains compelling. A young, entrepreneurial population and low wages attract new investment and the country is already moving up the value-added chain. The country has excellent natural resources, especially in the agricultural sector, and is positioned strategically at the heart of one of the world's fastest growing economic regions. Living standards and consumption are rising. And there is reduced risk to changes in external market conditions affecting performance as growth is now largely driven by the domestic economy which we believe is less exposed to the global economy than more export-oriented economies.

We remain optimistic that attractive opportunities exist across the all asset classes in which VOF participates in and the VinaCapital team are well placed to identify and capitalise on these opportunities.

INVESTMENT MANAGER'S REPORT:

TOP FIVE HOLDINGS BY ASSET CLASS

Listed equity	% of NAV	Sector	Description
Vinamilk (VNM)	15.4	Consumer goods	Leading dairy company with dominant market share, with a market cap of USD5.2 billion
Eximbank (EIB)	5.9	Financial services	One of the top ten commercial banks, with a market cap of USD883.0 million
Kinh Do Corp (KDC)	4.5	Consumer goods	Top confectionery manufacturer in Vietnam, with a market cap of USD372.0 million
Hoa Phat Group (HPG)	3.6	Industrials	The largest steel manufacturer by market share, with a market cap of USD559.0 million
Hau Giang Pharmaceuticals (DHG)	2.6	Pharmaceuticals & health care	The largest domestic pharmaceutical producer, with a market cap of USD269.0 million
Over the counter (OTC)			
An Giang Plant Protection	5.4	Agriculture	The largest plant protection chemicals producer
Nam Viet Oil	0.5	Mining/Oil & Gas	Major gasoline producer
Binh Dien Fertiliser	0.3	Agriculture	The largest NPK fertiliser producer
Tam Phuoc Industrial	0.2	Infrastructure	An industrial park, a subsidiary of Tin Nghia, Dong Nai's biggest state corporation.
Minh Hai Jostoco	0.1	Agriculture	One of Vietnam's largest shrimp processors and exporters
Real estate & hospitality			
Sofitel Legend Metropole	8.4	Hospitality	Vietnam's top city-centre hotel
Century 21	3.0	Real estate	HCM City residential development
Danang Beach Resort / Golf course	1.8	Real estate	Resort villas with sales underway
Dai Phuoc Lotus	1.7	Real estate	Residential developer with townhouse sales underway
Hung Vuong Plaza	1.4	Real estate	The best shopping mall in China town of HCM City
Private equity			
IBS	1.0	Industrials	Construction materials firm
Hoan My Hospital	0.7	Pharmaceuticals & health care	Private hospital group
International School, HCMC	0.7	Education	A leading international school in Ho Chi Minh City
SSG-Saigon Pearl	0.6	Real estate	One of the biggest property developers in Vietnam
Yen Viet	0.4	Consumer goods	Produces birds nest nutritional products

Vinamilk (VNM)

Vinamilk (VNM) is the leading dairy products manufacturer and distributor in Vietnam. This Company offers a wide range of products, from fresh and powdered milk to condensed milk, yogurt, and coffee, with more than 30 percent of the total dairy market, and 90 percent market share of the yogurt segment. 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.

Vinamilk began to operate its new factory in August 2013, a USD120.0 million facility that boasts the latest technology and will add another 400 million litres of capacity for liquid milk and will provide the foundation for the development of more value-added products in the future. In April 2013, Vinamilk began operating its Dielac 2 powdered milk plant, which has doubled its powder milk capacity.

For H1 2013, VNM achieved net revenue of USD631.8 million, an increase of 14.1 percent year-on-year driven by a 21.3 percent increase in domestic sales, while net profit rose 21.6 percent. Gross margins for VNM reached 37.3 percent, the highest in three years, benefiting from a product mix featuring new premium products and effective input cost management. First half results show VNM's earnings growth is in line with our three year estimate of 16 percent.

VNM closed at VND 132,000 per share as at 30 June 2013, at a trailing PE of 17.1x and a P/B of 6.5x. As at 30 June 2013, VOF held a stake in VNM valued at USD115.7 million.

Financial highlights

Profit and loss (VND bn)	**FY10A**	**FY11A**	**FY12A**	**H1 13**
Net revenue	15,752	21,627	26,562	14,747
Net profit	3,616	4,218	5,819	3,374
Net margin (%)	23.0%	19.5%	21.9%	22.8%
EPS (adjusted) (VND)	4,563	5,144	6,982	4,047
Balance sheet (VND bn)				
Total assets	10,773	15,582	19,698	21,114
Shareholders' equity	7,964	12,477	15,493	17,031
ROE (%)	45.4%	34.1%	37.6%	19.8%[1]
Valuation				
PER (x)	8.4	11.2	12.6	17.1
P/B (x)	3.8	3.9	4.7	6.5
Dividend yield (%)	3.5%	3.9%	3.6%	2.6%

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

Sofitel Legend Metropole Hanoi Hotel

Acquired by VOF in 2005, the Sofitel Legend Metropole Hanoi 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 touring.

The Sofitel Legend Metropole Hanoi's average occupancy rate was 70.9 percent throughout YTD June 2013, generating USD18.1 million in revenue and USD9.4 million in gross operating profit for YTD June FY 2013, meeting 101.7 percent, 103.2 percent, and 104.8 percent of budget targets, respectively. Management expects financial results to grow through FY 2013, with a target of USD35.7 million in revenue and USD18.4 million in gross profit, 6.3 percent and 7.2 percent growth compared to 2012, respectively. As at 30 June 2013, VOF held a stake in the Sofitel Metropole valued at USD63.5 million.

Financial highlights

Profit and loss (USD mn) *	FY10A	FY11A	FY12A	H1 13
Revenue	30.9	34.3	35.2	18.8
Gross profit	15.1	17.6	18.9	10.1
Gross margin	48.9%	51.3%	53.4%	53.7%
Net income	5.3	6.9	7.5	4.9
Net margin	17.2%	20.1%	21.3%	26.1%
Balance sheet				
Total assets	48.2	47.8	43.8	42.1
Shareholders' equity	33.4	32.2	33.2	35.1
ROE (%)	16.0%	21.0%	22.5%	14.0%[1]

*Includes other rental income and expenses.

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

Eximbank (EIB)
Eximbank is the sixth largest bank in Vietnam with USD8.9 billion in total assets. In recent years, the bank has diversified from its original focus of financing import/export operations to become a retail bank. The bank currently has one of the largest operational networks with 207 locations nation-wide.

EIB's total assets declined to VND156 trillion as at 30 June 2013, representing a 8 percent decline from VND170m as at 31 December 2012, as a result of the bank reducing its interbank operations and ending its gold deposit and lending business (required by the SBV). The company's net profit for 1H 2013 declined by 59 percent to VND581 billion due to a sharp contraction in net interest margins and a reduction in credit growth year-to-date.

EIB's share price closed 30 June 2013 at VND15,100, trading at a 12-month trailing P/E of 14.3x and P/B of 1.3x. As of 30 June 2013, VOF held a stake in Eximbank valued at USD44.4 million.

Financial highlights

Profit and loss (VND bn)	**FY10A**	**FY11A**	**FY12A**	**H1 13**
Net interest income	2,918	5,303	4,901	1,553
Net profit	1,814	3,038	2,139	581
EPS (adjusted) (VND)	1,468	2,460	1,730	470
Balance sheet (VND bn)				
Total assets	131,110	183,567	170,156	156,311
Shareholders' equity	13,510	16,302	15,812	14,492
ROE (%)	13.5%	18.6%	13.5%	4.0%[1]
Valuation				
PER (x)	9.0	5.8	9.1	14.3
P/B (x)	1.2	1.1	1.2	1.3
Dividend yield (%)	8.7%	9.8%	5.1%	–

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

An Giang Plant Protection JSC (AGPP)
An Giang Plant Protection JSC, formerly state-owned, is currently the market leader in the manufacture 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 2,677 employees in offices in Ho Chi Minh City and Cambodia, two pesticides and five seed factories, a laboratory, a packaging plant and two rice mills.

For H1 2013, AGPP reported revenue of USD182.7 million, up 6.0 percent and a net profit of USD5.4 million, a decline of 4 percent compared to the same period a year ago. Gross profit margins fell slightly to 25.4 percent due to losses in AGPP's rice business; however, we expect the rice division to break-even by FY 2014.

As at 30 June 2013, the company's market capitalization is approximately USD162.8 million, equivalent to P/E and P/B ratio of 6.7x and 2.2x respectively. As at 30 June 2013, VOF held a stake in AGPP valued at USD40.2 million.

Financial highlights

Profit and loss (VND bn)	**FY10A**	**FY11A**	**FY12A**	**H1 13**
Revenue	4,062	4,869	6,170	4,070
Net income	276	427	453	323
Net margin	6.8%	8.8%	7.3%	7.9%
EPS (adjusted)	6,195	6,876	7,295	5,212
Balance sheet (VND bn)				
Total assets	1,854	2,707	2,984	4,905
Shareholders' equity	1,024	1,225	1,443	1,482
ROE (%)	27.0%	34.9%	31.4%	21.8%[1]
Valuation (VND bn)				
PER (x)	12.1	7.9	6.9	5.3
P/B (x)	3.3	2.7	2.2	2.3
Dividend yield (%)	3.7%	5.5%	6.0%	N/A

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

Kinh Do Corporation (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. Additionally, KDC is currently the largest moon cake producer in the world with volume of 20 million units sold per year.

For FY 2013, KDC management set a pretax net income target of USD25.0 million. Earlier this year at the company's annual meeting, shareholders approved the acquisition of a 100 percent stake in Vinabico, as an attempt to acquire smaller competitors and brands.

For H1 2013, KDC generated revenue of USD80.0 million and a consolidated net profit of USD2.2 million versus a net loss of USD0.3 million a year ago. KDC attributed its improved net profit to the company's improved operations and lower interest expenses. KDC sales and profit are highly seasonal with 70 percent of its revenue and earnings centered around the second half of the year, with a peak in sales during the third quarter from the sale of moon cakes during the Harvest Moon Festival.

KDC closed at VND46,900 per share as at 30 June 2013, at a trailing PE of 16.6x and a P/B of 1.7x. As at 30 June 2013, VOF held a stake in KDC valued at USD33.9 million.

Financial highlights

Profit and loss (VND bn)	**FY10A**	**FY11A**	**FY12A**	**H1 13**
Revenue	1,933	4,247	4,286	1,705
Net profit	524	276	353	78
Net margin	27.1%	6.4%	8.2%	4.6%
EPS (adjusted) (VND)	4,406	1,981	2,264	494
Balance sheet (VND bn)				
Total assets	5,032	5,832	5,514	6,171
Shareholders' equity	3,738	3,837	4,010	4,639
ROE (%)	14.0%	7.2%	8.8%	1.7%[1]
Valuation				
PER (x)	9.7	11.0	17.7	16.6
P/B (x)	1.4	0.8	1.6	1.7
Dividend yield (%)	2.9%	8.5%	5.2%	4.3%

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

Hoa Phat Group (HPG)

Hoa Phat Group (HPG) is a leading industrial manufacturer in Vietnam, ranked second in steel manufacturing market share in 2012. Established in 1992 as a trading company, HPG has evolved into a holding group with seven subsidiaries and three affiliated companies, specializing in construction materials such as steel, steel pipe, furniture, refrigerators, 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.

Despite the economic difficulties, HPG achieved very good results for H1 2013 with a significant increase in net profit by 83 percent year-on-year thanks to improved gross margins from 14.3 percent last year to 18.4 currently. Moreover, a sharp 80 percent decline in net financial expense also contributed to the boost in the company's overall net profit. 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 2013, HPG traded at VND28,200 per share, equivalent to a P/E of 8.9x and P/B of 1.3x. As at 30 June 2013, VOF held a stake in HPG valued at USD27.0 million.

Financial highlights

Profit and loss (VND bn)	FY10A	FY11A	FY12A	H1 13
Revenue	14,267	17,851	16,827	8,279
Net income	1,349	1,236	994	969
Net margin	9.5%	6.8%	5.9%	11.7%
EPS (adjusted)	3,458	2,968	2,386	2,311
Balance sheet (VND bn)				
Total assets	14,903	17,524	19,016	21,152
Shareholders' equity	6,398	7,413	8,085	9,028
ROE (%)	23.9%	16.6%	12.3%	10.7%[1]
Valuation (VND bn)				
PER (x)	8.5	4.5	8.8	8.9
P/B (x)	1.9	0.7	1.1	1.3
Dividend yield (%)	7.8%	10.5%	9.5%	7.1%

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

Century 21

Century 21 was acquired in 2006 because of its prime location, close to a new traffic corridor to the 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 to the city's CBD. The project site is 100% compensated and cleared. In Q4 2011, the Century 21 Nam Rach Chiec project received a 1:500 Master planning parameters approval and Investment License. The revised master plan which converted a portion of condominium land to more commercial land was approved in principle by the Ho Chi Minh City's People's Committee in December 2012. The detailed 1:500 Master plan is still awaiting approval pending outstanding items including the demerger of the holding companies. VNL and VOF are working closely with the authorities to finalise the restructuring and licensing of this investment.

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. Negotiations are ongoing with an international school operator to lease completed school facilities as well as with Japanese and Korean retail investors looking at development of the commercial site.

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 June 2008
	Revised Investment licence application submitted December 2010
	Detailed master plan still pending authority approval
Investment rationale	A 30ha site is located along new infrastructure corridor in a new desirable suburban area

Hau Giang Pharmaceuticals (DHG)
Hau Giang Pharmaceutical is one of the leading domestic pharmaceutical manufacturers in Vietnam. Antibiotics remain DHG's core product, accounting for more than 40 percent of total revenue in FY 2012. The company's total production is expected to double to nine billion units when its new factory begins operations in Q1 2014 after a trial run in the fourth quarter of 2013.

DHG reported consolidated 2Q 2013 earnings of VND126 billion, a decline of 7 percent year-on-year, meeting 55 percent of its annual target. The company's SG&A expenses increased from a year ago on advertisement and promotional campaigns carried out to boost sales and expenditures earmarked for its technology fund. Revenue for the company grew 13 percent to VND779 billion for the quarter, driven by trading activity. During the first half of the year, DHG earned VND242 billion in profit after tax, a decline of 7 percent year-on-year on VND1,550 billion in revenue. Given that the company's old factory has been running beyond full capacity for the past two years, management expects DHG's new factory to double the production capacity and increase sales volume by nearly 20 percent per annum over the next five years.

DHG closed at VND87,000 per share as at 30 June 2013, at a P/E ratio of 12.2x. As at 30 June 2013, VOF held a 7.2 percent stake in the DHG valued at USD19.4 million.

Financial highlights

Profit and loss (VND bn)	FY10A	FY11A	FY12A	H1 13
Revenue	2,035	2,491	2,931	1,550
Net income	381	416	486	242
Net margin	18.7%	16.9%	16.6%	15.6%
EPS (adjusted)	5,942	6,401	7,433	3,701
Balance sheet (VND bn)				
Total assets	1,820	1,996	2,377	2,593
Shareholders' equity	1,280	1,382	1,688	1,732
ROE (%)	29.8%	30.4%	28.8%	14.0%[1]
Valuation (VND bn)				
PER (x)	8.4	8.8	9.8	12.2
P/B (x)	2.5	2.6	2.8	3.3
Dividend yield (%)	2.9%	3.6%	3.9%	2.9%

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

VinaLand Limited (VNL)

VNL is a real estate investment fund quoted on the AIM and is also managed by VCIM. VOF has previously invested in 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 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 divestment phase that will see realisation of these assets, via sale of homes to end users, co-investment and divestment of projects.

As at 30 June 2013, VOF held a stake in VNL valued at USD16.6 million.

Project summary

AIM inception	22 March 2006
NAV (30 June 2013)	USD 446.8 million
Acquisition phase	VNL had acquired 46 investments at its peak, diversified by geography and real estate sector
Development and divestment phase	VNL has fully divested 12 projects, achieved one partial exit since inception and continued its programme of residential unit sales
Total Assets	32
Leverage (Bank Debt)	Debt remains low, with only 11.6 percent of NAV on a consolidated basis The Company has no debt at the fund level

PetroVietnam Fertilizer and Chemicals (DPM)

PetroVietnam Fertilizer and Chemicals (DPM) is a leading fertilizer producer in Vietnam, with an estimated 40 percent market share in urea fertilizer and a production capacity of 800,000 tons per annum. Its parent company, PetroVietnam, owns a 61.75 percent stake in DPM.

DPM profit declined by 17 percent to VND1.6 trillion in H1 2013 due to a year-on-year reduction in the price of urea fertiliser. Vietnam's domestic market for urea has become oversupplied with the commencement of two new urea fertiliser producing plants that recently came online (Camau and Ninh Binh). DPM plans to expand its sales market internationally to countries such as Cambodia and Myanmar.

DPM share price closed 30 June 2013 at VND40,000, trading at a trailing P/E of 5.7 and P/B of 1.6x. As of 30 June 2013, VOF held a stake in DPM valued at USD15.5 million.

Financial highlights

Profit and loss (VND bn)	FY10A	FY11A	FY12A	H1 13
Revenue	6,619	9,226	13,321	6,100
Net income	1,703	3,104	3,016	1,593
Net margin	25.7%	33.6%	22.6%	26.0%
EPS (adjusted)	4,497	8,220	7,990	4,201
Balance sheet (VND bn)				
Total assets	7,418	9,295	10,580	11,362
Shareholders' equity	6,194	8,227	8,960	9,670
ROE (%)	27.5%	37.7%	33.7%	16.4%[1]
Valuation (VND bn)				
PER (x)	8.5	2.9	4.5	5.7
P/B (x)	2.3	1.1	1.5	1.6
Dividend yield (%)	5.3%	14.7%	13.1%	–

[1] Return on Equity (ROE) is calculated based on NET profit (H1 13) divided by shareholders' equity as at December 31, 2013

VINACAPITAL MANAGEMENT TEAM

Don Lam

Chief Executive Officer, VinaCapital

Don Lam co-founded VinaCapital in 2003. Don has nearly two decades of 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 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 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. Brook's 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 Chief Investment Officer

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.

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 several private equity and private placement deals for VOF, and led several successful exits in Masan, Vinacafe, Hoan My Hospitals and Prime Group. She also holds Board positions at several VOF investee companies, helping them with strategic direction. 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.

SECTION 3

BOARD OF DIRECTORS

Steven Bates

Chairman

Steven Bates was appointed to the Board in February 2013 and to the Chairmanship on 1 May 2013. He is Chairman of Baring Emerging Europe and of F&C Capital & Income Investment Trust and a director of British Empire Securities and General Trust, RENN Universal Growth Investment Trust and of Magna Umbrella Fund. He is also a director of Zephyr Management UK, an investment management company specialising in emerging markets. He sits on or is advisor to various committees in the wealth management, pension fund and charity areas. He was head of global emerging markets at JP Morgan Asset Management until 2002.

Michael Gray

Director

Michael Gray was appointed to the VOF Board in 2009. He has over 30 years professional experience and 10 years in the shipping industry before training as a chartered accountant with Coopers & Lybrand in the UK. Mr Gray was a partner in PricewaterhouseCoopers Singapore and before that was the Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos).

He is a board member of several companies in Singapore, including Avitech Electronics Ltd, GSH Corporation Ltd, Ascendas Property Fund Trustee Pte Ltd and Raffles Marina Holdings Ltd.

Apart from being a Fellow of the Institute of Chartered Accountants in England and Wales, Mr Gray has a Bachelor of Science Degree in Maritime Studies from Plymouth University, a Masters of Arts in South East Asian Studies from the National University of Singapore and Doctor of Business (Honorary) from the University of Newcastle in Australia. He is also a Fellow of the Chartered Institute of Logistics and Transport, a Fellow of the Institute of Singapore Chartered Accountants and a Fellow of the Singapore Institute of Directors.

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 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. His other public company boards are currently Sun Life Financial Inc. and Husky Energy Inc. He has two degrees from Canadian Universities.

Martin Adams

Director

Martin Adams was appointed to the VOF Board in February 2013. He has over 30 years in investment and banking experience in emerging markets and has forged a career serving as an independent director of listed and unlisted funds. He set up the first fund management company to specialise in Vietnam, launched the first listed closed end fund in Vietnam and, over the past 20 years, has been involved with the management or as a director of eight funds investing in the country. Before he founded Vietnam Fund Management Company in 1991, he worked for 10 years with the Lloyds Bank group in London, Amsterdam, Lisbon and Hong Kong. He is currently chairman of Eastern European Property Fund, Kubera Cross Border Fund, Trading Emissions, Trinity Capital and Vietnam Resources Investments and is a non-executive director of a number of other funds. Mr Adams has an MA (Hons.) in Economic Science.

Don Lam

Director

Don Lam co-founded VinaCapital in 2003. Don has nearly two decades of 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.

REPORT OF THE DIRECTORS

The Board of Directors ("the Board") submits its report together with the consolidated financial statements of VOF and its subsidiaries (together "the Group") for the year from 1 July 2012 to 30 June 2013 ("the year").

VOF is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares are traded on the AIM market of the London Stock Exchange. Throughout the year ended 30 June 2013 and to the date of this report, the Company complied with the AIM rules for companies.

The Company's investments are managed by VCIM.

Principal activities

VOF'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.

Life of the Company

VOF 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 in July 2013 and on both occasions 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 2018.

Investment Policy and Valuation Policy

VOF investment objectives and investing policy are set out on pages 114 to 116. The valuation policy can be found on page 116.

Co-investments

The Investment Manager may from time to time manage other funds which have a similar or overlapping investment objective and policy to that of the Company. 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, deals sourced by the investment teams serving the Company will normally be made on a pro rated basis between the Company and the other funds served by the investment team.

Performance
The Chairman's Statement on pages 2 to 7. and the Investment Manager's Report on pages 8 to 28. give details of VOF's activities, performance and position during the year.

The key performance indicators ("KPIs") used to measure the progress of VOF during the year are as follows:

- NAV
- The movement in the Company's share price
- Discount of the share price in relation to the NAV

Information relating to the KPIs can be found in the Financial Highlights on page 1.

Principal Risks and Uncertainties
The Board considers the following as the principal risks facing the Company. Information regarding the Company's risk management and internal control procedures is given in the following sections and in the Corporate Governance Statement and financial statements within this Annual Report.

The Company is exposed to a variety of risk factors. The Company's overall risk management programme covers the broad range of risks to which the Company is exposed. Risk management is coordinated by the Investment Manager who seeks to manage risks to an acceptable level through the implementation and operation of effective controls and/or the transfer of risk to other parties. The Board receives and reviews regular reports on all identified risks.

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

The Company's listed equity securities are subject to price risk resulting from the potential illiquidity of the Group's total holding relative to average daily trading volume of certain listed securities and the enforcement of strict trading bands which prevent share prices from moving more than a predetermined percentage each day.

The Group's unlisted equity securities are susceptible to price risk arising from uncertainties about the future values of the relevant investment. These values may also be affected by the absence of exit opportunities which will depend, inter alia, on the general perceived attractions of investment in Vietnam.

To address these risks the Investment Manager makes investments that are consistent with the Company's objectives and monitors daily trading volumes for positions taken. Due to the size of certain holdings relative to a listed company's daily trading volume or to the total number of shares in issue, the Investment Manager may conclude that a certain level of price risk resulting from the illiquidity of positions is unacceptable. Under such circumstance the Investment Manager normally expects to realise the investment by selling part or all of the holding. The Board reviews the investment strategy at each meeting. It accepts that shareholders will be exposed to general market risk and in some cases to illiquidity risk, given both the strategy and the scale of the Company relative to local markets.

Real estate risk
The Company is subject to a broad range of real estate specific risks. These include, among other things: (i) the risks of owning properties jointly with third-party partners where sole decision-making authority may be restricted; (ii) general real estate investment considerations, such as the effect of local economic and other conditions on property values and ongoing cash flows; (iii) the illiquidity of real estate investments; (iv) potential environmental liabilities and the risk of uninsured losses; (v) the availability or otherwise of financing for real estate development; and (vi) legal issues which may arise as a result of challenges to the forms of ownership common in the local market.

Nearly two thirds of the Company's property holdings are co-invested with VNL, another fund managed by the Investment Manager. In most cases VNL holds a controlling stake in the joint venture company and therefore exerts control over the investment. As both funds are managed by the same Investment Manager, each fund's investment objectives for each property are generally the same. However, given VNL's recently established investment objective of disposing of a portion of its portfolio, the Company could potentially be put in a position where sales may be triggered earlier than ideally desired. The Board reviews all such decisions and under normal circumstances is not prepared to assume the development risk that would result from continuing to hold an investment VNL was selling. The Company also holds a stake in VNL itself and supports the board of that company in its objective of disposing of a portion of its assets.

Valuation risk
The fair value of listed equities and bonds is based on quoted market prices at each balance sheet date and so, subject to liquidity risks, they are considered a reliable estimate of the value of such investments.

The fair value of unlisted equities (private equities) and property is determined by using industry standard valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates.

Given the inherent limitations of estimating the values of unlisted equities and real estate holdings, it is likely that the actual proceeds from the sale of such assets will be different from their estimated fair value at a given point in time. The Company seeks to ensure that such investments are appropriately valued by obtaining annual valuations from suitably qualified independent valuation firms and ensuring that the Audit and Valuation Committee carefully reviews such valuation reports.

With specific reference to real estate and due to the highly subjective nature of valuing property in Vietnam, two independent valuation firms are used to value each property on the same day. The Audit and Valuation Committee may choose to accept one of these valuations or may apply its own judgement in making further adjustment to arrive at a valuation that it believes best reflects the current market value of the asset. Property valuations are also updated each six months, given the likelihood of significant changes in value over the course of each year.

Economic risks
Vietnam has experienced substantial and volatile rates of inflation in recent years. Also, from time to time in the recent past there have been periods when a shortage of foreign currency in the market has delayed the remittance of funds outside the country. The Investment Manager seeks to manage such economic risks through the use and analysis of information provided by the Investment Manager's in-house economist and external sources, and by modifying the Company's investment strategies in response to such information.

Interest rate risk
The Company seeks to achieve a market rate of return on cash funds held for investment purposes. As a result the Group is exposed to interest rate risk related to these holdings, as well as on bond investments and on loans provided to third parties (usually in connection with real estate investments. Cash holdings, bonds and loans are typically subject to a fixed interest rate, although as these are often short-term in nature, re-pricing can occur frequently.

The Company has no significant debt and therefore it is not exposed to significant cash flow risks associated with fluctuating interest rates on loans it might have received. .

The Investment Manager evaluates the Company's exposure to interest rates each month with the objective of ensuring that the rates of interest being earned and paid are appropriate for the risks the Company is exposed to through cash holdings, bonds and loans. These exposures are reviewed at each Board meeting.

Currency risk
The Company's exposure to risk resulting from changes in foreign currency exchange rates is considered moderate by the Board despite domestic transactions being settled in VND. The value of the VND has historically been closely linked to that of the USD, the Group's reporting currency and might be expected to decline over time by an amount equivalent to the inflation differential between VND and USD. The Group has not entered into any hedging mechanism as the estimated costs of available instruments outweigh their benefits.

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 or further actions to be taken.

Political and legal risk
As with most emerging countries, investing in Vietnam involves certain considerations not usually associated with investments in developed countries. These include political and legal risks which may restrict or impact investment opportunities. As a one-party state, the political environment in Vietnam is relatively stable. However, changes within the government, major policy shifts or lack of consensus between the government and powerful economic groups could lead to political instability which would have an adverse effect on investors.

The legal and regulatory risks are higher in Vietnam than in many developed jurisdictions because there is still a considerable degree of legislative uncertainty, inconsistency in interpreting the laws and regulations, and unpredictability in matters of dispute resolution and the enforcement of arbitration awards. The Group seeks to manage these legal risks and others through the use of the Investment Manager's in-house legal team and external legal advisors, when appropriate.

Tax risks

The Company seeks to comply with the relevant tax jurisdictions in which it conducts its business. As an exempt company incorporated in the Cayman Islands, the Company is not subject to income, state, corporation, capital gains or other taxes in the Cayman Islands. Also, a number of the Company's subsidiaries are domiciled in the British Virgin Islands (BVI) and have a similar tax exempt status. Those subsidiaries and associate companies incorporated in Singapore and Vietnam are subject to the respective tax laws of those countries. These entities are the vehicles through which a number of the underlying investments are held.

The Investment Manager manages tax risks by obtaining appropriate professional advice before entering into binding material commitments.

Manager risk

The Company has a high level of dependence on the Investment Manager which is tasked, under the Investment Management Agreement, with carrying out most of the Company's day to day activities. For this reason the Board actively reviews the Investment Manager's key policies with respect to the hiring and maintaining of suitable resources to manage the Company. This risk is mitigated to some degree by the fact that a large team is dedicated to the management of the Company, but it is inevitable that the Company is dependent on the services of certain key employees of the Investment Manager.

Ownership risk

Whenever possible the Investment Manager seeks to structure transactions through recognised and transparent legal investment structures. However, from time to time in the past, there has been a need to structure investments using trust arrangements whereby the legal title to certain investments may be held by a third party. These arrangements expose the Group to the loss of the investment if the trustee was to renege on its obligations and no legitimate legal recourse was to present itself.

Over the last three years the Investment Manager has made a concerted effort to unwind such arrangements so that the total value of investments held under such structures is no longer material to the portfolio. Similar new arrangements will only be entered into if absolutely necessary and would be subject to appropriate operational controls and legal documentation.

Discount risk

The shares of the Company trade at a price which may differ significantly from its NAV. In recent years, the shares have traded at a large discount to that NAV and the Board has sought to limit the discount by operating a share buyback programme. There is no guarantee that this programme will be successful, although its operation at prices lower than NAV will serve to enhance that NAV. Shareholders are therefore exposed to this risk, albeit in the knowledge that the Board is attempting to mitigate it.

Distribution of Income

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 shareholders at NAV for tax efficiency for certain shareholders.

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 52 to 110.

The Board does not recommend the payment of a dividend for the year (year ended 30 June 2012: Nil).

Discount Management

The Board has been mindful over the last several years of the wide discount to NAV per share at which the shares have been trading. In October 2011, the Board sought and obtained shareholder approval to implement a share buyback programme. By 30 June 2013, a total of 63,233,988 million shares had been bought back, a return of capital to shareholders of approximately USD113.6 million, which in turn has had a number of positive effects for shareholders:

- The discount to NAV at which the shares trade has narrowed considerably from a high of approximately 40 percent at the commencement of the buyback programme in November 2011 to 26 percent as at 30 June 2013;
- The NAV per share has been enhanced by approximately USD 0.20 per share from these buybacks, representing 7.3 percent of the Company's NAV per share as at 30 June 2013; and
- The volatility of the share price has fallen to 4.3 percent from 18.3 percent since November 2011 (source: Bloomberg).

As at 11 October 2013, being the latest practicable date prior to the publication of this report, 75.3 million shares had been bought back. The total amount paid for these shares was USD 139.6 million.

The Board remains determined to continue to operate the share buyback programme in an effort to ensure that the share price more closely reflects the underlying NAV per share and that NAV per share continues to be enhanced. While no public announcement has been made in terms of the target percentage discount or the volume of funds to be allocated to buybacks, the Board considers the current discount to be too high.

The Board will continue to retain responsibility for setting the parameters for the discount management policy, for overseeing the management of the buyback programme and for ensuring that its policy is implemented. The Board intends to continue to seek to narrow the discount through the continued use of share buybacks and will consider using other means of addressing the discount level should it persist at the current wide level. The Board's objective is to achieve a narrowing of the discount in a manner that is sustainable over the longer term. The Board and the Investment Manager intend to consult regularly with Shareholders with a view to assessing and improving the effectiveness of the buyback programme.

Share Capital and Treasury Shares

At the year end, the Company had 324,610,259 ordinary shares in issue, of which 63,233,988 were held in treasury. As at 11 October 2013, there were 324,610,259 shares in issue of which 75,289,161 were held in treasury and 249,321,098 shares were in circulation.

Investment Manager

The Investment Manager is responsible for 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.

Following the shareholders' rejection of the Company's discontinuation at the EGM held on 22 July 2013, the Company entered into an Amended and Restated Investment Management Agreement ("the Agreement") which the Board believes to be best practice for investment management agreements. The Agreement reduced the base investment management and incentive fees by 25 percent and restructured the incentive fee to better align the interests of the Investment Manager with those of the shareholders. The notice period for termination of the Agreement remains as six months.

Investment Manager's Fees

The Investment Manager is entitled to receive from the Company a base fee ("the Management Fee") and, where applicable, a performance-related fee ("the Incentive Fee").

Under the Agreement, the Management Fee is reduced from 2 percent per annum of the NAV of the Group to 1.5 percent per annum of the NAV, payable monthly in arrears.

In respect of the Incentive Fee, under the previous agreement, the Investment Manager was eligible for a payment equal to 20 percent of the performance subject to an 8 percent hurdle and full catch up. Under the new Agreement, the level of Incentive Fee has reduced to 15 percent per annum. The hurdle rate remains the same.

For the purpose of calculating the Incentive Fee, the net assets have been segregated into a Direct Real Estate Portfolio and a Capital Markets Portfolio. A separate Incentive Fee is calculated for each portfolio and operates independently so that for any financial year it will be possible for an Incentive Fee to become payable in relation to one, both or neither portfolio, depending on the performance of each portfolio. The amount of Incentive Fees paid in any single financial year is limited to 1.5 percent of the applicable closing NAV of the portfolio from which the Incentive Fee was earned.

In return for the overall reduction in the quantum of the Incentive Fee that can be paid, the Board agreed to re-set the high water mark above which the Incentive Fee will be payable from USD4.09 per share to the higher of (i) 30 June 2013 NAV per share plus 5 percent (being USD3.023) or (ii) USD3.037. The rationale for these values is that, assuming both portfolios increase in value at the same rate, , the NAV per share would need to increase in the first year to at least USD3.28 (USD3.037 increased by the 8 percent hurdle rate), the last NAV per share that a performance fee was paid, before any future incentive fee can be earned.

Further details are provided in the circular published on 24 June 2013.

Continuing Appointment of the Investment Manager

The Board keeps the performance of the Investment Manager under review. It is the opinion of the Directors that the continuing appointment of VinaCapital Investment Management Limited is in the best interests of shareholders as a whole. The Investment Manager has one of the largest and best resourced investment teams in the Vietnamese markets, and has the capacity to make and monitor investments across a range of different asset classes and sectors. The team is led by Andy Ho and comprises his deputy Dang Pham Minh Loan and a further 13 investment analysts and traders. In addition, the Company has access to the investment team responsible for real estate investment, a significant part of which is made by the Company in joint ventures with VNL, another closed ended Company managed by VCIM. The investment returns earned by the Company over the current year and over the longer term have been good and bear witness to the capability of the team. The investment team is supported by a full infrastructure to allow it sufficient time for investment tasks. VinaCapital also operates a risk management and control environment with the goal of controlling the risks of investing in a less developed market.

Board of Directors

The Directors who served during the year and up to the date of this report are as follows:

	Position	Date of appointment/(resignation)
Steven Bates	Chairman	5 February 2013
William Vanderfelt	Chairman	27 October 2004 / (1 May 2013)
Martin Adams	Director	5 February 2013
Martin Glynn	Director	18 March 2008
Michael Gray	Director	24 June 2009
Don Lam	Director	18 March 2008

Mr Bates replaced Mr Vanderfelt as Chairman on 1 May 2013.

The biographies of the Directors in office as at the date of this report are shown on pages 29 and 30.

As disclosed on page 44, the Board has agreed that non-independent Directors will offer themselves for re-election annually at the AGM. As the only non-independent Director, Mr Lam, who is not independent by virtue of his position as Chief Executive Officer of VinaCapital, will seek re-election at the AGM to be held on 28 November 2013. The Board considers that Mr Lam's re-election is in the best interests of shareholders because his involvement ensures that the Company receives attention from the Investment Manager at the highest level and that Mr Lam's expertise and experience bring an extra dimension to the Board's deliberations. Further, his presence helps to align the interests of the Investment Manager with those of the Board and the shareholders as a whole.

The UK Corporate Governance Code provides that all directors of FTSE 350 companies should be subject to annual election by shareholders. Although VOF, as an AIM-listed company, is not required to comply with this provision, the Board is committed to achieving the highest standards of corporate governance and, as such, has decided to adopt best practice in this area. The Board is also mindful that the shareholders have not previously been invited to vote on the election of any of the Directors. Accordingly, Messrs Bates, Adams, Glynn and Gray will each retire and stand for re-election at the Annual General Meeting to be held on 28 November 2013.

Directors' interests in the Company

As at 30 June 2013, the interests of the Directors in the shares, underlying shares and debentures of the Company are as follows:

	Direct holding	Indirect holding
Steven Bates	–	–
Martin Adams	–	–
Martin Glynn	60,000	–
Michael Gray	100,000	–
Don Lam	1,005,859	235,342

There have been no changes to any holdings between 30 June 2013 and the date of this report.

Substantial Shareholdings

As at 30 June 2013 and 25 October 2013, the Directors are aware of the following interests in the Company's voting rights:

	30 June 2013		As at 25 October 2013	
	Number of ordinary shares	% of voting rights	Number of ordinary shares	% of voting rights
SMBC Nikko Bank	17,995,000	6.8	17,185,000	6.9
Credit Suisse / PB Omnibus Client AC	16,438,534	6.2	16,438,534	6.6
Landesbank Berlin	9,300,000	3.5	8,800,000	3.5
State Street Bank Trust	8,328,349	3.1	8,259,440	3.3

Annual General Meeting
As one of the enhancements agreed by the Board, following its review in 2012 of the Company's corporate governance arrangements, an AGM will be held each year. The first AGM will be held at 2 pm on 28 November 2013, at Constaffelsaal at Haus zum Rueden, Limmatquai 42, 8001 Zurich. The Notice of Meeting is set out on pages 111 to 113. The following notes provide an explanation of the resolutions being proposed by the Board:

Resolution 1 – Report and Accounts
The Directors are proposing an ordinary resolution to adopt the Company's financial statements for the financial year ended 30 June 2013.

Resolutions 2 – 6 – Re-election of Directors
In the Company's recent circular to shareholders the Board undertook that each independent Director will offer himself for re-election on a rotating basis whereby each Director will seek re-election at least every three years. Having reviewed this undertaking in light of best practice set out in the UK Corporate Governance Code, the Board has decided that all of the Directors, regardless of their independence, will stand for re-election annually. Accordingly, Messrs Bates, Adams, Glynn and Gray will each retire and stand for re-election at the Annual General Meeting to be held on 28 November 2013.

In addition, any non-independent Director will offer himself for re-election annually. In line with this policy, Mr Don Lam, who is not independent by virtue of his position as the chief executive officer of VinaCapital, will be standing for re-election at the AGM.

Resolution 7 – re-appointment of auditor
The Board is proposing the re-appointment of PricewaterhouseCoopers ("PwC") as the Group's auditor for the 30 June 2014 financial year.

Resolution 8 – increase in aggregate cap on Directors' remuneration
The Board is proposing an ordinary resolution, pursuant to Article 125 of the Articles of Association to increase the aggregate annual cap on the total remuneration paid to the Directors from USD300,000 to USD500.000.

Resolution 9 – decrease in the threshold for the requisition of general meetings by shareholders
The Board is proposing a special resolution to amend Article 57 of the Articles of Association to reduce the threshold at which Shareholders can require that the Board convene an extraordinary general meeting from 25 percent to 10 percent of the Company's outstanding shares.

Resolution 10 – Directors' indemnities
The Board is proposing certain changes to the Company's Articles of association that are intended to better reflect the Company's responsibilities in respect to indemnifying Directors.

The Board considers that the resolutions to be put to the meeting are in the best interests of the shareholders as a whole. The Directors will be voting their shares in favour of the resolutions and unanimously recommend that the shareholders do so as well.

Auditor
The Group's Auditor is PwC. PwC was appointed in November 2011, following a tender process.

Corporate Governance
The Corporate Governance Statement on pages 42 to 48 forms part of the Report of the Directors.

Going Concern
The Directors have carefully reviewed the Company's current financial resources and the projected expenses for the next 12 months. On the basis of that review and as the majority of net assets are securities which are traded actively on the Vietnam Stock Exchange, the Directors are satisfied that the Company's resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the Group's financial statements on a going concern basis.

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

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Ltd
25 October 2013

CORPORATE GOVERNANCE STATEMENT

The Board is committed to attain and maintain a high standard of corporate governance, with the ultimate aim being to protect shareholders' and other stakeholders' interests. In early 2012, the Board undertook a review of the Company's corporate governance structure in light of developments in international standards and practices since the Company was incorporated in 2003. The review resulted in a number of changes designed to enhance shareholders' rights, relating to annual general meetings, the re-election of Directors and the ability of shareholders to demand the convening of an extraordinary general meeting.

The Company admitted to trading on AIM and, as such, is not required to meet the same standards of corporate governance as applied by companies listed on the Main Market. Nevertheless, the Board has considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders. The AIC Code can be found on the AIC website at www.theaic.co.uk/aic-code-of-corporate-governance.

The UK Code includes provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

For the reasons set out in the AIC Guide and in the pre-amble to the AIC Code, and as explained in the UK Code the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administration functions are outsourced to third parties. The Company has therefore not reported further in respect of these provisions.

During the course of the year, the Board will continue to implement the improvements identified following its review of corporate governance in 2012, all of which are relevant to the Company's future compliance with the AIC Code:

- the introduction of a more formal Board evaluation process than existed hitherto and procedures for Directors' induction and ongoing training;
- adoption of a comprehensive schedule of matters reserved for the decision of the Board; and
- establishment of more effective channels of communication between the shareholders and the Board.

Board of Directors
The Board consists entirely of non-executive Directors.

As part of the Board's corporate governance review, an assessment was undertaken in 2012 by the Remuneration, Nomination and Management Evaluation Committee of the balance of skills, experience and knowledge within the Board. In order to ensure that the appropriate mix of experience continued to be available to the Company, a number of changes were made to the Board:

- Steven Bates was appointed as a Director and subsequently as Chairman;
- Martin Adams was appointed to the Board; and
- William Vanderfelt stood down after eight years as a Director and five years as Chairman

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, the Investment Manager's operations and shareholder relations. During the year to 30 June 2013, the number of scheduled Board and Committee meetings attended by each Director was as follows:

	Board meetings	Audit Committee meetings	Valuation Committee meetings	RNMEC* meetings
Steven Bates	2(2)#	1(1)	2(2)	–
William Vanderfelt	3(3)#	3(3)	4(4)	1(1)#
Martin Adams	2(2)	1(1)	2(2)	–
Martin Glynn	4(4)	3(3)	5(5)#	1(1)
Michael Gray	4(4)	3(3)#	5(5)	1(1)
Don Lam	2(3)	–	–	–

* Remuneration, Nomination and Management Evaluation Committee
\# Chairman of Board

Figures in brackets indicate the number of meetings held in the year in respect of which the individual was eligible to attend as either a Board or Committee member.

Board responsibilities

The Board is responsible to shareholders for the determination and implementation of the Company's investment policy, and the direction and 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 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 Company's Directors have direct access to the Company's Nominated Adviser, lawyers, brokers and the Investment Manager's Legal Counsel and Head of Compliance.

Chairman and Senior Independent Director

On 1 May 2013, William Vanderfelt was replaced by Steven Bates as the Chairman of the Board. Mr Bates is considered by his fellow independent Board members to be independent, to have no conflicting relationships, and to have sufficient time to commit to the Company's affairs as necessary. Given the size and nature of the Board it is not considered appropriate at the present time to appoint a senior independent director, as recommended by the AIC Code.

Board independence and composition
In accordance with the AIC Code, the Board has reviewed the independent status of each individual Director and the Board as a whole.

A majority of the Board is independent of the Investment Manager. The Board is comprised of four independent Directors, including the Chairman, and one non-independent Director, Mr Lam. Mr Lam is the Chief Executive Officer of the Investment Manager, VCIM, and a Director of VinaCapital Group Limited. In accordance with the Board's published policy on the re-election of Directors, Mr Lam, as a non-independent Director, will in future seek annual re-election. In addition, the Board has reconsidered its undertaking as set out in the circular dated 24 June 2013, which stated that independent Directors would offer themselves for re-election on a rotating basis whereby each Director would seek re-election at least every three years. Instead, and notwithstanding the Company's AIM listing, the Board has decided to adopt best practice for FTSE 350 companies as set out in the UK Code and accordingly, all of the independent Directors will also seek re-election on an annual basis. These changes will commence at the AGM to be held on 28 November 2013.

The Board believes that each Director has appropriate qualifications, industry experience and expertise to guide the Company and that the Board as a whole has an appropriate balance of skills, experience, and knowledge. The Directors' biographies can be found on pages 29 and 30.

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 final consideration.

Re-election of Directors
All Directors will submit themselves for annual re-election therefore a policy on tenure is not deemed necessary.

Following recommendations from the Nominations Committee, the Board considers all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. Accordingly, all Directors will seek election at the Company's forthcoming AGM. Below are brief descriptions of the experience and knowledge the independent Directors bring to the boardroom.

Steven Bates – was appointed to the Board in May 2013 bringing to the role his experience as a fund manager specialising in emerging markets and closed ended funds. Steven is an experienced and effective chairman, already demonstrating his commitment to the Company.

Mike Gray – has extensive experience in accounting and auditing in Vietnam and the region generally. A very effective chairman of the Audit and Valuation Committee, Mike continues to devote considerable time and effort to the role as well as participating fully in broader Board discussions.

Martin Glynn – with long experience at a senior level in international banking and strong understanding of the need for good governance, Martin brings a robust and questioning approach to the Board.

Martin Adams – an expert in closed ended funds with an excellent reputation as a champion of shareholder rights, Martin has a background as an Asian investment specialist, having managed funds in Vietnam since 1989.

The Directors' terms of engagement are set out in letters of appointment which are available for inspection at the company's registered office and at the AGM.

Board committees
During the year, there were three Board committees in operation: the Audit Committee, the Valuation Committee and the Remuneration, Nomination and Management Evaluation Committee. Each Committee was comprised solely of independent Directors. The chairmanship and membership of each Committee throughout the year, and the number of meetings held during the year, is shown in the table on page 43.

New Committee Structure
Subsequent to the year end, the Board agreed to adopt a new Committee structure to assist it in discharging its responsibilities and, by virtue of membership comprising only independent Directors, to ensure independent oversight of certain of the Company's activities. A summary of the duties of each of the Committees is provided below. The terms of reference are available on the Company's website: www.vinacapital.com/VOF.

Audit and Valuation Committee
In light of the relevance of the valuation process to the Company's accounting function and audit, the Board agreed in July 2013 to merge the Audit Committee and the Valuation Committee. The new Committee, which will meet at least twice a year, comprises all four independent Directors and is chaired by Mr Gray.

The Committee is responsible for monitoring the process of production and ensuring the integrity of the Company's accounts. The primary responsibilities of the Committee are: to oversee the relationship with the Auditor and make recommendations to the Board in relation to their re-appointment and to approve their remuneration and terms of engagement; to assess the Auditor's independence and objectivity and the effectiveness of the audit process; to review the effectiveness of the Company's internal control environment; to identify, assess, monitor and mitigate the risks associated with the Company's business; to monitor adherence to best practice in corporate governance; and to review the Company's whistleblowing arrangements and its procedures for detecting fraud and preventing bribery and corruption.

In discharging its responsibility to oversee the Auditor's independence, the Audit Committee considers whether any other engagements provided to the auditor will have an effect on, or perception of, compromising the Auditor's independence and objectivity. The performance of services outside of external audit must be specific and approved by the Audit Committee Chairman.

In respect of its remit over the valuation of investments, the Committee's primary goal is to ensure that the Company's investments are recorded at fair value. In doing so, the Committee reviews the reports of independent valuation specialists as well as reviewing the Investment Manager's valuation process. Each individual valuation is reviewed in detail and the recommendations of the independent valuers may be accepted or modified. The Committee approves the fair value of investments used to prepare the financial statements.

The Committee's Chairman presents the Committee's findings to the Board at each Board meeting.

Management Engagement Committee

The Management Engagement Committee comprises all four independent Directors and is chaired by Mr Adams. In accordance with the requirements of the AIC Code, the Committee will meet at least once a year to review the performance of the Investment Manager under the Investment Management Agreement and to consider any variation to the terms of the agreement. The Management Engagement Committee also reviews the performance of the nominated adviser, company secretary, corporate brokers, custodian, administrator and registrar and any matters concerning their respective agreements with the Company.

Remuneration Committee

The Remuneration Committee comprises all four independent Directors and is chaired by Mr Glynn. The Committee's responsibilities include: setting the policy for the remuneration of the Company's Chairman, the Audit and Valuation Committee Chairman and the Directors, and reviewing the ongoing appropriateness and relevance of the remuneration policy; determining the individual remuneration policy of each non-executive Director; agreeing the policy for authorising Directors' expenses claims; and the selection and appointment of any remuneration consultants who advise the Committee.

Nomination Committee

The Nomination Committee comprises all four independent Directors and is chaired by Mr Bates. The Committee's responsibilities include: reviewing the structure, size and composition of the Board and making recommendations to the Board in respect of any changes; succession planning for the Chairman and the Directors; making recommendations to the Board concerning the membership and chairmanship of the Board committees; identifying and nominating for the approval of the Board candidates to fill Board vacancies; and, before any new appointment is recommended; evaluating the balance of skills, knowledge, experience and diversity within the Board and preparing an appropriate role description.

The Management Engagement Committee, the Remuneration Committee and the Nomination Committee will each meet at least once a year.

Internal Controls and Risk Management

The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and maintaining sound risk management and internal control systems and for reviewing their effectiveness.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Risk management system
The Investment Manager's Enterprise Risk Management ('ERM') framework provides a structured approach to managing risk across all of its managed funds by establishing a risk management culture through education and training, formalised risk management procedures, defining roles and responsibilities with respect to managing risk, and establishing reporting mechanisms to monitor the effectiveness of the framework. The Audit Committee works closely with the Investment Manager on the application and review of the ERM framework to the Company's risk environment.

Regular risk assessments and reviews of internal controls are undertaken by the Board in the context of the Company's investment policy. The review covers the strategic, investment, operational and financial risks facing the Company. In arriving at its judgement of the risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company of third parties operating the relevant controls.

Internal control assessment process
The key procedures which have been established to provide effective internal financial controls are as follows:

- investment management is provided by VCIM. The Board is responsible for the implementation of the overall investment policy and monitors the investment performance, actions and regulatory compliance of the Investment Manager at regular meetings;
- accounting is provided by VCIM;
- the provision of fund administration and custody of assets is undertaken by HSBC Institutional Trust Services Limited;
- the duties of investment management, accounting and custody of assets are appropriately segregated. The procedures of the individual parties are designed to complement one another;
- VCIM, on behalf of the Directors of the Company, clearly defines the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted after consideration of the quality of the parties involved. The Management Engagement Committee (previously the Remuneration Committee) monitors their ongoing performance and contractual agreements;
- mandates for authorisation of investment transactions and expense payments are set by the Board and documented in the Investment Management Agreement; and
- the Board receives financial information produced by the Investment Manager on a regular basis. Board meetings are held at least once a quarter to review such information.
- Actions are taken to remedy any significant failings or weaknesses, if identified. No major control deficiencies were identified during the year or up to the date of this report.

Internal audit
The Company does not have its own internal audit function. All of the Company's management functions are delegated to independent third parties whose controls are reviewed by the Investment Manager and the Board. It is therefore felt that there is no requirement for the Company to have an internal audit function separate from that retained by the Investment Manager.

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 and Valuation 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 and Valuation Committee. During the year, no serious control breaches were reported.

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.

Shareholder relations
The Board retains oversight of this process by monitoring the investor relations activities of the Investment Manager and the shareholder profile. Dialogue with shareholders is given a high priority by the Directors, who are keen to improve channels of communication and encourage shareholders to engage directly, the first step being the Board's commitment to hold Annual General Meetings. Shareholders are encouraged to attend and vote at the Annual General Meeting to be held on 28 November 2013 and any shareholder wishing to lodge questions in advance of the meeting is invited to do so by writing to ir@vinacapital.com.

Voting Policy
The exercise of the voting rights attached to the Company's portfolio has been delegated to the Manager who as a policy votes at all meetings of investee companies.

DIRECTORS’ REMUNERATION REPORT

Policy on Directors’ Fees
The Board’s policy is that the remuneration of the independent non-executive Directors should reflect the experience and time commitment of the Board as a whole, and is determined with reference to comparable organisations and available market information each year.

Independent Directors’ Fees
The fees for the independent Directors are determined within the limit set out in the Company’s Articles of Association, which provide that the aggregate total remuneration paid to independent Directors shall not exceed USD300,000 (or such higher amount as may be approved by the Company in a general meeting) in respect of any 12-month period.

The Board has determined that, in order to reflect the increased time commitment and workload of the Directors, with effect from 1 July 2013 the fees shall be increased to USD90,000 for the Chairman and USD75,000 for the independent Directors, with USD5,000 for membership of the Audit and Valuation Committee and USD15,000 for chairmanship of the same. As the aggregate amount of the fees will exceed the limit set out in the Articles of Association, a resolution to increase the cap will be put to the shareholders at the AGM.

Under a previous arrangement, any amount paid to the directors in excess of USD60,000 had to be deducted from the management fee paid to the Investment Manager. The Board did not consider this arrangement to be acceptable and has decided that, with effect from 5 February 2013 (being the date upon which Mr Adams and Mr Bates were appointed to the Board) the amounts due in fees to independent Directors in respect of their appointments will be paid entirely by the Company.

Directors’ Emoluments for the Year
The Directors who served during the year received the following emoluments in the form of fees.

	Year to 30 June 2013 USD	Year to 30 June 2012 USD
Steven Bates (appointed 5 February 2013)	27,500	–
William Vanderfelt (resigned 1 May 2013)	75,000	75,000
Martin Adams (appointed 5 February 2013)	18,333	–
Michael Gray	60,000	60,000
Martin Glynn	60,000	60,000
Don Lam	–	–
	240,833	195,000

Mr Lam does not receive emoluments from the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 2013 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

Steven Bates
Chairman
25 October 2013

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 52 to 110 which comprise the consolidated balance sheet as at 30 June 2013, 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 (IFRS), 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 state of affairs of the Group as at 30 June 2013, and of its financial performance and cash flows for the year then ended in accordance with IFRS.

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, 25 October 2013

CONSOLIDATED FINANCIAL STATEMENTS

	Note	30 June 2013 USD'000	30 June 2012 USD'000
ASSETS			
Non-current			
Plant and equipment		3,093	800
Investment properties		3,722	1,785
Interests in associates	6	182,090	199,137
Prepayments for acquisition of investment properties	7	8,239	7,500
Financial assets at fair value through profit or loss	12	4,697	–
Available-for-sale financial assets	8	5,784	6,111
Long-term loan to an associate	30(d)	1,325	–
Other non-current assets		207	583
Total non-current assets		**209,157**	**215,916**
Current			
Inventories	10	7,413	6,090
Trade and other receivables	11	17,918	14,611
Short-term loans to related parties	30(d)	7,501	10,771
Financial assets at fair value through profit or loss	12	467,762	425,281
Available-for-sale financial assets	8	8,700	28,450
Cash and cash equivalents (excluding bank overdraft)	13	53,392	42,209
Total current assets		**562,686**	**527,412**
Assets classified as held for sale	14	–	32,127
Total assets		**771,843**	**775,455**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES	Note	30 June 2013 USD'000	30 June 2012 USD'000
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	(113,639)	(17,785)
Revaluation reserve	17	31,376	28,602
Available-for-sale financial assets reserve		4,336	14,180
Translation reserve		(18,763)	(17,011)
Retained earnings		123,823	32,349
Total equity		**752,443**	**765,645**
Non-controlling interests		**1,089**	**–**
Total equity		**753,532**	**765,645**
LIABILITIES			
Non-current			
Deferred tax liabilities		–	101
Other long-term liabilities		236	175
Total non-current liabilities		**236**	**276**
Current			
Short-term bank borrowings	18	2,261	2,588
Trade and other payables	19	13,658	4,787
Payable to related parties	30(c)	2,156	2,159
Total current liabilities		**18,075**	**9,534**
Total liabilities		**18,311**	**9,810**
Total equity and liabilities		**771,843**	**775,455**
Net asset value, USD per share	27(c)	**2.88**	**2.45**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
	Share capital USD'000	Additional paid-in capital USD'000	Treasury shares USD'000	Revaluation reserve USD'000	Available-for-sale financial assets reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
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 buy-back (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**
Balance at 1 July 2012	**3,246**	**722,064**	**(17,785)**	**28,602**	**14,180**	**(17,011)**	**32,349**	**765,645**	**–**	**765,645**
Profit for the year	–	–	–	–	–	–	90,254	**90,254**	(202)	**90,052**
Disposal of associate	–	–	–	(1,220)	–	–	(1,220)	**–**	–	**–**
Other comprehensive income/(loss)	–	–	–	3,994	(9,844)	(1,752)	–	**(7,602)**	(151)	**(7,753)**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**2,774**	**(9,844)**	**(1,752)**	**91,474**	**82,652**	**(353)**	**82,299**
Acquisition of subsidiary (Note 5)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,442**	**1,442**
Shares buy-back (Note 16)	**–**	**–**	**(95,854)**	**–**	**–**	**–**	**–**	**(95,854)**	**–**	**(95,854)**
Balance at 30 June 2013	**3,246**	**722,064**	**(113,639)**	**31,376**	**4,336**	**(18,763)**	**123,823**	**752,443**	**1,089**	**753,532**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Revenue	20	9,982	8,913
Cost of sales	20	(7,639)	(4,867)
Gross profit		**2,343**	**4,046**
Dividend income		23,906	20,710
Interest income	21(a)	3,427	3,413
Fair value gain of financial assets at fair value through profit or loss, net	22	89,254	27,491
Fair value loss of investment property		–	(1,660)
Other income	23	11,122	23,565
Selling, general and administration expenses	24	(20,740)	(19,498)
Other expenses	25	(9,327)	(11,622)
Operating profit		**99,985**	**46,445**
Finance income	21(b)	89	93
Finance costs	21(b)	(1,136)	(1,059)
Finance costs, net		(1,047)	(966)
Share of losses of associates, net of tax	6	(8,214)	(16,347)
		(9,261)	(17,313)
Profit before tax		**90,724**	**29,132**
Corporate income tax	26	(16)	–
Withholding taxes on investment income	26	(656)	(700)
Profit for the year		**90,052**	**28,432**
Profit attributable to:			
Owners of the parent		90,254	28,432
Non-controlling interests		(202)	–
		90,052	28,432
Earnings per share – basic and diluted (USD per share)	**27(a),(b)**	**0.31**	**0.09**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

	Note	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Profit for the year		**90,052**	**28,432**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
– Change in fair value of available-for-sale financial assets		(9,844)	14,180
– Currency translation differences		(1,903)	(12,177)
		(11,747)	**2,003**
Items that will be not reclassified subsequently to profit or loss:			
– Share of revaluation reserve of associates	17	3,994	1,089
Other comprehensive (loss)/income for the year		**(7,753)**	**3,092**
Total comprehensive income for the year		**82,299**	**31,524**
Attributable to:			
Owners of the parent		82,652	31,524
Non-controlling interests		(353)	–
		82,299	**31,524**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

	Note	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Operating activities			
Profit before tax		90,724	29,132
Adjustments for:			
Depreciation and write off of assets		531	299
Net gain from realisation of financial assets at fair value through profit or loss	22	(34,753)	(4,571)
Unrealised gain from revaluation of financial assets at fair value through profit or loss	22	(54,501)	(22,920)
Fair value loss of investment property		–	1,660
Loss of acquisition of investment		449	445
Gain on disposal of investments	23	(9,954)	(10,858)
Loss on disposal of associates		667	–
Reversal of impairment loss	23	–	(9,400)
Impairment of assets		1,937	12,493
Share of losses of associates	6	8,214	16,347
Unrealised losses from foreign exchange differences	21(b)	168	16
Interest expense	21(b)	281	172
Profit before changes in working capital		**3,763**	**12,815**
Change in trade receivables and other assets		2,604	(471)
Change in inventories		(238)	(3,710)
Change in trade payables and other liabilities		3,359	(6,728)
Corporate income tax and withholding taxes imposed on investment income		(672)	(700)
Net cash inflow from operating activities		**8,816**	**1,206**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

	Note	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
(continued)			
Investing activities			
Purchases of plant and equipment		(400)	(284)
Dividends received	6	4,750	4,000
Acquisition of a subsidiary, net of cash acquired	5	(1,235)	–
Financial assets at fair value through profit or loss:			
– Acquisitions of investments		(104,865)	(82,484)
– Proceeds from disposals		148,843	65,785
Investment in associates:			
– Acquisition of investment		(46)	(22,000)
– Investment refunded		313	–
– Capital contribution into associate		–	(552)
– Proceeds from disposals		–	14,199
Available-for-sale financial assets:			
– Acquisition of investment	8	–	(2,223)
– Proceed from disposals		19,650	–
Assets classified as held for sale:			
– Proceed from disposals		25,238	17,506
Shareholder loans:			
– Advances made	30(d)	(1,779)	(1,259)
– Repayments received	30(d)	1,514	3,860
Net cash inflow/(outflow) from investing activities		**91,983**	**(3,452)**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

	Note	Year ended 30 June 2013 USD'000	30 June 2012 USD'000
(continued)			
Financing activities			
Interest paid	21(b)	(281)	(172)
Payment for buy back of shares		(88,609)	(17,785)
Repayment to banks		(6,638)	(3,967)
Loan proceeds from banks, net of bank overdraft		7,087	5,380
Net cash outflow from financing activities		**(88,441)**	**(16,544)**
Net increase/(decrease) in cash and cash equivalents for the year		**12,358**	**(21,775)**
Cash and cash equivalents at the beginning of the year	13	41,034	62,968
Exchange differences on cash and cash equivalents		–	(159)
Cash and cash equivalents at the end of the year	13	**53,392**	**41,034**

The notes on pages 60 to 110 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

VinaCapital Vietnam Opportunity Fund Limited ("the Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The Company's primary objective is to undertake various forms of investment primarily in Vietnam, but also in Cambodia, Laos and Southern China. The Company is quoted 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 on 22 July 2013 and it was not passed, allowing the Company to continue as presently constituted for another five years.

The consolidated financial statements for the year ended 30 June 2013 were approved for issue by the Board of Directors on 25 October 2013.

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 properties available-for-sale financial assets, 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.

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.

2.2 Changes in accounting policy and disclosures

a) New and amended standards adopted by the Group

The following amendment to a standard is mandatory for the first time for the financial year beginning 1 July 2012 and has been adopted by the Group in these consolidated financial statements:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policy and disclosures *(continued)*

a) *New and amended standards adopted by the Group (continued)*

IAS 1 (amendment) Presentation of Financial Statements–Presentation of Items of Other Comprehensive Income is effective for annual periods beginning on or after 1 July 2012. The amendments include a requirement for entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss, and the title of the statement of comprehensive income is changed to "statement of profit or loss and other comprehensive income".

There are no other 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 July 2012 that have an impact on the Group.

b) *New standards, amendments and interpretations issued but not yet effective for the financial year beginning on or after 1 July 2012 and not early adopted by the Group*

At the date of authorisation of these consolidated financial statements, 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. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below.

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting year ending 30 June 2016. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 10, "Consolidated financial statements" and Amendments to IFRS 10: The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendments to IFRS 10 define an investment entity and introduce an exception from the consolidation requirements for investment entities. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 and the Amendments to IFRS 10 no later than the effective accounting year ending 30 June 2014 and 30 June 2015, respectively.

IFRS 12, "Disclosures of interests in other entities", 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 Group is yet to assess the full impact of IFRS 12 and intends to adopt IFRS 12 no later than the accounting year ending 30 June 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policy and disclosures *(continued)*

b) New standards, amendments and interpretations issued but not yet effective for the financial year beginning on or after 1 July 2012 and not early adopted by the Group (continued)

IFRS 13, "Fair value measurement", 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, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group is yet to assess the full impact of IFRS 13 and intends to adopt IFRS 13 no later than the accounting year ending 30 June 2014.

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's consolidated financial statements.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

a) Subsidiaries (continued)

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 percent and 50 percent 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 long term interest that in substance forms part of the investor's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

b) Associates (continued)

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 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.

2.6 Financial assets

2.6.1 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 and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Financial assets *(continued)*

2.6.1 Classification *(continued)*

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 2.11 and 2.12).

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.

2.6.2 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'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Financial assets *(continued)*

2.6.2 Recognition and measurement *(continued)*

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.

2.7 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.

2.8 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.

2.9 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Impairment of assets *(continued)*

b) Impairment of financial assets (continued)

Assets carried at amortised cost *(continued)*

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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)*

2.15 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.

2.16 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.

2.17 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Current and deferred income tax *(continued)*

a) Corporate income tax (continued)

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 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.

2.18 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)*

2.19 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 is recognised when the right to receive payment is established.

2.20 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 Group and the associates

Properties within the Group and the associates 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 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 concluding on each property's estimated fair value.

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 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 percent to 22 percent (30 June 2012: 14 percent to 22 percent) are considered appropriate by independent valuation firms 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.

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 percent and 50 percent, significant influence over the investee is presumed. There are situations, however, where it can be clearly demonstrated that an interest held by the Group is less than 20 percent, but significant influence exists; and conversely an interest held of more than 20 percent where there is no significant influence.

At the reporting date, the Group has interests in certain investees with less than 20 percent voting power but these are accounted for as associates of the Group (Note 6) based on the following criteria:

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

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

c) There was interchange of managerial personnel; or

d) The Group provides essential technical information.

Those investments where the Group has more than 20 percent interest but does not have significant influence, are accounted for as investments (Note 12).

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, 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 2013					
Revenue	–	–	9,982	–	9,982
Cost of sales	–	–	(7,639)	–	(7,639)
Dividend income	23,906	–	–	–	23,906
Interest income	–	–	–	3,427	3,427
Share of losses of associates	–	(8,214)	–	–	(8,214)
Selling and other expenses	–	–	(3,330)	–	(3,330)
Finance income	–	–	89	–	89
Other income	–	11,150	(28)	–	11,122
Fair value gain of financial assets at fair value through profit or loss	89,254	–	–	–	89,254
	113,160	**2,936**	**(926)**	**3,427**	**118,597**
Less: Unallocated expenses					(27,873)
Profit before tax					**90,724**

4 SEGMENT ANALYSIS *(continued)*

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 2012					
Revenue	–	–	8,913	–	8,913
Cost of sales	–	–	(4,867)	–	(4,867)
Dividend income	20,710	–	–	–	20,710
Interest income	–	–	–	3,413	3,413
Share of losses of associates	–	(16,347)	–	–	(16,347)
Selling and other expenses	–	–	(1,806)	–	(1,806)
Finance income	–	–	93	–	93
Other income	–	12,301	11,264	–	23,565
Fair value loss of investment property	–	(1,660)	–	–	(1,660)
Fair value gain of financial assets at fair value through profit or loss	27,491	–	–	–	27,491
	48,201	**(5,706)**	**13,597**	**3,413**	**59,505**
Less: Unallocated expenses					(30,373)
Profit before tax					**29,132**

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 2013					
Financial assets at fair value through profit or loss:					
– Non-current	–	–	4,697	–	4,697
– Current	439,830	–	10,180	17,752	467,762
Investment property	–	3,722	–	–	3,722
Interests in associates	–	181,969	121	–	182,090
Prepayment for acquisition of investment property	–	8,239	–	–	8,239
Available-for-sale financial assets:	–		–	–	
– Non-current	–	5,784	–	–	5,784
– Current	–	–	8,700	–	8,700
Other non-current assets	–	1,325	3,300	–	4,625
Cash and cash equivalents	–	–	–	53,392	53,392
Inventories	–	–	7,413	–	7,413
Other current assets	1,423	11,234	6,302	6,460	25,419
Total assets	**441,253**	**212,273**	**40,713**	**77,604**	**771,843**
Total assets include:					
additions to non-current assets	**–**	**484**	**400**	**–**	**884**

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 2012					
Financial assets at fair value through profit or loss	394,369	–	5,000	25,912	425,281
Investment property	–	1,785	–	–	1,785
Interests 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
Total assets	**397,781**	**251,761**	**57,792**	**68,121**	**775,455**
Total assets include: additions to non-current assets	**–**	**22,107**	**284**	**–**	**22,391**

5 BUSINESS COMBINATION

Acquisition of controlling interest in Yen Viet Joint Stock Company ('Yen Viet')
At 30 June 2012, the Group held a 23 percent equity interest in Yen Viet which at the time was carried as an associate. The principal activity of this company is to collect and process raw birds-nests and to sell birds-nests consumer products.

On 30 November 2012, the Group became entitled to increase the existing interest from 23.0 percent to 55.0 percent due to certain conditions in the sale and purchase agreement not being met. On 30 November 2012, the Group also acquired an additional 10.0 percent equity interest in Yen Viet for USD1.4 million in cash. Therefore, the interest of the local partners decreased from 67.0 percent to 35.0 percent and the Group's interest in Yen Viet increased from 33.0 percent to 65.0 percent which resulted in Yen Viet becoming a subsidiary of the Group.

The following table summarises the consideration paid for Yen Viet, and the amount of the assets acquired and liabilities assumed recognised at the acquisition date.

	30 November 2012 USD'000
Cash paid, representing consideration paid by the Group	1,440
Fair value of equity interest in Yen Viet held before the business combination	1,829
Total consideration	**3,269**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Provisional fair value	
Cash and cash equivalents	205
Plant and equipment	1,733
Trade and other receivables	2,326
Inventories	1,085
Borrowings	(413)
Payables	(674)
Total identifiable net assets	**4,262**
Non-controlling interests	**(1,442)**
Goodwill	**449**
	3,269

5 **BUSINESS COMBINATION** *(continued)*

For cash flow statement purposes, net cash paid for the acquisition of the subsidiary is as follows:

	30 November 2012 USD'000
Cash paid	1,440
Less: cash acquired	(205)
	1,235

The revenue included in the consolidated income statement from 30 November 2012 to 30 June 2013 contributed by Yen Viet was USD1.2 million. Yen Viet also contributed a loss of USD0.6 million over the same period.

Had Yen Viet been consolidated from 1 July 2012, the consolidated income statement for the year ended 30 June 2013 would show a proforma revenue of USD3.0 million and proforma loss of USD0.8 million.

There are no contingent liabilities arising on the acquisition of Yen Viet.

The fair value of trade and other receivables is USD2.3 million and includes trade receivables with a fair value of USD0.2 million. The gross contractual amount for trade receivables due is USD0.3 million of which USD0.1 million is expected to be uncollectible.

The non-controlling interests have been recognised at a proportion to the net assets acquired.

6 INTERESTS IN ASSOCIATES

	30 June 2013 USD'000	30 June 2012 USD'000
Investments in associates	146,966	172,341
Long-term loan receivables (Note 30(d))	35,124	35,733
Interests in associates	182,090	208,074
Less: Provision for impairment losses (*)	–	(8,937)
Total	**182,090**	**199,137**

The movement in investments in associates is analysed as follows:

Opening balance	172,341	199,579
Additions	484	22,107
Share of losses, net of tax	(8,214)	(16,347)
Share of change in revaluation reserve	3,994	(112)
Transfer to asset held for sale (Note 14)	–	(24,700)
Long-term loan converted to equity shares	–	12,550
Transfer (to subsidiary)/from available-for-sale financial assets (Note 8)	(8,058)	8,165
Dividends received	(4,750)	(4,000)
Disposals	(7,088)	(13,041)
Share of translation differences	(1,743)	(11,860)
Closing balance	**146,966**	**172,341**

(*) The reversal of impairment losses during the year was due to disposals of associates.

6 INTERESTS IN ASSOCIATES *(continued)*

The Group's interest in significant associates, and the aggregated assets (including goodwill) and liabilities at 30 June 2013 and their performance during the year was as follows:

Name	Country of incorporation	% of group interest	Assets USD'000	Liabilities USD'000	Revenue USD'000	Profit/(loss) USD'000
30 June 2013						
S.E.M Thong Nhat Hotel Metropole	Vietnam	50.00	42,138	6,992	35,748	8,504
Hung Vuong Corporation	Vietnam	33.33	36,800	19,220	8,527	2,052
VinaCapital Danang Golf Course Ltd.	Vietnam	25.00	82,658	26,355	4,166	(14,574)
Prosper Big Ltd.	BVI	25.00	154,738	139,075	–	(2,261)
VinaCapital Danang Resorts Ltd.	Vietnam	25.00	55,375	22,506	10,050	(7,045)
Vinh Thai Co. Ltd.	Vietnam	25.00	61,151	39,976	78	(10,286)
Vina Alliance Limited (*)	Vietnam	15.50	96,382	26,394	2	(15,805)
Saigon Golf JSC	Vietnam	20.00	11,393	3,178	92	(316)
Vina Dai Phuoc Corporation (*)	Vietnam	18.00	89,992	33,643	14,511	(4,883)
Phu Hoi City Company Limited (*)	Vietnam	17.50	24,594	6	5	(6,222)
30 June 2012						
S.E.M Thong Nhat Hotel Metropole	Vietnam	50.00	45,374	9,224	35,044	7,351
Hung Vuong Corporation	Vietnam	33.33	37,393	21,639	8,249	1,128
VinaCapital Danang Golf Course Ltd.	Vietnam	25.00	97,542	25,783	5,463	(10,594)
Prosper Big Ltd.	BVI	25.00	162,166	144,152	–	(14,617)
VinaCapital Danang Resorts Ltd.	Vietnam	25.00	93,458	31,770	32,013	(1,146)
Vinh Thai Co. Ltd.	Vietnam	25.00	67,369	36,342	–	(24,561)
Vina Alliance Limited (*)	Vietnam	15.50	117,006	30,185	–	(32,332)
Saigon Golf JSC	Vietnam	20.00	11,865	3,232	–	(212)
Vina Dai Phuoc Corporation (*)	Vietnam	18.00	103,746	41,573	–	(12,858)
Phu Hoi City Company Limited (*)	Vietnam	17.50	31,224	15	–	(6,928)

(*) Although the Group holds less than 20 percent of the 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 policy decisions of these entities and therefore these investments are treated as associates of the Group.

6 INTERESTS IN ASSOCIATES *(continued)*

The Group has discontinued the recognition of its shares of losses of those associates which have been written down to zero and to which the Group has no continuing obligation. The amount of unrecognised share of losses for the year ended 30 June 2013 and cumulatively are USD0.9 million and USD3.9 million (year ended 30 June 2012 and cumulatively were USD2.5 million and USD3.0 million) respectively.

7 PREPAYMENTS FOR ACQUISITION OF INVESTMENT PROPERTIES

	30 June 2013 USD'000	30 June 2012 USD'000
Opening balance	8,986	8,986
Transfer from asset classified as held for sale (Note 14)	1,989	–
Less: cumulative provision for impairment losses	(2,736)	(1,486)
Closing balance	**8,239**	**7,500**

Movement of cumulative provision for impairment losses is as follows:

	30 June 2013 USD'000	30 June 2012 USD'000
Opening balance	1,486	–
Charge for the year	1,250	1,486
Closing balance	**2,736**	**1,486**

These prepayments relate to payments made by the Group to property vendors where the final transfers of the properties are pending the approval of the relevant authorities as at the balance sheet date.

As at 30 June 2013 and 30 June 2012, due to market conditions, the recoverable amounts of the properties which were assessed based on fair value less cost to sell were lower than its carrying values.

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2013 USD'000	30 June 2012 USD'000
Opening balance	34,561	16,923
Addition during the year	–	2,223
Disposal during the year	(20,077)	–
Transfer to investments in associates (Note 6)	–	(8,165)
Fair value gain on financial asset	–	23,580
Closing balance	14,484	34,561
Less: current portion	(8,700)	(28,450)
Non-current portion	**5,784**	**6,111**
Available-for-sale financial assets	14,484	34,760
Less: Cumulative provision for impairment losses	–	(199)
Total	**14,484**	**34,561**

9 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables USD'000	Financial assets at fair value through profit or loss USD'000	Available-for-sale financial assets USD'000	Total USD'000
As at 30 June 2013				
Available-for-sale financial assets	–	–	14,484	**14,484**
Long-term loan included in interest in associates	35,124	–	–	**35,124**
Short-term loan to an associate	7,501	–	–	**7,501**
Long-term loan to an associate	1,325	–	–	**1,325**
Trade and other receivables	17,918	–	–	**17,918**
Financial assets at fair value through profit or loss	–	472,459	–	**472,459**
Cash and cash equivalents	53,392	–	–	**53,392**
Total	**115,260**	**472,459**	**14,484**	**602,203**
Financial assets denominated in:				
– USD	6,346	20,907	–	**27,253**
– VND	108,895	450,938	14,484	**574,317**
– Other currency	19	614	–	**633**
	115,260	**472,459**	**14,484**	**602,203**

9 FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

	Loans and receivables USD'000	Financial assets at fair value through profit or loss USD'000	Available-for-sale financial assets USD'000	Total 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**
Short-term loan to an associate	10,771	–	–	**10,771**
Trade and other receivables	14,611	–	–	**14,611**
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 currency	40	–	–	**40**
	103,324	**425,281**	**34,561**	**563,166**

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 USD10.4 million and USD6.0 million (30 June 2012: USD1.2 million and USD7.6 million), respectively.

10 INVENTORIES

	30 June 2013 USD'000	30 June 2012 USD'000
At cost:		
Finished goods	4,593	3,424
Raw materials	1,651	1,487
Work in progress	264	155
Spares and tools	905	1,000
Goods on consignment	–	24
Total	**7,413**	**6,090**

The cost of inventories recognised as expenses and included in cost of sales amounted to USD5.5 million (year ended 30 June 2012: USD4.3 million) during the year.

11 TRADE AND OTHER RECEIVABLES

	30 June 2013 USD'000	30 June 2012 USD'000
Trade receivables	1,730	1,293
Receivable from matured bonds	9,888	3,404
Interests receivables	1,030	1,839
Dividend receivables	371	948
Receivable from disposals of investments	2,963	3,518
Payment on behalf of related parties (Note 30(c))	2,059	2,941
Short-term loans to third parties	1,271	–
Deposit for shares tender	1,152	3,293
Other receivables	2,555	1,121
	23,019	18,357
Less: Cumulative provision for impairment of receivables	(5,101)	(3,746)
	17,918	**14,611**

11 TRADE AND OTHER RECEIVABLES *(continued)*

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

	30 June 2013 USD'000	30 June 2012 USD'000
Opening balance	3,746	4,225
Provision for impaired receivables (Note 25)	1,355	–
Reversal of unused provision	–	(479)
Closing balance	**5,101**	**3,746**
Provision balance is in respect of:		
– Trade receivables	625	342
– Receivable from matured bonds	3,428	3,404
– Others	1,048	–
	5,101	**3,746**

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

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

	30 June 2013 USD'000	30 June 2012 USD'000
Trade receivables:		
– Current within the credit period and not impaired	672	626
– Past due but not impaired	433	325
– Past due and impaired	625	342
Other receivables:		
– Current and not impaired	16,813	13,660
– Past due and impaired	4,476	3,404
Total	**23,019**	**18,357**

The amounts of trade receivables past due and assessed as impaired relate to receivables from sales agents of subsidiaries. The amounts past due but assessed as not impaired at the balance sheet date relate to a number of customers with whom there is no recent history of default.

11 TRADE AND OTHER RECEIVABLES *(continued)*

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

Other than the provision for impairment of receivables disclosed above based on management's assessments, the other classes within the trade and other receivables do not contain impaired 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 2013 USD'000	30 June 2012 USD'000
Financial assets in Vietnam:		
Ordinary shares – listed	356,438	297,074
Ordinary shares – unlisted	76,748	78,974
Corporate bonds	–	8,500
Government bonds	17,752	17,412
	450,938	401,960
Financial assets in countries other than Vietnam:		
Ordinary shares – listed	21,521	23,321
Total	**472,459**	**425,281**
Less: non-current portion	(4,697)	–
Current portion	**467,762**	**425,281**

Corporate bonds carry fixed interest rates ranging from 7.0 percent to 8.0 percent (30 June 2012: 8.0 percent to 9.6 percent). The government bonds carry a fixed interest rate of 8 percent (30 June 2012: 9.8 percent). Government bonds have a Moody's rating of B2 in March 2013.

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

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

	Equity interest (%) as at	
	30 June 2013	**30 June 2012**
Listed entities:		
– Thu Duc Water Supply Joint Stock Company	30.0%	30.0%
– Khang Dien House Trading and Investment Joint Stock Company	23.6%	26.5%
Unlisted entities:		
– An Giang Plant Protection Joint Stock Company	24.7%	24.7%
– Cau Tre Export Goods Processing Joint Stock Company	36.4%	19.3%
– Vina Construction Machine Joint Stock Company	30.0%	30.0%
– Saigon Petroleum Service Company	22.2%	22.2%

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

	30 June 2013 USD'000	**30 June 2012 USD'000**
Consumer staples	163,169	106,559
Construction	45,849	39,559
Financial services	61,343	77,416
Agriculture, rubber and fertiliser	83,673	73,502
Energy, minerals and petroleum	24,737	21,916
Pharmaceuticals	19,388	12,567
Real estate	48,036	49,589
Other securities	8,512	18,261
Bonds	17,752	25,912
Total	**472,459**	**425,281**

13 CASH AND CASH EQUIVALENTS

	30 June 2013 USD'000	30 June 2012 USD'000
Cash on hand	26	18
Cash in banks	28,987	16,277
Cash equivalents	24,379	25,914
	53,392	**42,209**

Cash equivalents represent short-term deposits with annual interest rates of 0.5 percent and 7.0 percent for USD and VND accounts (30 June 2012: 0.5 percent and 9.0 percent for USD and VND accounts), respectively. The majority of these deposits have maturity terms from one to two months from the reporting date.

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

	30 June 2013 USD'000	30 June 2012 USD'000
Cash and cash equivalents in USD	15,046	9,177
Cash and cash equivalents in VND	38,326	32,987
Cash and cash equivalents in other currencies	20	45
Total	**53,392**	**42,209**

For the purpose of the statement of cash flows, cash and cash equivalents include bank overdrafts:

	30 June 2013 USD'000	30 June 2012 USD'000
Cash and cash equivalents	53,392	42,209
Bank overdraft (Note 18)	–	(1,175)
	53,392	**41,034**

14 ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2013 USD'000	30 June 2012 USD'000
Opening balance	32,127	12,349
Disposed of during the year	(25,238)	(7,449)
Transfer to financial assets at fair value through profit or loss	(4,900)	–
Transfer from loan to a related party (Note 30(d))	–	2,527
Transfer from investments in associates (Note 6)	–	24,700
Transfer to prepayments for acquisition of investment properties (Note 7) (*)	(1,989)	–
Closing balance	**–**	**32,127**

(*) The balance of USD1.99 million relates to a sale under which the conditions precedent were not met by the buyer. The sale did not complete and accordingly the asset has been reclassified to its original asset class.

15 SHARE CAPITAL

	30 June 2013		30 June 2012	
	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

	30 June 2013		30 June 2012	
	Number of shares	USD'000	Number of shares	USD'000
Opening balance	12,074,663	17,785	–	–
Shares buy-back during the year	51,159,325	95,854	12,074,663	17,785
Closing balance	63,233,988	113,639	12,074,663	17,785

During the year, the Group purchased a further 51,159,325 of its ordinary shares (30 June 2012: 12,074,663 shares) for a total cash consideration of USD88.7 million (30 June 2012: USD17.8 million) and payable of USD7.2 million at year end (30 June 2012: nil) at an average cost of USD1.87 per share (30 June 2012: USD1.47 per share).

16 TREASURY SHARES *(continued)*

The total number of shares acquired represents 19.48 percent (30 June 2012: 3.72 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 261,376,271 shares (30 June 2012: 312,535,596 shares).

17 REVALUATION RESERVE

	30 June 2013 USD'000	30 June 2012 USD'000
Opening balance	28,602	27,513
Share of associates' change in revaluation reserve	3,994	1,089
Disposal of an associate	(1,220)	–
Closing balance	**31,376**	**28,602**

The Group's share of the revaluation gains relates to the revaluation of associates' hospitality properties.

18 SHORT-TERM BANK BORROWINGS

Included in bank borrowings as at 30 June 2013 and 30 June 2012 are bank overdraft of nil and USD1.2 million respectively (Note 13).

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

Bank borrowings are denominated in VND and are repayable within 12 months. They are subject to interest rates ranging from 10.0 percent to 11.5 percent per annum (30 June 2012: from 10.5 percent to 17.5 percent per annum).

19 TRADE AND OTHER PAYABLES

	30 June 2013 USD'000	30 June 2012 USD'000
Trade payables	1,841	1,987
Withholding taxes payable	1,093	785
Unearned revenue	1,526	1,616
Payables to brokers	7,245	–
Professional fees payables	739	41
Other payables	1,214	358
Total	**13,658**	**4,787**

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

20 REVENUE AND COST OF SALES

The Group's revenue and cost of sales represent the sales of goods and cost of sales of its operating subsidiaries, American Home Vietnam Co. Ltd and Yen Viet Joint Stock Company. All revenues are derived from external customers and there was no significant concentration of sales to any single customer.

21 INTEREST INCOME AND FINANCE COSTS, NET

(a) Interest income

	Year ended	
	30 June 2013 USD'000	30 June 2012 USD'000
Interest income comprised interest earned on:		
– cash and term deposits	1,413	1,661
– government bonds	1,066	636
– corporate bonds	184	64
– loans to associates	590	595
– others	174	457
Total	**3,427**	**3,413**

21 INTEREST INCOME AND FINANCE COSTS, NET *(continued)*

(b) Finance costs, net

	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Other finance income:		
– realised gains on foreign currency differences	89	93
Finance costs comprised:		
– interest expense	(281)	(172)
– realised losses on foreign currency differences	(687)	(871)
– unrealised losses on foreign currency differences	(168)	(16)
	(1,136)	(1,059)
Total, net	**(1,047)**	**(966)**

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

	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Financial assets at fair value through profit or loss:		
– Gains from the realisation of financial assets, net	34,753	4,571
– Unrealised gains	54,501	22,920
Total	**89,254**	**27,491**

23 OTHER INCOME

	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Gains on disposals of investments in:		
– Associate	–	1,103
– Available-for-sale financial assets	111	–
– Assets classified as held for sale	–	7,616
Gain on the disposal of a subsidiary	–	2,139
Transfer from available-for-sale financial assets reserve on disposal of assets	9,843	–
Total gain on disposals of investments	9,954	10,858
Reversal of impairment loss	–	9,400
Consulting income	343	330
Other income	825	2,977
Total	**11,122**	**23,565**

24 SELLING, GENERAL AND ADMINISTRATION EXPENSES

	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Management fees (Note 30(a))	15,001	14,863
Professional fees	3,550	2,478
Selling, general and administration expenses (*)	1,658	1,571
Other expenses	531	586
Total	**20,740**	**19,498**

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

An analysis of ongoing charges is provided in Note 28.

25 OTHER EXPENSES

	Year ended	
	30 June 2013 USD'000	30 June 2012 USD'000
Impairments of receivables (Note 11)	1,355	–
Impairments of other assets	1,937	9,408
Loans written off on disposals of investments in associates (Note 30(d))	3,028	–
Losses on disposals of investments in associates	667	–
Goodwill impairment (Note 5)	449	–
Others	1,891	2,214
Total	**9,327**	**11,622**

26 INCOME TAX EXPENSE

VOF 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 have 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.

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

	Year ended	
	30 June 2013 USD'000	30 June 2012 USD'000
Profit before tax	90,724	29,132
Profit multiplied by applicable tax rate (0%)	–	–
Withholding taxes imposed on investment income	(656)	(700)
Income tax on Vietnam subsidiaries	(16)	–
Tax expenses	**(672)**	**(700)**

27 EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net income 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 2013	**30 June 2012**
Profit for the year (USD'000)	90,052	28,432
Weighted average number of ordinary shares in issue	286,648,181	321,013,954
Basic earnings per share (USD per share)	0.31	0.09

(b) Diluted

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

(c) Net asset value per share

NAV per share is calculated by dividing the NAV 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)). NAV is determined as total assets less total liabilities.

	As at 30 June 2013	**As at 30 June 2012**
Net asset value attributable to owners of the Company (USD'000)	752,443	765,645
Number of outstanding ordinary shares on issue	261,376,271	312,535,596
Net asset value per share (USD/share)	2.88	2.45

28 ONGOING CHARGES

	Year ended	
	30 June 2013	**30 June 201**
Ongoing charges (using AIC recommended methodology)	2.13%	2.13%
Performance fee	–	–
	2.13%	**2.13%**

28 ONGOING CHARGES *(continued)*

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 NAV during the year.

Ongoing charges include: management fees, directors' fees and expenses, recurring audit and tax services, custody and fund administration services, fund accounting services, secretarial services, registrars' fees, public relations fees, insurance premiums, regulatory fees and similar charges.

29 DIRECTORS' FEES AND MANAGEMENT'S REMUNERATION

The aggregate directors' fees paid during the year amounted to USD240,833 (year ended 30 June 2012: USD195,000), of which USD45,833 was outstanding as payable as at 30 June 2013 (30 June 2012: nil).

The details of remuneration by director are summarised below:

	Year ended	
	30 June 2013 USD'000	**30 June 2012 USD'000**
Steve Bates	28	–
Martin Adams	18	–
William Vanderfelt	75	75
Martin Glynn	60	60
Michael Gray	60	60
	241	**195**

Directors' fee borne by:		
– The Investment Manager (*)	79	135
– The Company	162	60
	241	**195**

(*) For periods from 1 July 2007 to 5 February 2013, the Investment Manager agreed that any fees paid in excess of USD60,000 for services rendered shall result in a corresponding reduction in the management fee paid to VinaCapital Investment Management Limited, the Investment Manager.

30 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 Investment Manager. During the year the Investment Manager received a fee based on the NAV of the Group, payable monthly in arrears, at an annual rate of 2 percent (30 June 2012: 2 percent).

Total management fees for the year amounted to USD15.0 million (30 June 2012: USD14.9 million), with USD1.2 million (30 June 2012: USD1.2 million) in the balance payable to the Investment Manager at the reporting date.

(b) Performance fees

During the year the Investment Manager was also entitled to a performance fee equal to 20 percent of the realised returns over an annualised compounding hurdle rate of 8 percent. There was no performance fee payable for the years ended 30 June 2013 and 30 June 2012.

Details of the new management fee and performance fee arrangements under the Amended and Restated Investment Management Agreement, effective from 1 July 2013, are set out in Note 32 to the financial statements, on page 32.

(c) Other balances with related parties

	30 June 2013 USD’000	30 June 2012 USD’000
Payments on behalf of a fund under common Investment Manager	1,586	1,702
Payment on behalf of Investment Manager	473	–
Receivable from associates	–	1,239
	2,059	**2,941**
Payable to Investment Manager	(1,199)	(1,190)
Payable to a fund under common Investment Manager	(957)	(969)
	(2,156)	**(2,159)**

30 RELATED PARTIES *(continued)*

(d) Loans to related parties

	30 June 2013 USD'000	30 June 2012 USD'000
Long-term loans to:		
– Associates under common management (*) (Note 6)	35,124	35,733
– An associate	1,325	–
Total long-term loans to related parties	36,449	35,733
Short-term loans to:		
– Current portion of long-term loan to an associate	568	3,845
– Other related parties	6,933	6,926
Total short-term loans to related parties	7,501	10,771
Total loans to related parties	**43,950**	**46,504**

(*) 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.

30 RELATED PARTIES *(continued)*

(d) Loans to related parties *(continued)*

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

	30 June 2013 USD'000	30 June 2012 USD'000
Opening balance	46,504	61,443
Loans advanced	1,779	1,259
Loan repayments received	(1,514)	(875)
Disposals	(3,028)	–
Reclassifications	–	(2,527)
Loans converted to equity shares	–	(12,550)
Interest charged	724	874
Interest received	(431)	(649)
Impairment of loan receivables	(84)	(471)
Closing balance	**43,950**	**46,504**

The long-term loan to an associate is secured by way of shares of an entity listed on the Vietnam stock exchange. The loan bears interest at the rate of 15.0 percent per annum and has a minimum repayment term of USD0.6 million annually.

The short-term loans to other related parties have prepayment terms within a 12 months period, they are unsecured and carry interest at rates ranging from 1.5 percent to 15.0 percent per annum (30 June 2012: 1.5 percent to 15.0 percent per annum).

No provision is required at 30 June 2013 (30 June 2012: nil) for loans to related parties.

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.

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 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.

Foreign exchange risk

As at 30 June 2013 and 2012, the Group has foreign currency exposure mainly arising from holding cash and cash equivalents which is not denominated in its functional currency. As the reporting date, had the VND weakened/strengthened by 5 percent 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 USD28.4 million (30 June 2012: USD23.3 million).

31 FINANCIAL RISK FACTOR *(continued)*

(a) Market risk analysis *(continued)*

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 due to the uncertainties about future values of the investment securities.

The majority of the Group's equity investments are publicly traded on the Vietnam stock exchanges, resulting in a concentration of price risk as the value of the equity investments of the Group are particularly heavily dependent on the performance of the Vietnamese stock exchanges.

As at 30 June 2013, the value of the holding in the equity of Vinamilk was 15.3 percent of the NAV of the Group (30 June 2012: 7.5 percent). The Group has no other concentration in individual equity positions exceeding 10 percent of the Group's net assets.

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 percent, the impact on the NAV of the Group would be a gain/loss of USD44.0 million (30 June 2012: approximately gain/loss of USD39.4 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. 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 clearing and depository operations for the Group's security transactions are mainly concentrated with one prime custodian, namely HSBC Limited which had a Standard & Poor's ('S&P') rating of short term A-1+, long term AA- and outlook stable at as 30 June 2013. At 30 June 2013, substantially all investments in capital markets are placed in custody with HSBC Limited which may expose to credit risk associated with the custodian.

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 other than those fully impaired as disclosed in Note 11 and management does not expect any losses from non-performance by these counterparties.

In accordance with the Group's policies, the Investment Manager continuously monitors the Group's credit position, 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.

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 2013 USD'000	30 June 2012 USD'000
Classes of financial assets – carrying amounts:		
Long-term loan included in interest in associates	35,124	35,733
Long-term loan to an associate	1,325	–
Short-term loan to related parties	7,501	10,771
Trade and other receivables	17,918	14,611
Financial assets at fair value through profit or loss	22,449	25,912
Cash and cash equivalents	53,392	42,209
	137,709	**129,236**
Allowance for impairment	**(5,101)**	**(3,746)**

31 FINANCIAL RISK FACTOR *(continued)*

(b) Credit risk analysis *(continued)*

Total allowances of USD5.1 million (30 June 2012: USD3.7 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.

Of the USD53.4 million cash and cash equivalents as at 30 June 2013, USD27.9 million were deposited with banks that have a Standard and Poors ('S&P') rating of AA- at the reporting date. Another USD18.6 million was deposited with banks that have S&P ratings of between B+ and BB- at the reporting date. The remaining USD6.9 million of the cash and cash equivalents was held with banks that have no credit rating by any rating agencies.

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. However from time to time the lack of liquidity in the market can lead to delays selling shares, which in turn, could impact the price realised if the shares need to be sold quickly.

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 2012: 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 with the investment objectives outlined in the Group's offering documents.

31 FINANCIAL RISK FACTOR *(continued)*

(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 2013 and 30 June 2012.

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 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 2013				
Financial assets at fair value through profit or loss in Vietnam:				
– Ordinary shares – listed	350,694	5,744	–	**356,438**
– Ordinary shares – unlisted	4,697	66,871	5,180	**76,748**
– Corporate bonds	–	–	–	**–**
– Government bonds	17,752	–	–	**17,752**
Financial assets in countries other than Vietnam:				
– Ordinary shares – listed	21,521	–	–	**21,521**
Available-for-sale financial assets:				
– Private equity investments	8,700	–	5,784	**14,484**
	403,364	72,615	10,964	**486,943**

31 FINANCIAL RISK FACTOR *(continued)*

(e) Fair value estimation *(continued)*

	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**

During the year ended 30 June 2013, the Company transferred two equities that are listed on a stock exchange but thinly traded from level 1 to level 2 (year ended 30 June 2012: no transfers between levels of fair value hierarchy). There were also no reclassifications of financial assets in the current year and or the 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.

31 FINANCIAL RISK FACTOR *(continued)*

(e) Fair value estimation *(continued)*

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

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

	Year ended 30 June 2013 USD'000	Year ended 30 June 2012 USD'000
Opening balance	20,045	30,857
Transfers out of Level 3	(14,261)	(28,450)
Purchases of available-for-sale financial assets (Note 8)	–	2,223
Transferred from/(to) assets held for sales/interest in associate	4,900	(8,165)
Gain recognised in income statement (Note 21)	280	9,400
Gain recognised in available-for-sale investment reserve	–	14,180
Closing balance	**10,964**	**20,045**
Total gains for the year included in:		
– Income statement	280	9,400
– Other comprehensive income	–	14,180
	280	**23,580**

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

Extraordinary General Meeting and continuation of the Company

The Board convened an Extraordinary General Meeting on 22 July 2013 to consider the Company's future. This was to satisfy the commitment set out in the Admission Document that every five years the shareholders shall have the opportunity to consider the future of the Company and whether it should continue for a further five year period.

The Board recommended that shareholders vote against the Resolution "that the Company cease to continue as currently constituted", thus ensuring that the Company will continue for a further five years. The Board also recommended certain changes to be made in the Amended and Restated Investment Management Agreement, in particular the annual management and incentive fee arrangements with the Investment Manager, which were conditional upon shareholders approving the continuation of the Company for a further five years. Those proposals were set out in a circular distributed to shareholders on 24 June 2013 and available through the Regulatory News Service ("RNS") of the London Stock Exchange. The proposals were supported by shareholders on 22 July 2013. As a result the following the changes will financially impact the Company going forward:

The Company and the Investment Manager have entered into the Amended and Restated Investment Management Agreement which makes changes to, amongst other things, the fees payable to the Investment Manager.

Management Fee

Under the former investment management agreement, the Investment Manager was paid a fee equal to 2 percent per annum of the NAV of the Group. From 1 July 2013, the investment management fee has been reduced to 1.5 percent per annum of the NAV of the Group, payable monthly in arrears.

Incentive Fees

Under the former investment management agreement, the Investment Manager was paid an incentive fee equal to 20 percent of the performance over an 8 percent hurdle rate. From 1 July 2013, the level of incentive fee will be reduced to 15 percent per annum.

For the purposes of calculating incentive fees, the net assets will be segregated into the Direct Real Estate Portfolio and the Capital Markets Portfolio. A separate incentive fee will be calculated and will operate independently for each portfolio so that for any financial year it will be possible for an incentive fee to become payable in relation to one, both or neither portfolio depending upon the performance of each portfolio.

SECTION 4

NOTICE OF 2013 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the VinaCapital Vietnam Opportunity Fund Limited will be held at 2p.m. local time on 28 November 2013 at Constaffelsaal at Haus zum Rueden, Limmatquai 42, 8001 Zurich for the purpose of considering and, if thought fit, passing the following resolutions which, as to resolutions 1 to 8, will be proposed as ordinary resolutions and as to resolutions 9 and 10 as special resolutions:

Resolution 1 – ordinary resolution To receive and adopt the Financial Statements for the year ended 30 June 2013, with the Reports of the Directors and Auditors thereon.

Resolution 2 – ordinary resolution To re-elect Mr Steven Bates as a Director of the Company.

Resolution 3 – ordinary resolution To re-elect Mr Martin Adams as a Director of the Company.

Resolution 4 – ordinary resolution To re-elect Mr Martin Glynn as a Director of the Company.

Resolution 5 – ordinary resolution To re-elect Mr Michael Gray as a Director of the Company.

Resolution 6 – ordinary resolution To re-elect Mr Don Lam as a Director of the Company.

Resolution 7 – ordinary resolution To re-appoint PricewaterhouseCoopers (Hong Kong) as independent auditor to the Company and to authorise the Directors to determine their remuneration.

Resolution 8 – ordinary resolution THAT the aggregate cap on the total remuneration paid to the Directors as a group in respect of any 12-month period (as referenced in Article 125 of the Company's Articles of Association) be and is hereby increased to USD500,000.

Resolution 9 – special resolution THAT Article 57 of the Company's Articles of Association be and is hereby amended by the deletion of the words "twenty five per cent." and their replacement with the words "ten per cent."

Resolution 10 – special resolution THAT Article 151 of the Company's Articles of Association be and is hereby deleted in its entirety and replaced with the following:

(1) Subject to paragraph (2) of this Article, the Company may:

(a) indemnify, out of the assets of the Company, to any extent any person who is or was a director of the Company (each an "Indemnified Person"), directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any loss or liability, other than such liability (if any) that they may incur by reason of their own actual fraud, wilful default or Gross Negligence, in relation to the Company; and/or

Resolution 10 – special resolution (continued)

(b) provide funds to meet any expenditure incurred or to be incurred by any Indemnified Person in defending any criminal or civil proceeding in which he is involved by reason of his office, or in defending himself in an investigation, or action proposed to be taken, by a regulatory authority in connection with his office, or in order to enable him to avoid incurring such expenditure. In connection with any advance of any funds hereunder, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such Indemnified Person was not entitled to indemnification pursuant to this Article. If it shall be determined by a judgment or other adjudication that such Indemnified Person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advancement shall be returned to the Company (without interest) by the Indemnified Person; and/or

(c) purchase and maintain insurance for any Indemnified Person, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company.

(2) This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of applicable law.

Dated: 25 October 2013

By Order of the Board

Registered Office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HSBC Institutional Trust Services (Singapore) Limited
20 Pasir Panjang Road (East Lobby)
#12-21 Mapletree Business City
Singapore 117439

Administrator's delegate

NOTES:

1. *A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this notice. Completion and return of the Form of Proxy will not preclude shareholders from attending or voting at the meeting, if they so wish.*

2. *To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited with:*

   HSBC Institutional Trust Services (Singapore) Limited
   20 Pasir Panjang Road (East Lobby)
   #12-21 Mapletree Business City
   Singapore 117439

   Attn: Emily Siah

   or

   by fax on
   + (65) 6535 5244

   Attn: Emily Siah

   by no later than 6p.m. (Singapore time) on 26 November 2013

3. *A holder of ordinary shares (or the beneficial title thereto) must first have his or her name entered on the Register (or where ordinary shares are held in Euroclear or Clearstream otherwise be beneficially entitled to such ordinary shares by) not later than 1p.m. (UK time) on 26 November 2013. Changes to entries in that Register after that time shall be disregarded in determining the rights of any holders to attend and vote at such meeting (or to provide voting instructions to the relevant Euroclear or Clearstream nominee).*

4. *Shareholders who wish to attend the AGM in person should follow normal Euroclear and/or Clearstream procedures.*

SECTION 5

INVESTING POLICY

Investment objectives
VinaCapital Vietnam Opportunity Fund Limited ("VOF" or "the Company") 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 VCIM, 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 Investment 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 NAV 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 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. In addition, VCIM rebates to VOF the management fees earned that correspond to the portion of VOF's holding in VNL and VNI.

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 by 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 NAV per share is 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 Investment Manager may determine but in any event at least quarterly). The NAV 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 USD 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.

HISTORICAL FINANCIAL INFORMATION

Years ended 30 June	2008	2009	2010	2011	2012	2013
Statement of Income (USD'000)						
Total income from ordinary activities	(381,067)	29,075	134,263	(8,420)	54,556	120,750
Total expenses from ordinary activities	(34,465)	(25,869)	(29,047)	(27,214)	(25,424)	(29,515)
Operating profit before income tax	(415,532)	3,206	105,216	(35,634)	29,132	90,724
Income tax expense	(125)	(108)	211	545	700	672
Profit for the year	(415,657)	3,098	105,005	(36,179)	28,432	90,052
Minority interests	1,347	(3,684)	311	106	0	(202)
Profit attributable to ordinary equity holders	(417,004)	6,782	104,694	(36,285)	28,432	90,254
Statement of financial position (USD'000)						
Total assets	723,614	718,023	793,820	764,603	775,455	771,843
Total liabilities	54,727	36,111	11,319	12,697	9,810	19,400
Net assets	668,877	681,912	782,501	751,906	765,645	752,443
Share information						
Basic earnings per share (cents per share)	(141)	2	32	(11)	9	31
Share price as 30 June	2.16	1.43	1.40	1.57	1.50	2.13
Ordinary share capital (thousand shares)	324,610	324,610	324,610	324,610	312,536	261,731
Market capitalization at 30 June (USD'000)	699,535	462,569	455,428	509,313	468,803	556,731
Net asset value per ordinary share (USD)	2.06	2.10	2.41	2.32	2.45	2.88
Ratio						
Return on average ordinary shareholder's funds	(67.8%)	1.1%	17.0%	(6.0%)	4.0%	14.8%
Total expense ratio (% of NAV)	2.18%	2.24%	2.16%	2.13%	2.13%	2.13%

Fund size
USD752.4 million (NAV as of 30 June 2013)

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)

Base and incentive fee
Base fee of 1.5 percent of NAV. Incentive fees are based on two separate pools of investments: direct real estate and all other investments. The incentive fee paid equates to 15 percent of the increase in the NAV of each pool during the year over a hurdle of 8 percent. The total amount of incentive fees paid in any one year is capped at 1.5 percent of the pool's NAV.

Investment Manager
VinaCapital Investment Management Limited

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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