VinaCapital Vietnam Opportunity Fund Limited

Annual Report 2014

VinaCapital

CONTENTS

Front Cover – Investee Company: Hoa Phat Group (HPG)

VinaCapital Vietnam Opportunity Fund Limited ("VOF" or "the Company") Net Asset Value ("NAV") per share increased by 13.6 per cent to USD3.27, while the Company's share price rose by 17.7 per cent to USD2.50, from the same period a year ago. The Company's share price discount to NAV contracted to 23.5 per cent as at 30 June 2014, from 26.0 per cent a year ago.

The stock market index of Vietnam ("VN Index") continues to outperform regional peers, having increased by 20.4 per cent in USD terms over calendar year 2013, and a further 13.4 per cent year to 30 June 2014, underpinned by a combination of low inflation and a stable foreign exchange rate. During the fiscal year, the value of the capital markets component of VOF's portfolio increased by 24.3 per cent, mainly attributable to listed investee companies; Hoa Phat Group (HPG), PetroVietnam Drilling (PVD), and Kinh Do Corporation (KDC) which increased by 103, 63 and 31 per cent, respectively.

Performance summary	30 June 2014	% Change	30 June 2013	% Change	30 June 2012
NAV per share (USD)	3.27	13.6%	2.88	17.6%	2.45
Share price (USD)	2.50	17.7%	2.13	43.9%	1.50
Discount	23.5%		26.0%		38.8%

Throughout the financial year, VOF continued the ongoing share buyback programme in order to return capital to shareholders and narrow the discount rate. During the twelve month period ended 30 June 2014, VOF spent USD52.3 million to repurchase 23.1 million shares. Since the commencement of the share buyback programme on 25 October 2011, VOF has repurchased 86.4 million shares, representing 26.6 per cent of the total shares then in issue. Both the Board and the Investment Manager believe that this ongoing share buyback programme can be a method of distributing capital to shareholders and narrowing the discount of the Company's share price to its NAV per share.

SECTION 1

FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR 2014

Net asset value at 30 June 2014

$779.0m

NAV per share at 30 June 2014

$3.27

Increase in NAV per share

13.6%

CHAIRMAN'S STATEMENT

Steven Bates
Chairman

"On balance, it has been a relatively good year to be invested in Vietnamese assets."

Dear Shareholder,

This is my second annual statement to you as Chairman of VinaCapital Vietnam Opportunity Fund Limited ("VOF" or the "Company"). Last year I set out in some detail the various issues facing VOF and I want to take this opportunity to update you. The financial year ending 30 June 2014 has been something of a 'Curate's Egg', that is to say an amalgam of good and bad. Returns have been good, on the whole, the investment strategy moves along, our corporate governance agenda has advanced, but the movement on the discount has, frankly, been disappointing. I will turn to each of these issues in turn, and intend to be briefer than I was last year.

Returns

A year ago, markets found themselves having to adjust to the prospect of the U.S. Federal Reserve beginning to withdraw the monetary stimulus which has been part of the financial landscape since 2009 (known as 'tapering'). This process hit emerging markets quite hard and investors lost interest in the asset class. At the beginning of 2014, this effect seemed to have run its course, and emerging markets, including Vietnam, set off at a fair clip, only to run into headwinds caused by the political spat with China.

On balance, though, it has been a relatively good year to be invested in Vietnamese assets. The Net Asset Value ("NAV") per share of your Company rose by 13.6 per cent in U.S. dollar (USD) terms, a result which reflects a particularly strong performance from the 57.7 per cent of the portfolio which is invested in listed equities and the 9.5 per cent in so called over-the-counter ("OTC") traded equities, some of which are going through the privatisation process. This combined 67.1 per cent capital markets proportion of the NAV generated a return of 24.3 per cent, well ahead of the Vietnamese Index, which returned 19.2 per cent in USD terms. Whereas last year, VOF's large position in Vinamilk was the largest single contributor to equity returns, this year, a number of companies contributed. VinaCapital Investment Management Limited, the Investment Manager, comments in more detail on these in his report, but I would highlight Hoa Phat Group (HPG, a steel company), Kinh Do Corporation (KDC, a bakery and confectionery business), Hau Giang Pharma Corp (DHG, a pharmaceutical company) and An Giang Plant Protection (AGPP, a distributor and manufacturer of crop protection chemicals). This last investment was sold after the year end at an excellent price, generating proceeds of USD63.1 million in cash, or VND85,000 per share, representing an IRR of 23.7 per cent over an investment holding period of five years.

The 15.3 per cent share of the portfolio invested in direct real estate, by contrast, slipped by 6.5 per cent in value, as a result of divestments and downward adjustments to valuations by VOF's Audit and Valuation Committee ("AVC"), whose activities are spelt out in more detail on page 48 of this annual report. There have been some signs of stabilisation in the prices of real estate assets, and your Investment Manager feels that the worst of the decline over recent years is now behind us. You may recall that part of the strategy for VOF is to reduce the weighting in direct real estate projects, most of which are held through joint ventures with VinaLand, another investment company managed by the Investment Manager. In pursuit of this goal, VOF has sold its share in one project over the past year, raising USD5.4 million, and we are hopeful of further sales of real estate projects in the next twelve months.

In addition to its direct real estate holdings, VOF also has 9.1 per cent of its assets invested in the hospitality industry, the vast bulk of which is represented by our 50.0 per cent ownership interest in The Sofitel Legend Metropole Hotel in Hanoi. This year, operating conditions at that hotel have been weaker than expected but slightly better than the previous year. Revenue per available room is slightly higher, albeit occupancy rates are down. Gross operating profit, our key measure, was up very slightly over the previous year. After the end of the fiscal year, we sold the Movenpick Hanoi, one of the hospitality assets, for USD5.7 million, compared to its carrying value of USD2.7 million. There was almost no change in the valuation of the hospitality assets of the portfolio during the year.

The private equity share in the portfolio has shrunk to 2.5 per cent following a number of exits in recent years. The Investment Manager has a good pipeline of potential private equity transactions, but closing deals in a frontier market is never straightforward. The Investment Manager is optimistic, though, that a small number of new investments in this area will be made in the year ahead. The valuation of this part of the portfolio was little changed during the course of the year.

Investment Strategy

I thought I would simply reiterate what I said at the half year stage. Strategies are long term animals and should not be altered lightly. We have seen nothing in the past six months to cause us to change direction, although discussions around these topics are constant and vigorous:

1. We intend to reduce our exposure to direct real estate. We are not a real estate developer and would prefer over time to invest in the sector through conventional listed securities, private equity and OTC stocks.

2. We intend to increase the weighting to the so called OTC assets. These are dependent on the rate of privatisation (known as equitisation in Vietnam). It is thought that after a fallow period, activity here will pick up. Our approach to private equity investments remains opportunistic and sensitive to value.

3. We will maintain a large weighting to listed securities but will be sensitive to the level of valuation and to any foreign premia which can be captured. The foreign premium results from the fact that the listed shares of certain companies have exhausted their foreign limit and when this quota is full, foreign owners of such shares are often able to demand a premium for those holdings given the scarcity value. This premium is not reflected in our NAV. In any event, valuation is likely to be reflected in the mix of holdings rather than in large swings in the percentage allocation to the asset class. The Investment Manager has recently hired a senior investment professional with good experience in the market to oversee this part of the portfolio.

Your Board accepts that VOF offers a well-diversified exposure to the Vietnamese investment opportunity and that brings with it both advantages and disadvantages. In particular, it allows considerable flexibility in the type of asset we can own, and this in turn allows the Investment Manager to focus on where the valuations and return prospects are most attractive. The corollary, though, is that these assets can be illiquid or lack transparent pricing sources. Conditions will no doubt change as the capital markets develop, but for now investors in VOF should expect to see a continuation of this diversified approach, even where the weightings between the available asset categories are changing.

Corporate Matters

One of your Board’s primary responsibilities is to ensure that VOF is well governed. To this end, we introduced at last year’s Annual General Meeting (“AGM”) certain measures to increase the rights of shareholders and to increase the detail of our reporting to you. This year, we will hold our second AGM. This will take place on the 26 November 2014 in Singapore and all shareholders are welcome to attend. The agenda will be less controversial as there are no changes envisaged to our corporate governance arrangements. There are, however, certain matters to which I would like to draw your attention:

1. **Directorate.** During the year, we appointed Thuy Dam to the Board. As this is the first AGM following her appointment, she will be standing for election. As I mentioned in the half year report, she has had a distinguished career in banking in the region, mostly with ANZ Bank, having been CEO of its Vietnam operation and Vice Chairwoman for the Greater Mekong Region. Thuy is proving to be an excellent member of your Board and I urge you to support her election.

   Martin Glynn, having served for 7 years, has decided not to seek re-election and will be retiring from the Board following the conclusion of the AGM. I would like to take this opportunity to thank him for his contribution over the years to VOF. We will miss his experience and insight and wish him well in his future endeavours.

   Don Lam has also decided to step down from the Board following the AGM, a departure which will leave the Board comprised fully of independent members. There is always a degree of ambivalence when the key figure in the formation of the Company decides to leave the Board, but Don’s decision reflects a desire on the part of all of us to comply with best practice on board membership, which points unequivocally to a fully independent board. He will, of course, continue to attend our board meetings and I fully expect his focus on our affairs to remain as sharp as it has always been.

   Martin Adams, Michael Gray, and I will all be putting ourselves forward for re-election at the AGM.

2. **Accounting Standards.** The recent amendments to IFRS 10 Consolidated financial statements introduce the concept of investment entities and provide for an exception from the consolidation requirements for such entities. In light of this development, the Group will in future be exempt from consolidating investments which were previously treated as consolidated subsidiaries. Also, similar revisions to IFRS 9 Financial instruments mean that the Group’s investments which were previously treated as associates and equity accounted, will now be recorded at fair value and treated as financial assets at fair value through profit or loss. These amendments are effective for annual periods beginning on or after 1 January 2014, although early adoption is permitted. We have decided that these amendments will be reflected in the consolidated financial statements of the Group for the year ending 30 June 2015, with the consolidated financial statements for the half year ending 31 December 2014 being the first period reflecting the adoption of the revised standards. Details of this change can be found on page 65 of this report. Equally, these private equity holdings will not be categorised as subsidiaries or associates but as investments. One result will be that our balance sheet will no longer contain inventories of items such as birds’ nests and ceramic tiles, which it does this year. The valuation exercise is not yet complete but, on the basis of the work carried out so far, we do not expect the adoption of the revised IFRS standards to have a material impact on aggregate NAV.

3. **Incentive Fee.** Under the terms of the new investment management agreement put in place at the Extraordinary General Meeting ("EGM") held on 22 July 2013, which confirmed the continuation of the Company, your Investment Manager earned an incentive fee this year on the capital markets portfolio but not on the real estate portfolio. This incentive fee, which amounts to USD9.0 million, accrues at the rate of 15.0 per cent of the amount in excess of the hurdle and was capped at the level of 1.5 per cent of the capital markets portfolio. Details of this can be found in Note 28 on page 103. The excess over the cap, which amounted to USD2.4 million, is not paid but is carried forward to be earned in future years subject to both the high water mark and hurdle.

4. **Shareholder Communication.** This is your Company and all of us on the Board are accessible to you directly or through the Company's brokers. The brokers' details can be found on page 123 of this report. We will continue to provide you with information on the Company's progress through announcements to the market, through the website (www.vinacapital.com) and through periodic reports from the Investment Manager. Please feel free to let us have any suggestions about how we can improve communication.

Discount Management

The major disappointment of the past year is that we have not succeeded in narrowing the discount as far as we wished. At the date of the EGM the discount was 27.2 per cent based on the 31 July 2013 NAV per share. As of 30 September 2014 it was 22.2 per cent. In the intervening period since the EGM to 30 September 2014, we have spent USD49.5 million buying back 21.2 million shares at an average discount of 25.5 per cent. Since the outset of the buyback programme up to 30 September 2014, we have now bought back 88.8 million shares, spending USD172.7 million, and contributing 42 cents accretion to the NAV per share of your Company over this period. It should be noted that other closed ended funds investing in Vietnam also trade at significant discounts with a larger discount typically seen in those specialising in real estate investment and a smaller discount generally for those specialising in listed equities.

This data suggest to us that there is still too much supply of Vietnamese closed end fund stock for the demand available. VOF's own discount reflects not only its diversified strategy but also the fact that it is the most liquid of the Vietnamese vehicles and so attracts discount investors. It is possible that the discount will narrow to a degree as the proportion of the Company invested in illiquid real estate assets begins to drop but it will be hard to detach it from the general discount which applies to Vietnamese funds.

We will continue to buy back shares and so the supply will shrink, but we are also investigating opportunities for increasing demand. This will involve a commitment on behalf of the Investment Manager to greater marketing efforts both to existing and potential new shareholders. We are also considering the potential benefits of applying for a premium listing of VOF shares on the main board of the London Stock Exchange, all with the goal of generating incremental demand. The objective is to ensure that VOF is the first choice for investors looking at a diversified, liquid, well governed investment in the country.

This combination of shrinking supply while working to increase demand would obviously benefit from better investor sentiment towards smaller emerging markets. If we do not succeed in narrowing the discount, your Board will consider other options, all the while cognisant of the fact that VOF's liquidity is very important to you, our shareholders.

Outlook

Successful investment in Vietnam requires conditions both inside and outside the country to be on an even keel or trending up. The headwinds which accompanied tapering this time last year have petered out and on balance demand from the developed world appears to be picking up, albeit modestly. In China, which is of course a global economic heavyweight in its own right, growth seems to be recovering following a slowdown last year on the back of tightened credit conditions. Whatever the geopolitical concerns, and they are many, a healthy Chinese economy is likely to be key to Vietnamese economic prospects.

Longer term trends support the continuation of foreign direct investment ("FDI") into Vietnam. Outsourcing of manufacturing across the technological spectrum and rapidly rising wage rates in north Asia all point to greater FDI.

Inside the country, economic conditions are fairly stable, with growth running above 5 per cent and inflation under control. The Government is keen to accelerate the equitisation process and will need supportive capital markets to achieve its goals. There remain question marks about the recapitalisation needed in the banking sector, but a revival of property values would work wonders there.

In the meantime, the Vietnamese equity market trades at about 14 times 2014 earnings, a rating below the regional average of 16 times but reflecting a significant increase over the last year, according to Bloomberg. Your Investment Manager continues to find good value in the market, but perhaps less so in those stocks which have earned international recognition. VinaCapital is well resourced and has a research effort trained on seeking out opportunities wherever they can be found across the asset class spectrum.

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
28 October 2014

SECTION 2

INVESTMENT MANAGER'S REPORT

INVESTMENT ENVIRONMENT

Economy
Vietnam's economic recovery, on-going market reforms, and the government's commitment to deepen international integration underpin the resurgence of investor interest in the market. The Vietnam Index continues to outperform regional peers, having increased by 20.4 per cent in United States dollar (USD) terms over calendar year 2013, and a further 13.4 per cent year-to-date as at 30 June 2014.

A combination of stable prices and stable currency underscore economic growth:

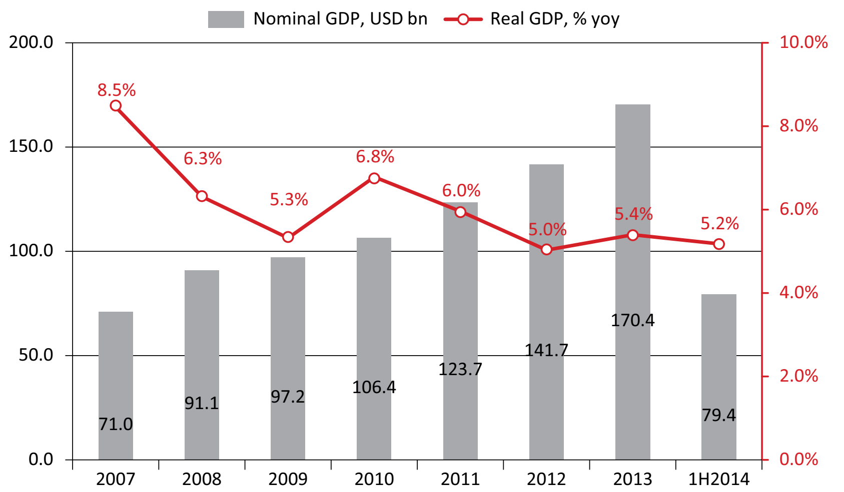
- A low rate of inflation thanks to a lack of cost-push pressures and subdued domestic consumption has kept the average consumer price index rate for the first half of 2014 at 4.8 per cent year-on-year, well below the 7.0 per cent inflation target set by the State Bank of Vietnam ("SBV") at the beginning of the year.
- A stable foreign currency exchange rate, which has benefited from a trade surplus of USD1.3 billion for the first half of 2014 and a healthy balance of payments projected for the end of this year. Furthermore, a record high foreign currency reserve position as stated by the Prime Minister to be above USD35.0 billion and equivalent to 3 months of total imports, lends further support to currency stability. The 1.0 per cent adjustment of the official reference rate of the Vietnam dong ("VND") in June 2014 was a response by the government to help boost domestic growth.

However, this macroeconomic stability has come at the expense of lower credit growth and slower increases in gross domestic product ("GDP"), even as interest rates continue to fall. The General Statistics Office of Vietnam ("GSO") expects GDP growth to reach 5.5 per cent for 2014 after averaging 5.2 per cent for the first half of 2014, a level much lower than previous years.

One reason is the slow progress on the resolution of non-performing bank loans. Ongoing delays in implementing rules that would lead to the accurate disclosure of non-performing loans in banks have not helped investor confidence. And while the government encourages credit growth, banks, uncertain of the impact these disclosure requirements will have on their businesses, are unwilling to lend to domestic business.

Furthermore, weak consumer spending in the first half of 2014 has only shown marginal improvement as Vietnam enters the second half the calendar year. Domestic spending is critical to a resilient economy against a backdrop of slowing economic growth in China and other developed markets.

Gross domestic product



Source: General Statistics Office of Vietnam.

As with many emerging economies, Vietnam relies on the following four engines of growth:

1. Government spending;
2. Credit growth;
3. Foreign direct and indirect investment; and
4. Domestic consumption.

Let us look at each of these key constituents of growth in turn.

1. Government spending

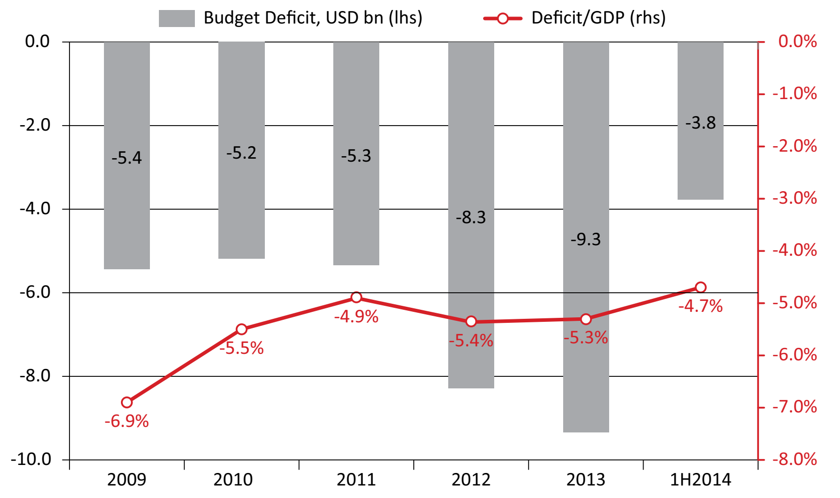
Following the global financial crisis of 2008, the government has made a more concerted effort to invest in infrastructure to attract foreign direct investments and improve productivity. The corporate income tax rate has been lowered from 25 to 22 per cent, effective as of 1 January 2014, with a further reduction to 20 per cent scheduled for 2016. While this encourages international businesses to enter and develop in Vietnam, it potentially reduces revenues from tax collections in the short term at a time when government spending is increasing.

The fiscal deficit for the first half of 2014, at 4.3 per cent of GDP, is expected to increase as the government accelerates the program of spending on infrastructure projects. Government spending has partly been funded by the issuance of domestic bonds, with buyers primarily being Vietnamese banks who remain flush with liquidity. Government bond auctions have been met with enthusiastic buying and yields have been declining steadily thanks to excess liquidity and low inflation. Given that banks, individuals, and corporations have been content with purchasing government bonds, Vietnam has not had to look offshore to borrow at this point in time.

2. Credit growth

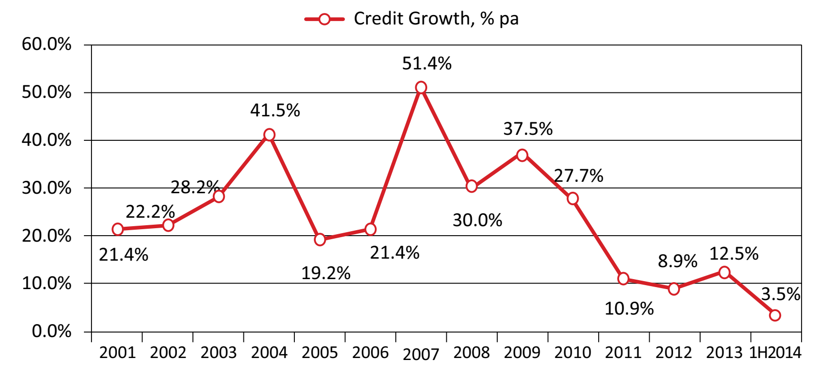
The first decade of the 21st century saw Vietnam achieve strong economic growth in the 7-8 per cent range. This particular brand of rapid growth was spurred on by excessive credit growth, at times reaching 30 per cent or more per annum, while productivity growth was poor. The damaging side-effects of this rapid credit growth included high inflation and the creation of asset bubbles. The government now takes a more conservative approach to credit growth, looking to keep it at nominal levels by combining real GDP growth (5-6 per cent) with the rate of inflation (5-6 per cent) to yield a credit growth of 12-13 per cent per annum. According to the SBV, credit growth for H1 2014 reached 3.5 per cent.

Government's budget deficit



Source: General Statistics Office of Vietnam.

Credit Growth



Source: General Statistics Office of Vietnam.

At the moment, this below-target credit growth is a headwind for GDP. However, as Vietnam's productivity grows over the coming years, and as industries move higher up the manufacturing value chain in such sectors as technology, textiles and capital equipment, coupled with higher education and better workforce skills, there is room for further uplift to the potential GDP growth rate.

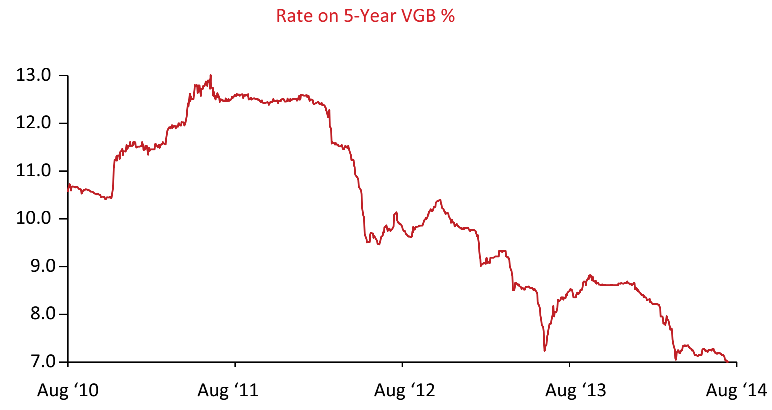
In July 2014 Moody's upgraded Vietnam's sovereign credit rating to B1 from B2, four notches below investment grade. The firm cited Vietnam's track record of macroeconomic stability, the strengthening of its balance of payments and external payments position, and the easing of contingent risks in its banking sector as reasons for the upgrade. In September 2014, Fitch hinted at raising its rating one notch higher to BB- in its next review in 12-18 months, thanks to a strengthening of the banking industry and diminished risks to the government in the public sector. The third ratings agency, Standard & Poor's, already has a rating of BB- for Vietnam. On the back of this improvement in sovereign credit rating, over the next 2 years the Vietnamese government intends to roll over USD1.75 billion of maturing USD denominated sovereign bonds.

3. Foreign Direct Investments ("FDI")

FDI disbursements, an important capital inflow and major source of support for the Vietnamese economy, reached USD8.9 billion as of September 2014, up 3.2 per cent over the same period last year. However, new FDI commitments over the same period fell 17.8 per cent from last year's record amount, although it is important to note that several large commitments for major projects like Samsung's mobile phone and electronics factories were signed late in 2013 creating a high base for comparison.

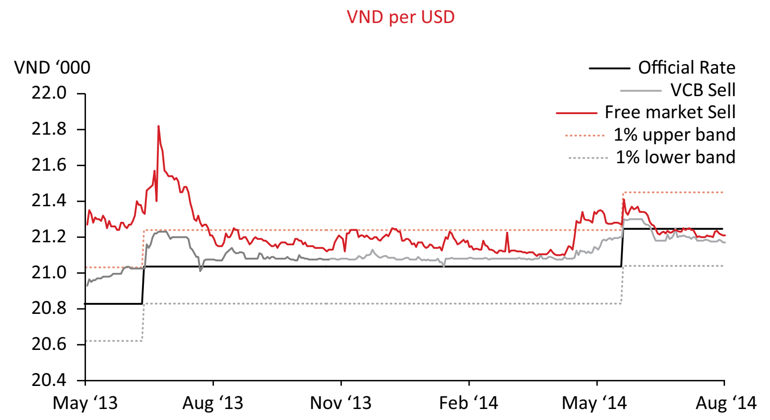
As at September 2014 year-to-date, South Korea remains the largest contributor to FDI with USD3.6 billion registered, followed by Hong Kong, Japan, and Singapore. Samsung has the largest investment project registered in 2014 at USD1.0 billion. To date, Samsung has a total registered investment capital of USD8.0 billion for the manufacture of mobile phones and electronic devices. Their current production capacity in Vietnam is 120 million smart phones, or approximately 30 per cent of their worldwide sales. With further expansion of existing plants and the opening of new factories in Vietnam, production is expected to rise to 50 per cent of their worldwide capacity.

Government bond yields



Sources: General Statistics Office of Vietnam and Bloomberg.

Foreign exchange rate



Sources: General Statistics Office of Vietnam and Bloomberg.

For the first 8 months of 2014, FDI enterprises' export and import revenues were USD65.2 billion (an increase of 15.6 per cent year-on-year) and USD53.6 billion (an increase of 12 per cent year-on-year), respectively.

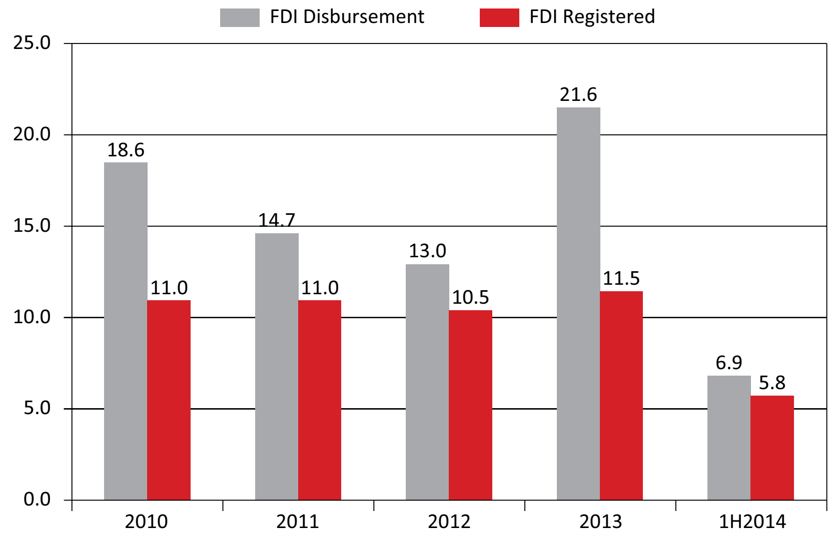
Foreign direct investors, whose interests in Vietnam include access to lower labour costs and a market that is growing towards 100 million people, have been growing steadily over the past few years and continue to do so in 2014. Foreign indirect investors, those that focus on Vietnam's stock and bond markets, are, on the other hand, drawn to Vietnam by access to lower valuations (as compared to other regional emerging markets) coupled with steady dividend yields. These so called 'portfolio investors' are a much more volatile source of capital.

4. Domestic consumption

Retail sales – an indicator of aggregate demand – showed less than spectacular growth at the start of the year. However, this has gradually improved, with the first half reporting growth of 5.7 per cent year-on-year compared to 5.3 per cent over the same period last year according to the General Statics Office of Vietnam. Furthermore, low inflation helped to stabilise consumer purchasing power, contributing to this growth.

The ANZ Roy Morgan Consumer Confidence Index advanced to reach 135.5 in August 2014, the highest level recorded since March 2014 and higher than the average level of this index over the first 8 months of 2014. This reflects a gradual improvement in consumer psychology over the past year.

Foreign direct investment



Source: General Statistics Office of Vietnam.

Further progress required on non-performing loans and privatisations

Non-performing loans (“NPLs”)
One area of concern is the government’s commitment to resolve NPLs in the banking system. Failure to alleviate the pressure generated by NPLs threatens access to capital for local businesses at a time when foreign businesses are able to access cheaper and readily available offshore funding to help expand their Vietnamese operations, or start new ones. Access to low cost funding paves the way for foreign companies to dominate their respective sectors. Left unchecked, this may lead to the demise of domestic industries and State-owned enterprises and, ultimately, foreign indirect investment. It is paramount that Vietnam prepares for the eventuality of losing some of its advantages, such as the competitive cost of labour, given that foreign businesses will seek new labour pools in other emerging and cost-competitive countries, potentially leaving behind an economy with few mature domestic industries to sustain future growth.

The Vietnamese government recognises that NPLs are a challenge for the banking system. In order to resolve the NPL issue there will most likely be a need to provide for an additional USD3.0-5.0 billion of government support. This estimate is based on current outstanding loans, the current provision, and the additional provision required as expressed by figures provided by the SBV and the major ratings agencies (i.e. Moody’s, Standard & Poor’s, and Fitch Ratings).

Domestic banks currently report NPLs at just over 4.0 per cent of loans outstanding while the SBV puts that figure at 10.9 per cent. If we assume that the higher estimate is correct, and we apply a recovery rate of 40.0 per cent meaning that 60.0 per cent of the loan value is lost, that will require an additional provision of USD3.7 billion. Although this figure appears large, it is manageable relative to the USD22.0 billion of total equity value in the banking system today. Furthermore, given Vietnam’s 2013 GDP of USD170 billion, the scale of this NPL problem relative to GDP appears manageable. However, we do not dismiss its significance or the challenges in resolving this difficult problem, which continues to act as a drag on credit and economic growth.

In order to help address this issue, the government has established the Vietnam Asset Management Company (“VAMC”) to acquire the NPLs from the books of the commercial banks. Essentially, the banks are receiving a bond from the SBV which will allow them to amortise these loans over the next five years. During this five-year period, the VAMC will try to sell the debt and return proceeds to the banks as well as keeping some of the cash for itself. The process of selling the NPLs, or the collateral from the NPLs, had not yet been initiated at the time of writing this report. The key question is whether the government will allow foreign investors to purchase the NPLs and with them, the underlying collateral, which in most cases is real estate. This remains a challenging debate within the government as there is no consensus as to whether the legal framework is sufficient to allow this to proceed. Meanwhile, the VAMC chairman has declared that legislation to facilitate foreign investor participation in future bad debt auctions is being clarified.

The VAMC has bought back approximately USD540 million worth of bad debts from banks during the first half of 2014 which accumulated to some USD2.4 billion worth of bad debts purchased since its commencement in October 2013. The VAMC is expected to continue to acquire bad debts in the remainder of 2014.

Equitisations of State-owned enterprises
The ambitious goal of equitising (as privatisation is known in the country) over 400 companies by 2015 is challenging and appears to be behind schedule. We do believe that the government can achieve this target over time, but progress is slow.

At present, foreign investors are restricted as to the percentage they can hold in listed Vietnamese companies. There is wide speculation about the Vietnamese government raising the foreign ownership limit up to 60 per cent (from 50 per cent) for non-banks, but a decision seems unlikely this year. With changes to foreign ownership limits delayed, government priorities lie in equitisation. Their aim is twofold: first, to raise capital to fund the budget deficit; second, to improve the efficiency of these State-owned enterprises ("SOE"), which they hope to achieve by aligning the interests of management with shareholders. The SOE equitisation programme is an economic priority for the government, with an ambitious goal of 432 initial public offerings ("IPOs") for 2014 and 2015. With less than 50 equitisations realised at the time of this report, and some IPOs receiving less than 50 per cent take-up, results are mixed. One of the largest IPOs to date is Vinatex, a textiles company, with Vietnam Airlines scheduled for November 2014, followed by Mobifone, one of the nation's largest mobile carriers yet to come.

Global economic impact
It is expected that the USD will strengthen against the euro, yen, and other currencies as the U.S. Federal Reserve ends its quantitative easing program ("QE3") later this year, while the euro is expected to weaken against the background of Europe's weak economic recovery. Since the VND is essentially pegged close to the USD, we believe any negative impact on Vietnamese exports will be small because the country produces inexpensive manufactured goods (i.e. garments, footwear, etc.) which tend to have lower price elasticity of demand.

It remains a possibility that other Asian countries will raise interest rates to defend against capital outflows resulting from a reduction in QE3. However, with Vietnam's interest rates hinging more on internal factors, the country is likely to be better able to withstand such external global pressures than neighbouring countries such as Indonesia and Thailand.

Vietnam's robust external position (e.g. trade surpluses, high reserves) and lack of hot money inflows, which can reverse direction and cause instability, shield the country, at least in part, from the adverse effects caused by changes in U.S. monetary policy. The SBV manages the VND with an objective of keeping it stable and less subject to speculative trading in global financial markets. In general, local factors and SBV policy, which are supportive, determine the strength of the VND. Despite the government decreasing the benchmark value of the VND by 1.0 per cent in June 2014, the value of the local currency is still very stable and strong.

Economic stability leads to investment confidence
In the months leading up to the end of 2014 and the start of 2015, it is expected that the economy will remain stable and resilient, enough to overcome tensions such as those experienced with China in May and June of 2014. After a short period of heightened tensions, China-related anxieties have subsided, especially after the removal of the controversial oil-rig one month ahead of schedule. The recent visit to China by a high-ranking Vietnamese official also contributed to a normalisation of relations. The economic effects have been muted as major indicators such as bilateral trading, investment flows, and state-to-state contacts have remained uninterrupted. Latest figures showed that trade flows between the two countries have remained on track and stayed on a par with 2013. Chinese investments in Trans-Pacific Partnership ("TPP") related industries such as fabrics and textiles show no signs of scaling back. We believe that the bilateral economic and financial relationships between Vietnam and China are of mutual benefit and sustainable going forward.

Equitisations of State-owned enterprises

2007 - 2009

A missed opportunity

- 2007 Vietnam joins the WTO
- **Opportunity** to carry out large-scale equitisation of the SOE sector and help expand the capital market.
- Opportunity was allowed to slip away. A developing bear market starting in 2008-09 was mostly to blame.

2011 - 2012

Major reform starts in earnest

- **Resolution 11** issued in 2011, conatined 2 key goals:
  1. Restoring macroeconomic stability to the economy.
  2. Restructuring across 3 major economic areas:
     – SOEs
     – Banking sector
     – Public investment program.

2014 - 2015

Ambitious plan for next 2 years

- Up to now the government has vigorously pursued reforms
  – **in the banking sector** via the VAMCs establishment to resolve bad debt problems; and
  – **in public investments** by a focus on infrastructure projects.
- **March 2014, Resolution 15/NQ-CP** was issued covering equitisation and privatisation plans in which an ambitious schedule is laid out for the next 2 years.
- Clear signal from leadership that this issue will be a major objective going forward.

Source: VinaCapital.

VOF's net asset value ("NAV") per share as well as its share price, driven by a strong public equity market, has performed well during the financial year. Over the last 2.5 years, the Vietnam Index has enjoyed a compounded annual growth rate of approximately 20 per cent; during calendar year 2013 it was up by 20.4 per cent, and this year to 30 September 2014 it is up by 18.0 per cent in USD terms. Over the financial year ending 30 June 2014, the Vietnam Index increased by 19.2 per cent.

Overall the NAV per share has grown by 39 cents during financial year 2014; 30 cents of that growth has come from investments, and 9 cents NAV per share accretion comes from the share buy-back programme.

Public equity

VOF's public equity portfolio, or otherwise known as the capital markets portfolio, includes listed and over-the-counter traded securities. The capital markets portfolio has enjoyed a significant increase of 24.3 per cent during this financial year. As a percentage of the entire portfolio of USD779.0 million as of June 2014, the capital markets portfolio represents 67.1 per cent, of which listed securities represent 57.7 per cent of the total portfolio.

This year, VOF has realised profits from listed securities such as Kinh Do Corporation (KDC) and Vinamilk (VNM), by taking advantage of increased valuations. There is high demand from foreign investors for several blue-chip stocks in our portfolio in situations where the stocks have reached their foreign ownership limits, and we are occasionally able to sell at a significant premium above the quoted market price. Some of the proceeds have been recycled into other listed companies which we view as undervalued. One such company in which we have reinvested via a private investment in public equity ("PIPE") deal late last year is PetroVietnam Drilling (PVD).

Specific sectors: consumer goods, oil & gas, financials, real estate

We continue to have high confidence in the consumer goods sector, including consumer staples where we have seen companies experience earnings growth between 10 and 15 per cent. We also maintain a high allocation to the oil and gas sector. We continue to find this industry attractive with Vietnam in negotiations with Exxon Mobil for an investment of USD10 billion to explore and extract offshore oil and gas reserves. Further, this makes the peripheral industries in the oil and gas sector interesting, and so we will continue to focus and invest in this sector.

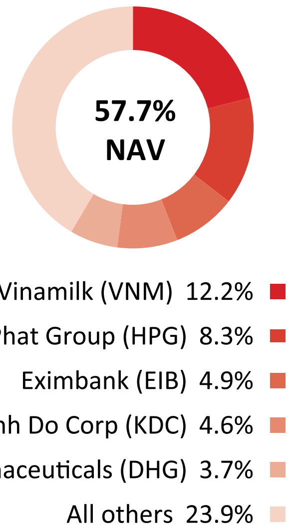
The financial sector, commercial banks in particular, has been challenging in recent years. As we point out in our economic review above, the NPLs remain a challenge and could erode 20-25 per cent of the equity value in some weaker banks. We continue to look at this sector for opportunities to invest at lower valuations; however, we have not made any significant investments over the last 12 months.

Another sector in which we participate is agriculture. We are positive about this industry, but good investment opportunities to invest directly rarely present themselves in Vietnam. Therefore, we focus on indirect investment exposure, including animal feed, the agro-chemical industry, and the seeds business, all of which offer attractive prospects. We believe that over the next 3-5 years this will continue to be a very strong sector.

INVESTMENT MANAGER'S REPORT

PORTFOLIO PERFORMANCE

Listed equity



VOF participated in the SOE equitisation process of South Basic Chemical Company (HCMN) in September 2013. HCMN is one of the leading industrial chemical companies in southern Vietnam and is preparing to list on the HOSE. Revenues for 2013 and estimated revenues for 2014 are USD47 million and USD68 million, respectively. The estimated profit after tax for 2014 is USD6.1 million. VOF made the investment at a 2014 price-to-earnings multiple of 4.5 times.

The Vietnamese pharmaceutical industry, one in which we remain selectively interested, is reaching its peak in our estimation. Most of the companies in which we invest produce generic drugs for the domestic market. The market is saturated at the moment, so while growth was strong over the last few years, that rate is slowing to 5-10 per cent. We also favour the hospital and health care sector. In the past, we invested in Hoan My Medical Corporation, Vietnam's largest private hospital system , and enjoyed a successful exit. We will continue to look for opportunities in this area over the next 1-2 years.

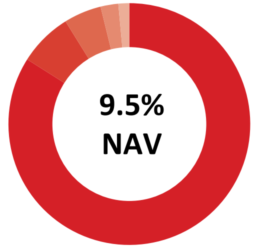
Private equity

In the private equity sector our focus has been sourcing new deals. Over the past 2 years we have been able to take advantage of exits from many of our large private equity holdings to strategic buyers like Diageo, of the UK; Fortis Healthcare, of India; and Siam Cement Group, of Thailand. These exits have left our private equity portfolio weighting below its optimal level. While we have enjoyed good performance from the public equity side, public equity valuations have risen and our focus naturally turns to private equity opportunities at lower valuations. We have over USD100.0 million of potential deals in the pipeline, and with the sourcing phase complete, we hope to execute several investments in the private equity space within the next 6-12 months, subject to completion of due diligence and agreement of terms.

In September 2014, VOF announced that it had concluded its divestment of its 23.6 per cent stake in An Giang Plant Protection JSC (AGPP) after completion of all required conditions precedent. VOF received USD63.1 million in cash, or VND85,000 per share, representing an IRR of 23.7 per cent over a period of five years. Initially, we invested in AGPP as a private equity investment and we have since seen it become a public company with over 100 shareholders. AGPP is currently trading in the OTC market; therefore, VOF has been able to mark-to-market its holding in AGPP on a monthly basis. The value of this transaction represents a premium of 22.0 per cent over the 31 May 2014 net asset value, the last recorded value prior to receiving an offer for the shares. AGPP is currently the market leader in the manufacture and distribution of pesticides in Vietnam. In 2013, AGPP delivered revenue of USD354 million, an increase of over 17.0 per cent year-on-year. During the same period, AGPP's earnings grew by over 18.8 per cent, reaching USD24.0 million. Revenue for the first half of 2014 was approximately USD200 million, roughly half of the company's full year target of USD399 million, while first half 2014 net income was USD12.0 million.

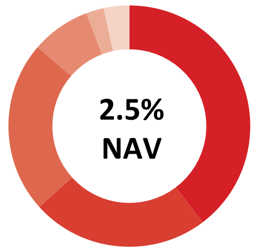
This divestment highlights the quality of VOF's overall investment portfolio and provides further evidence to support the view that VOF's share price to NAV discount is too wide.

Over the counter (OTC)



- An Giang Plant Protection 7.9%
- Nam Viet Oil 0.5%
- Binh Dien Fertiliser 0.3%
- Tam Phuoc Industrial 0.2%
- Minh Hai Jostoco 0.1%

Private equity



- IBS 1.0%
- SSG-Saigon Pearl 0.6%
- Cau Tre 0.6%
- Yen Viet 0.2%
- Petroland 0.1%
- All others 0.1%

Real estate
We believe that the real estate sector is starting a recovery cycle. Given the Portfolio's exposure to this sector, whether in development risk or through the public equities of property development companies, the portfolio is positioned for the recovery.

The property portion of the portfolio consists of two components: development risk, which represents 15.3 per cent of VOF's portfolio, and hospitality and operating assets, which represents 9.0 per cent. The Sofitel Legend Metropole Hotel forms the bulk of the hospitality and operating assets portfolio at fiscal year-end. We believe that the development property sector has reached its cyclical bottom, and, aided by lower interest rates and funding costs, as well as increased liquidity in the market, is poised to improve over the next 3-5 years.

We witnessed a record year of revenue and occupancy growth in 2013 at the Sofitel Legend Metropole Hotel. As a result of that achievement we set an aggressive budget for 2014. Despite factors mitigating the performance of this asset, chief among them the aforementioned tensions with China during May and June of this year, we expect to meet the planned budget, as the property does not solely rely on Chinese visitors for its performance.

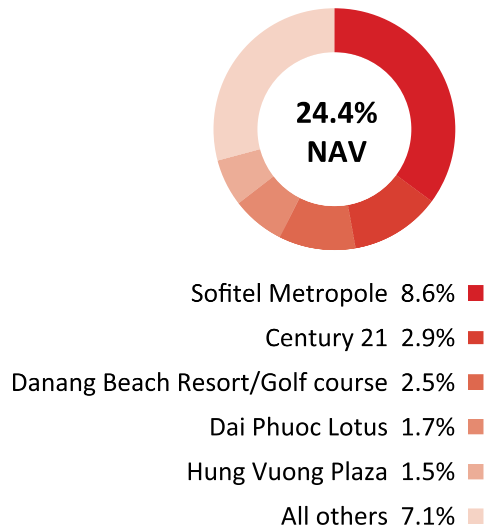
Real estate outlook
The Vietnam real estate market has shown improvement over the last year as other investment alternatives favoured by Vietnamese investors, such as gold and deposit accounts, offer limited returns. We foresee improving macroeconomic indicators and continued stability supporting economic and market growth. More launches in the condominium sector are anticipated; however, with developers looking to deliver products more quickly to improve their cash flow, the number of units per launch may be smaller. Those projects with competitive pricing, optimal location, ease of accessibility, and backed by a reputable developer are in line for more favourable results.

In the landed property sector, infrastructure development will continue to play an essential role. Projects near new metro train line stations and arterial highways are expected to increase in value and secure more interest from prospective buyers and investors. Supply is expected to remain limited in the next year and new launches are expected to follow infrastructure development closely.

In the retail sector, no further significant price cuts are expected in coming quarters. New supply of large-scale retail space of over 20,000 sqm net leasable area ("NLA") is expected to be limited in the next two years. Changes in legislation and various potential trading agreements are expected to drive the Vietnam retail market. Vietnam will completely open its market in 2015 to comply with WTO obligations, which will continue to attract the attention of international retailers.

Current bank lending rates for real estate are trending down and are now in the range of 10 to 12 per cent per annum. Vietnamese banks have ample liquidity to lend. However, they are still concerned about existing NPLs. Special lower rates may be offered to home buyers on a case-by-case basis, especially in the low income segment, based on the government's housing credit package. We have seen some initial signs of a recovery in the residential sector, although mainly occurring in the low to mid-end product segments for now.

Real estate and hospitality



The Ministry of Construction ("MOC") is proposing a loosening of conditions for eligibility for a USD1.4 billion housing credit package to support investment in low-income housing. Efforts are also being made to extend foreign ownership rights for Vietnamese properties with MOC submitting a relevant proposal to the government to make it easier for eligible foreigners to enter the property market. If approved, this new resolution may assist in clearing some of the large stock of residential properties currently in the market, especially higher-end property.

Given lower deposit rates investors will most likely opt to take money out of bank deposits and invest into the stock market and into real estate. It is worth bearing in mind that Vietnamese citizens and businesses are restricted from investing abroad, so they are limited to investing in a few types of asset classes available to them in Vietnam. These investment opportunities tend to move in cycles: when interest rates are high, Vietnamese put money in the bank to earn high deposit rates; as inflation rates come down, so do deposit rates and Vietnamese will shift their money to the equity markets; as the equity markets go up, people take profit on their public equity investments and shift to the next asset class being real estate. The real estate sector is expected to grow over the next 3-5 years. Therefore, we believe we can either begin to exit real estate investments at valuations above NAV, or see the development of these assets into finished goods and their sale into the market at a quicker pace than currently.

Other asset classes
The other component of the VOF portfolio is cash and cash equivalents. We have generated a significant amount of cash over the years as a result of strategic exits. We have earned profits from the sale of listed equities as their valuations have risen. The VOF Board of Directors and the Investment Manager remain committed to the share buy-back programme. For financial year 2014 we have spent USD52.3 million on the share buy-back programme to repurchase 23.1 million shares, which have been put into treasury.

Strategy and allocation
In our strategic asset allocation, we continue to focus on deploying funds into private equity investments. Sales of our real estate development investments remains a key part of the strategy and, as mentioned earlier, we aim to reduce the exposure to property development risk. We are looking to exit several holdings in the real estate sector and hope to deliver proceeds above current NAV.

Our objective is to acquire companies that operate in sectors that contribute to, and benefit from, the growth of the domestic economy by taking advantage of the middle class income growth, and that require, or are going through, structural changes that position them to outperform their peers in the near future. We favour holding on to companies that can deliver strong growth or growth that outpaces peers, or when we see potential divestment opportunities at valuations higher than comparable market valuations. This is because our track record shows we are able to deliver to potential strategic investors meaningful stakes in businesses having two or more of the following elements: (a) a strong brand, (b) a comprehensive distribution channel, and/or (c) a scalable manufacturing capability. We look to divest companies when they have reached maturity or growth levels at or below their associated sectors, when we are presented with offers at valuations that we cannot justify increasing by more than 15 per cent per annum in subsequent years, or we feel that management's interests no longer align with those of the shareholders and there is little visibility for any material improvement in the near future.

Concerning SOE equitisations, it is our experience that the larger the equitisation, the more attention it receives and therefore the valuations tend to run ahead of themselves, making them less interesting. We prefer to look at mid-sized companies that are quietly undertaking the process of equitisation and allowing employees to purchase as many shares as possible, thus aligning the interests of management with public shareholders.

During fiscal year 2014, we reviewed five equitisation opportunities and participated in two. We look forward to participating in more in the near future as more and more SOEs embark on the process. We seek investment opportunities in companies that have strong management, or where we have clarity on how to strengthen management by building management teams to regional and international standards. Our definition of strong management is that they should be capable of executing the business plan while being honest, transparent, and realistic. We may bring in co-investors who have experience, networks, and connections with other managers from around the world that can help these businesses.

Our goal for any divestments is to redeploy proceeds into private equity and/or use it for share buy-backs. Given our strong cash position, we can allocate funds into both areas.

Conclusion and outlook
On the back of a stable economic environment and GDP growth of 5-6 per cent, we believe that Vietnam is poised to grow steadily in the next 3 years. The cost of funding has dropped, making it easier for businesses to borrow. This will help grow domestic businesses. Vietnam is looking forward to entering the Trans-Pacific Partnership (TPP) which will allow it to export to other TPP nations with low or no tariffs. This will stimulate the export sector, creating wealth as well as jobs. As a result, we expect to see sectors geared towards this growth reap the benefits.

We forecast a continuing reduction in inflation rates and concur with the markets which foresee inflation of 7 per cent or less for the next 3-5 years. As evidence of the market view, the September 2014 Vietnam government bond yields were 4.92 per cent and 5.46 per cent for maturities of 3 and 5 years, respectively, according to Bloomberg.

Projections by local analysts for the Vietnam Index performance clustered in the range of 580-600 at the start of 2014, but shifted up to 620-650 as we entered the second half of the year. The increased volume of margin lending also implies that credit may be less constrained for securities companies than for general business enterprises. The availability of margin lending is a significant factor in maintaining trading volumes and upward momentum for the market. Into 2015, we expect the public equity market continue to increase in value. As a result of the public equity component of VOF holding steady above 50 per cent, the contribution of the public equity to NAV growth will remain significant in financial year 2015.

We believe that current market trends depend upon the continuation of declining inflation and its corollaries, falling interest rates and a stable currency. A market reversal is a possibility in the event of policy decisions that interrupt the current course. The major risk revolves around the return of inflation and this could materialise from a variety of sources including:

1. Loose monetary policy leading to excessive credit growth;
2. Attempts to stimulate economic growth with aggressive fiscal policy;
3. Monetary expansion to finance the deficit leading to a high costs of funding; and
4. Continued weak aggregate demand resulting in stimulus packages that exert upward pressure on price levels.

High inflation has, in the past, led to weaknesses in the VND, triggering a flight to the USD. In addition, if the SBV stimulates exports by depreciating the VND the result is an increase in foreign exchange risk. Both scenarios lead to a devaluation of the VND against the USD, dampening the enthusiasm of foreign investors.

The probability of such risks materialising is low at this time. Vietnam's government continues to maintain the comprehensive reform program first implemented in 2011. Political will exists to move forward with fundamental economic reforms and, while slow at times, progress continues and we do not detect any signs of backtracking by Vietnam's top leadership.

INVESTMENT MANAGER'S REPORT:

TOP TEN HOLDINGS

Top 10 Holdings	Sector	Description	% of NAV
Vinamilk (VNM)	Food & beverage	Leading dairy company with dominant market share.	12.2
Sofitel Legend Metropole Hotel Hanoi	Hospitality projects	Vietnam's top city-centre hotel.	8.6
Hoa Phat Group (HPG)	Construction materials	Major steel manufacturer.	8.3
An Giang Plant Protection	Agriculture	Leading plant protection chemical firm.	7.9
Eximbank (EIB)	Financial services	One of the top ten commercial banks.	4.9
Kinh Do Corp (KDC)	Food & beverage	Top confectionery manufacturer in Vietnam.	4.6
Hau Giang Pharmaceuticals (DHG)	Pharmaceuticals & health care	The largest domestic pharmaceutical producer in Vietnam.	3.7
PetroVietNam Drilling and Well Services JSC (PVD)	Mining, oil & gas	Leading drilling contractor in South East Asia.	3.3
Century 21	Real estate projects	HCM City residential development.	2.9
Petrovietnam Technical Services Corporation (PVS)	Mining, oil & gas	Leading oil and gas technical service provider in Vietnam.	2.7
Total			**56.2**

Vinamilk (VNM)

Vinamilk (VNM) is the leading dairy products manufacturer and distributor in Vietnam. The company offers a wide range of products, from fresh and powdered milk to condensed milk, yogurt, and coffee, with more than 30 per cent of the total dairy market, and 90 per cent market share of the yogurt segment. The domestic market accounts for about 90 per cent 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 started 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 powdered milk capacity.

1H2014 revenue totalled USD805.5 million and net profit of USD141 million, up by 14.3 per cent and down (6.3 per cent), respectively, compared to 1H2013. The lower net margin was due to higher raw input material prices and more advertising and marketing activities to maintain growth and push sales of new products.

VNM closed at VND 122,000 per share as at 30 June 2014, representing a market capitalisation of USD4.8 billion, a trailing P/E ratio of 16.6x and P/B ratio of 5.5x. As at 30 June 2014, VOF held a stake in VNM valued at USD94.7 million.

Financial highlights

Profit and loss (VND bn)	FY11A	FY12A	FY13A	1H14
Net revenue	22,544	26,562	30,954	16,915
Net profit	4,251	5,819	6,531	2,963
Net margin (%)	19.5%	21.9%	21.1%	17.5%
EPS (adjusted) (VND)	7,741	6,976	7,839	3,553
Balance sheet (VND bn)				
Total assets	15,582	19,698	22,875	23,734
Shareholders' equity	12,477	15,493	17,545	18,552
ROE (%) [1]	41.3%	37.6%	39.5%	31.9%
Valuation				
PER (x)	11.2	12.5	17.2	16.6
P/B (x)	3.9	4.7	6.3	5.5
Dividend yield (%)	3.7%	3.1%	3.0%	3.9%

[1] Annualised ROE (%).

Hoa Phat Group (HGP)

Hoa Phat Group (HPG) is a leading industrial manufacturer in Vietnam. Established in 1992 as a trading company, HPG has evolved into a holding group with thirteen subsidiaries, specialising in construction materials such as steel, steel pipe, furniture, refrigerators, construction and mining equipment, real estate and industrial park operations. HPG has a well established nationwide distribution and sales network, with a strong platform for future product expansion and diversification. The company currently holds 18 per cent market share, up from 17 per cent as at the end-Q1 2014, as a result of new capacity from Phase II of its steel integrated complex which came into operation in October 2013. HPG has outgrown Pomina (POM) to become the leading construction steelmaker in Vietnam.

HPG announced impressive results for 2Q2014, with revenue of VND6,824 billion (+57 per cent y-o-y) and net profit of VND964 billion (+81.2 per cent y-o-y). Growth drivers came from a 50 per cent y-o-y sale volume increase in construction steel, lower input raw material and profit contribution from real estate – Mandarin project. For 1H2014, HPG's revenue reached VND13,339 billion (+61 per cent y-o-y) while net profit was VND1,874 billion (+85 per cent y-o-y). As of end June 2014, HPG's market share in construction steel increased to 18 per cent nationwide compared with 17 per cent as at the end of Q1 2014. On 24 April 2014, HPG paid the FY2013 cash dividend of VND1,500 per share and a stock dividend of VND1,500 per share. For 2014, the proposed dividend is at VND3,000 per share, implying a dividend yield of 5.6 per cent.

As of 30 June 2014, HPG was traded at VND54,000 per share, equivalent to a trailing P/E ratio of 9.2x and a P/B ratio of 2.4x. The HPG share price increased by 20.4 per cent in the reporting quarter. As at 30 June 2014, VOF held a 5.3 per cent stake in the HPG valued at USD64.6 million.

Financial highlights

Profit and loss (VND bn)	**FY11A**	**FY12A**	**FY13A**	**1H14**
Revenue	17,852	16,827	18,934	13,339
Net income	1,236	994	1,954	1,874
Net margin	6.9%	5.9%	10.3%	14.0%
EPS (adjusted)	2,951	2,372	4,663	3,896
Balance sheet (VND bn)				
Total assets	17,525	18,957	22,961	20,350
Shareholders' equity	7,414	8,085	9,498	10,740
ROE (%) [1]	16.7%	12.3%	20.6%	34.9%
Valuation (VND bn)				
PER (x)	9.4	15.3	8.8	9.2
P/B (x)	1.6	1.9	1.8	2.4
Dividend yield (%)	5.5%	5.5%	4.9%	5.6%

[1] Annualised ROE (%).

Sofitel Legend Metropole Hanoi Hotel (Sofitel Metropole)
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.

The Sofitel Metropole Hanoi's average occupancy rate was 68.4 per cent for the first half of 2014, generating USD18.5 million in revenue and USD10.0 million in gross operating profit, meeting 97.4 per cent, 94.3 per cent, and 94.9 per cent of budget targets, respectively. The hotel's performance was affected for a short time during the geopolitical tensions that arose between Vietnam and China in May, specifically within the corporate clients/sector. However, the situation has since improved and management expects financial results to remain strong throughout the remainder of the FY 2014, with a target of USD38.7 million in revenue and USD20.5 million in gross profit, representing 2.9 and 2.0 per cent year-on-year growth, respectively.

Financial highlights

Profit and loss (USD mn) [1]	FY11A	FY12A	FY13A	1H14
Revenue	34.3	35.2	37.6	18.5
Gross profit	17.6	18.9	20.2	10.0
Gross margin	51.3%	53.4%	53.7%	54.1%
Net income	6.9	7.5	9.7	4.8
Net margin	20.1%	21.3%	25.8%	25.9%
Balance sheet				
Total assets	47.8	43.8	46.1	46.6
Shareholders' equity	32.2	33.2	38.0	37.2
ROE (%) [2]	21.4%	22.6%	25.5%	25.8%

[1] Includes other rental income and expenses.

[2] Annualised ROE (%).

An Giang Plant Protection (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 utilises its strong and extensive distribution network of 500 wholesalers and 4,500 retail outlets to distribute its 23 stock-keeping units (SKU). The company has over 3,000 employees in offices in Ho Chi Minh City, the Mekong Delta and Cambodia, two pesticide and five seed factories, a laboratory, a packaging plant and rice mills.

The Company differentiates itself by directly sourcing from, and actively working with, local farmers to improve yield and quality via its Farmers' Friends network, thus increasing volume and profit margin for the whole value chain.

In 2013, the company launched its sixth rice mill, located in Hong Dan (Bac Lieu province). In total, six of the twelve rice mills planned for construction through 2016 are complete. Total capital expenditure for these twelve mills is estimated at approximately USD137 million.

For FY 2014, AGPP is targeting revenue of USD399 million, and a net profit of USD26 million, an increase of 13 and 8.5 per cent, respectively, year-on-year. As at 30 June 2014, the company's market capitalisation was approximately USD260 million, equivalent to a trailing P/E and P/B ratio of 12.9x and 2.8x respectively. As at 30 June 2014, VOF held a stake in AGPP valued at USD61.3 million.

Financial highlights

Profit and loss (VND bn)	**FY11A**	**FY12A**	**FY13A**	**1H14**
Revenue	4,869	6,336	7,436	4,127
Net income	427	421	500	249
Net margin	8.8%	6.6%	6.7%	6.0%
EPS (adjusted)	6,876	6,440	7,657	3,819
Balance sheet (VND bn)				
Total assets	2,707	3,570	4,693	5,634
Shareholders' equity	1,225	1,408	1,631	1,969
ROE (%) [1]	34.9%	29.9%	30.7%	25.3%
Valuation (VND bn)				
PER (x)	7.9	7.8	8.7	12.9
P/B (x)	2.7	2.3	2.7	2.8
Dividend yield (%)	5.5%	4.0%	4.3%	n/a

[1] Annualised ROE (%).

Eximbank (EIB)
Eximbank is the eighth largest lender in Vietnam, with the loan book representing 2.3 per cent of total credit in the banking system. 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 retail operational networks with 207 locations nationwide.

EIB gross loans declined by 4 per cent while total assets contracted by 22 per cent in the first six months of 2014. The decline in gross loans was because EIB actively reduced low margin retail loans while the decline in total assets was due to a 40 per cent cut in low margin interbank balances.

Net profit declined by 10 per cent in 1H2014 due to lower net interest income and a rising provision expense for bad debt. Non-performing loans as a percentage of gross loans increased to 2.9 per cent in June (from 2.0 per cent in December). Net interest margins slightly improved to an average of 2.2 per cent in 1H thanks to efforts in the reduction of low margin lending products. Operating costs declined by 6 per cent in the first 6 months of 2014.

EIB's share price closed 30 June 2014 at VND13,200, representing a market capitalisation of USD776 million, a trailing P/E ratio of 27.5x and a P/B ratio of 1.1x. As of 30 June 2014, VOF held a 5.0 per cent stake in Eximbank valued at USD38.5 million.

Financial highlights

Profit and loss (VND bn)	**FY11A**	**FY12A**	**FY13A**	**1H14**
Net interest income	5,363	4,901	2,736	1,529
Net profit	3,038	2,139	658	515
EPS (adjusted) (VND)	2,460	1,730	532	417
Balance sheet (VND bn)				
Total assets	183,567	170,156	169,835	132,045
Shareholders' equity	16,302	15,812	14,680	14,574
ROE (%) [1]	18.6%	13.5%	4.5%	7.1%
Valuation				
PER (x)	8.7	8.3	23.5	27.5
P/B (x)	1.2	1.1	1.1	1.1
Dividend yield (%)	9.0%	9.4%	4.0%	4.5%

[1] Annualised ROE (%).

Kinh Do Corporation (KDC)

Kinh Do Corporation (KDC) is a leading company in the Vietnamese confectionary market with a product portfolio of biscuits, cakes and ice cream. Additionally, KDC is currently the largest moon cake producer in Vietnam with volume of 2,600 tons per year.

For 1H2014, KDC generated a revenue of USD85.6 million and a consolidated net profit of USD4.4 million, increasing by 5 per cent and 19 per cent, respectively compared to same period last year. The modest growth in revenue (up 5 per cent) and the decline in operating profit (EBIT down 24 per cent) reflected low consumer spending in the confectionary market and rising marketing and promotion expenses during the period. However, net profit still jumped 19 per cent thanks to lower interest expense, lower corporate income tax and no one-off losses (1H2013 loss of 16 billion). In addition, we noted a recovery in sales growth in Q2 (up 12 per cent compared to -2 per cent in Q1) and expect a fairly good upcoming moon-cake season in Q3. KDC sales and profits are highly seasonal with 60 per cent of its revenue and earnings occurring typically higher in the second half of the year. KDC completed a 19 per cent private placement to strategic investors in May 2014 for USD83m.

KDC closed at VND60,000 per share as at 30 June 2014, representing a market capitalisation of USD510 million, a trailing P/E ratio of 24.3x and a P/B ratio of 1.9x. As at 30 June 2014, VOF held a 6.0 per cent stake in KDC valued at USD36.2 million.

Financial highlights

Profit and loss (VND bn)	**FY11A**	**FY12A**	**FY13A**	**1H14**
Revenue	4,247	4,286	4,561	1,797
Net profit	273	353	522	93
Net margin	6.4%	8.2%	11.4%	5.2%
EPS (adjusted) (VND)	2,275	2,206	3,126	435
Balance sheet (VND bn)				
Total assets	4,675	4,322	5,078	7,157
Shareholders' equity	3,815	4,010	4,883	6,630
ROE (%) [1]	7.2%	8.8%	10.7%	3.2%
Valuation				
PER (x)	11.0	18.1	16.9	24.4
P/B (x)	0.8	1.4	1.7	1.9
Dividend yield (%)	5.7%	5.2%	3.9%	3.4%

[1] Annualised ROE (%).

PetroVietnam Drilling (PVD)
PetroVietnam Drilling JSC (PVD) is a leading Vietnamese drilling-related services company, with parent, PetroVietnam, owning a 51 per cent stake. The company owns and operates five drilling rigs, including three jack-up rigs, one tender assist drilling rig (TAD) and 1 land rig, in addition to its leased jack-up fleet.

For Q2 2014, the company reported revenues of VND4,678 billion, an increase of 39.7 per cent year-on-year and net profit of VND577 billion, an increase of 30.3 per cent year-on-year. The key growth drivers were a 15.0 per cent increase in the average day rate for PVD's own jack-up rigs during the period; the increased number of leased rigs from three in Q2 2013 to eight in Q2 2014; and a higher utilisation rate for both owned and leased rigs. Additionally, the well services segment achieved an increase in capacity due to higher demand for all supporting services.

For 1H2014, PVD achieved VND9,000 billion in revenue and VND1,200 billion in net profit, an increase of 38.0 and 27.8 per cent year-on-year, respectively.

As at 30 June 2014, PVD closed at VND82,500 per share, representing a trailing P/E ratio of 9.5x and a P/B ratio of 2.0x. As of 30 June 2014, VOF held a stake in PVD valued at USD25.4 million.

Financial highlights

Profit and loss (VND bn)	FY11A	FY12A	FY13A	1H14
Net revenue	9,211	11,929	14,867	9,937
Net profit	1,067	1,322	1,883	1,327
Net margin (%)	11.7%	12.1%	13.5%	13.4%
EPS (adjusted) (VND)	5,088	5,621	7,533	4,825
Balance sheet (VND bn)				
Total assets	18,535	19,084	21,492	23,074
Shareholders' equity	6,202	6,992	9,838	11,097
ROE (%) [1]	17.2%	18.9%	19.1%	23.9%
Valuation				
PER (x)	6.3	6.0	8.0	9.5
P/B (x)	1.1	1.1	1.7	2.0
Dividend yield (%)	6.0%	4.0%	1.6%	0.0%

[1] Annualised ROE (%).

Hau Giang Pharmaceuticals (DHG)

Hau Giang Pharmaceuticals is one of the leading domestic pharmaceutical manufacturers in Vietnam. DHG's self-manufactured products accounted for 91 per cent of its total revenue in 1H2014. The company's total production was doubled to eight billion units when its new non-betalactam factory began operations in June after a trial run earlier this year.

1H2014 net revenue totaled USD81.1 million, an increase of 10.0 per cent year-on-year. Self-manufactured products was the largest revenue contributor, growing 15.0 per cent year-on-year. 1H2014 net income increased strongly to USD13.0 million (+12.4 per cent year-on-year). 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 production capacity and increase sales volume by nearly 20 per cent per annum over the next five years.

DHG closed at VND98,000 per share as at 30 June 2014, representing a market capitalisation of USD402 million, a trailing P/E ratio of 13.6x and a P/B ratio of 4.2x. As at 30 June 2014, VOF held a 7.2 per cent stake in the DHG valued at USD28.9 million.

Financial highlights

Profit and loss (VND bn)	**FY11A**	**FY12A**	**FY13A**	**1H14**
Revenue	2,491	2,931	3,527	1,703
Net income	420	497	589	273
Net margin	16.9%	17.0%	16.7%	16.0%
EPS (adjusted)	4,824	5,708	6,765	3,136
Balance sheet (VND bn)				
Total assets	1,996	2,377	3,074	3,129
Shareholders' equity	1,382	1,693	1,982	2,029
ROE (%) [1]	30.4%	29.4%	32.1%	26.9%
Valuation (VND bn)				
PER (x)	8.8	9.7	12.7	13.6
P/B (x)	2.6	2.8	3.8	4.2
Dividend yield (%)	3.6%	3.9%	2.2%	3.1%

[1] Annualised ROE (%).

PetroVietnam Technical Services Corporation (PVS)
PetroVietnam Technical Services Corporation (PVS) is a leading oil and gas services company in Vietnam with parent, PetroVietnam, owning a 51 per cent stake. The company owns and operates five main services, including ships servicing offshore operations, FPSO vessels, ports, seismic surveying, construction (oil platforms) and maintenance servicing of offshore platforms and vessels.

PVS reported consolidated results with revenues of VND13,203 billion (+14 per cent year-on-year) and net profit of VND787 billion (+45 per cent year-on-year) in 1H2014, thanks to better gross margin, lower interest expenses and robust growth in profit from associate and JV companies due to FPSO Lam Son coming into operation in June 2014. PVS' Shareholders approved a 12 per cent cash dividend for FY2014 at its AGM. The 2013 cash dividend (VND1,200 per share) was paid out in Q3 2014.

As at 30 June 2014, PVS closed at VND29,200 per share, representing a trailing P/E ratio of 7.0x and a P/B ratio of 1.6x. As of 30 June 2014, VOF held a stake in PVS valued at USD21.1 million.

Financial highlights

Profit and loss (VND bn)	**FY11A**	**FY12A**	**FY13A**	**1H14**
Net revenue	24,310	24,590	25,420	13,203
Net profit	1,420	1,120	1,582	787
Net margin (%)	5.8%	4.6%	6.2%	6.0%
EPS (adjusted) (VND)	4,144	3,268	3,538	1,761
Balance sheet (VND bn)				
Total assets	15,980	15,050	16,070	26,147
Shareholders' equity	5,910	6,250	8,220	8,340
ROE (%) [1]	24.0%	17.9%	19.2%	18.9%
Valuation				
PER (x)	3.7	4.2	5.7	7.0
P/B (x)	0.8	0.7	1.1	1.6
Dividend yield (%)	6.0%	4.0%	4.1%	4.1%

[1] Annualised ROE (%).

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 per cent compensated and cleared. In Q4 2011, the Century 21 Nam Rach Chiec project received a 1:500 master planning parameters approval and Investment Licence. The Long Thanh Dau Giay Highway running in front of the site is currently underway with completion and opening for traffic expected in early 2015. The revised 1:500 master plan in-principal approval was received in Q2 2014 and the formal approval for the revised 1:500 detailed master plan is expected by the end of 2014.

The strategy is to divest the commercial portion of the project and secure 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 has created interest among domestic and foreign investors.

Project summary

Sector	Residential (25ha) and retail (5ha)
Area	30ha; approved GFA 526,778 sqm
Location	District 2, Ho Chi Minh City
History	Acquired in June 2006
	Site cleared and compensated in June 2008
	Revised 1:500 master plan in-principal approval received in Q2 2014
	Targeting formal approval of detailed revised 1:500 master plan within 2014
Investment rationale	A 30ha site located along new infrastructure corridor in a new desirable suburban area.

VINACAPITAL MANAGEMENT TEAM

Don Lam

Chief Executive Officer

Don Lam, a founding partner of VinaCapital, has more than 20 years of experience in Vietnam. He has overseen VinaCapital's growth from manager of a single USD10 million fund in 2003 into a leading investment management and real estate development firm in Southeast Asia, with a diversified portfolio of USD1.5 billion in assets under management. Before founding VinaCapital, Mr Lam was a partner at PricewaterhouseCoopers (Vietnam), where he led the corporate finance and management consulting practices throughout the Indochina region. Additionally, Mr Lam set up the VinaCapital Foundation whose mission is to empower the children and youth of Vietnam by providing opportunities for growth through health and education projects. He also is the Vice-Chairman, Global Agenda Council on ASEAN for the World Economic Forum. 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 License 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 is Managing Director and Chief Investment Officer of VinaCapital, where he oversees the capital markets, private equity, fixed income and venture capital investment teams. Previously, Mr Ho was Director of Investment at Prudential Vietnam's fund management company, where he managed the capital markets portfolio and Prudential's bank investment strategy. He has also held management positions at Dell Ventures (the investment group of Dell Computer Corporation) and Ernst & Young. Mr Ho is a leading authority on capital markets investment, privatisations, and private equity deals and structures in Vietnam, where he has led private placement deals totalling over USD700 million. 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 investments. Ms Dang has led numerous private equity and private placement deals for VOF, and holds board positions at several VOF investee companies, including Hoa Phat Group and Quoc Cuong Gia Lai. Ms Dang 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.

Duong Vuong

Deputy Managing Director

Duong Vuong is responsible for VOF's capital market investments. Mr Vuong has 19 years of investment experience including the last 7 years in Vietnam. Previously, Mr Vuong was a Research Head at PXP Vietnam Asset Management where he managed a team of analysts responsible for producing investment ideas for all of the firm's portfolios. Prior to working in Vietnam, he held various positions including Senior Investment Analyst for ADIA in Abu Dhabi and Banks Analyst for Merrill Lynch in London. He is a CFA charter holder having gained the CFA designation in 2001

SECTION 3

BOARD OF DIRECTORS

Steven Bates

Non-executive Chairman (Independent)

Steven Bates is a veteran investor in emerging markets, spending most of his career with the Fleming Group and its successor JP Morgan Asset Management, where he led the emerging markets team. Over the past 11 years Mr Bates has continued to manage investments across the emerging world working for Guardian Capital and has added a number of non-executive roles in investment companies.

Martin Adams

Non-executive Director (Independent)

Martin Adams has over 30 years' investment and banking experience in emerging markets and has forged a career serving as an independent director to the Boards of listed and unlisted funds. He is currently chairman of Eastern European Property Fund, Kubera Cross Border Fund, Trading Emissions, Trinity Capital and Vietnam Resources Investments and a non-executive director of a number of other funds.

Michael Gray

Non-executive Director (Independent)

Michael G. Gray has over 30 years' professional accounting experience and trained as a chartered accountant with Coopers & Lybrand in the UK. He was admitted as a member to the Institute of Chartered Accountants of England and Wales (FCA) in 1976. Prior to his accounting career, Mr Gray spent 10 years in the shipping industry. Apart from being a FCA, 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 (Honoris Causa) 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.

Mr Gray was a partner in PricewaterhouseCoopers Singapore and was the founding Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos). He is a board member of several listed companies in Singapore, including Avi-tech Electronics Ltd, GSH Corporation Holdings Ltd, Ascendas India Trust. Mr Gray has also held many positions in Boards of Voluntary Welfare Organisations and government committees in Singapore.

Thuy Bich Dam

Non-executive Director (Independent)

Ms Thuy Bich Dam began her career at Vietnam's Ministry of Science, Technology and Environment National Patent Office, responsible for coordinating treaties between the government and the World Intellectual Property Organisation (WIPO) and the European Patent Office (EPO). From 1996 to 2005, Ms Dam worked as the Natural Resources Director of ANZ Investment Bank (Singapore). Following this, Ms Dam was appointed as the CEO Vietnam, CEO Greater Mekong Region and Vice Chairwoman for the Greater Mekong Region for ANZ Bank Vietnam over a span of nearly eight years. Ms Dam is currently the Head of Group Development Southeast Asia for the National Australian Bank. She holds a Bachelors degree in English from Hanoi University, an MBA Finance from The Wharton School of Business and completed the Advanced Management Program from Harvard Business.

Martin Glynn

Non-executive Director (Independent)

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.

Don Lam

Non-executive Director

Don Lam, a founding partner of VinaCapital, has more than 20 years of experience in Vietnam. He has overseen VinaCapital's growth from manager of a single USD10 million fund in 2003 into a leading investment management and real estate development firm in Southeast Asia, with a diversified portfolio of USD1.5 billion in assets under management. Before founding VinaCapital, Mr Lam was a partner at PricewaterhouseCoopers (Vietnam), where he led the corporate finance and management consulting practices throughout the Indochina region. Additionally, Mr Lam set up the VinaCapital Foundation whose mission is to empower the children and youth of Vietnam by providing opportunities for growth through health and education projects. He also is the Vice-Chairman, Global Agenda Council on ASEAN for the World Economic Forum. 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 License 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 2013 to 30 June 2014 ("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 2014 and to the date of this report, the Company complied with the AIM rules for companies.

The Company's investments are managed by VinaCapital Investment Management Limited ("VCIM" or the "Investment Manager").

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 primarily 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 116 to 119. The valuation policy can be found on page 118.

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 6 and the Investment Manager's Report on pages 7 to 31 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 which VNL is 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 to be 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 investments.

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 55 to 113.

The Board does not recommend the payment of a dividend for the year (year ended 30 June 2013: 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 2014, a total of 86,355,265 million shares had been bought back, a return of capital to shareholders of approximately USD166.4 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 42 per cent at the commencement of the buyback programme in November 2011 to 23.5 per cent as at 30 June 2014; and
- Since the commencement of the buyback programme, the NAV per share has been enhanced by approximately 36 cents per share from these buybacks, equating to a 12.3 per cent benefit to the Company's NAV per share.

As at 27 October 2014, being the latest practicable date prior to the publication of this report, 92,984,983 million shares had been bought back. The total amount paid for these shares was USD 184.1 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 86,355,265 were held in treasury. As at 27 October 2014, there were 324,610,259 ordinary shares in issue of which 92,984,983 were held in treasury and 231,625,276 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 in 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 per cent 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 at 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 per cent per annum of the NAV of the Group to 1.5 per cent 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 per cent of the performance subject to an 8 per cent hurdle and full catch up. Under the new Agreement, the level of Incentive Fee has reduced to 15 per cent 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 per cent 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 per cent (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 per cent hurdle rate), the last NAV per share that a performance fee was paid, before any future incentive fee can be earned.

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 deputies Loan Dang and Duong Vuong and a further 13 investment analysts. 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, appointed as chairman on 1 May 2013
Martin Adams	Director	5 February 2013
Thuy Dam	Director	7 March 2014
Martin Glynn	Director	18 March 2008
Michael Gray	Director	24 June 2009
Don Lam	Director	18 March 2008

The biographies of the Directors in office as at the date of this report are shown on pages 32 and 33.

As set out in the Chairman's Statement on pages 2 to 6, Mr Glynn and Mr Lam will not seek re-election at the forthcoming AGM.

The UK Corporate Governance Code, published by the Financial Reporting Council in September 2012 ("UK Code"), provides that all directors of FTSE 350 companies should be subject to annual election by shareholders. Although VOF, as an AIM quoted 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. As explained in the 2013 Annual Report and Accounts the Board has decided that all Directors will stand for election annually. Accordingly, Messrs Bates, Adams and Gray will each retire and stand for re-election at the 2014 Annual General Meeting. The UK Code also provides that all directors should be subject to election by shareholders at the first annual general meeting following their appointment. Accordingly Ms Thuy, who was appointed on 7 March 2014, will retire and stand for election at the 2014 Annual General Meeting.

Directors' interests in the Company

As at 30 June 2014, the interests of the Directors in the shares are as follows:

	Direct holding	Indirect holding	Approximate direct and indirect holding
Steven Bates	–	–	–
Martin Adams	–	–	–
Thuy Dam	–	–	–
Martin Glynn	60,000	–	0.018%
Michael Gray	100,000	–	0.031%
Don Lam	1,005,859	235,342	0.382%

There have been no changes to any holdings between 30 June 2014 and the date of this report.

Substantial Shareholdings

As at 30 June 2014 and 31 August 2014, the Directors are aware of the following interests in the Company's voting rights:

	30 June 2014		31 August 2014	
Shareholder	Number of ordinary shares	% of voting rights	Number of ordinary shares	% of voting rights
Lazard Asset Management LLC	18,917,309	7.98	19,356,720	8.16
Bank of New York Mellon SA	14,635,404	6.14	14,690,404	6.21
UBS Zurich	14,635,404	6.14	15,938,409	6.73
SMBC NIKKO	14,499,533	6.09	13,900,000	5.87
State Street Bank Trust	7,823,348	3.28	8,198,348	3.46
Bank Julius Baer, Zurich	7,805,277	3.28	7,907,923	3.34
Credit Suisse	7,636,594	3.22	8,959,743	3.74

Annual General Meeting ("AGM")

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 Company's first AGM was held in November 2013 in Zurich. The Company's second AGM will be held at 4pm local time on Wednesday, 26 November 2014 at the offices of VinaCapital Singapore at 6 Temasek Boulevard, #42-01, Suntec Tower 4, Singapore 038986. The Notice of Meeting is set out on pages 114 to 115. 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 2014.

Resolutions 2 – 5 – Re-election of Directors

As set out on page 42 all Directors will retire and submit themselves for re-election annually. The Board is satisfied that each of the Directors continues to be effective and demonstrates a commitment to the role and that each of the Directors continues to be able to dedicate sufficient time to their duties.

The Directors believe that the Board continues to include an appropriate balance of skills knowledge which include significant financial experience, extensive knowledge of South East Asia and experience of public companies listed on the London Stock Exchange.

Full biographies of all the Directors are set out on pages 32 and 33 and are also available for viewing on VCIM's website (http://www.vinacapital.com).

Resolution 6 – re-appointment of auditor

The Board is proposing the re-appointment of PricewaterhouseCoopers ("PwC") as the Group's auditor for the financial year to 30 June 2015. This resolution, if passed, also gives authority to the Directors to determine the auditor's remuneration.

Auditor

The Group's Auditor is PwC. PwC was appointed in November 2011, following a tender process. Shareholders approved their re-appointment at the 2013 AGM.

Corporate Governance

The Corporate Governance Statement on pages 45 to 52 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

No significant events have occurred since the reporting date which would impact on the financial position of the Group as disclosed in the Consolidated Balance Sheet as at 30 June 2014 or on the results and operations and cash flows of the Group for the year then ended.

On behalf of the Board

Steven Bates
Chairman
VinaCapital Vietnam Opportunity Fund Limited
28 October 2014

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 is 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 of the London Stock Exchange. 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 preamble 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.

City Code on Takeovers and Mergers (the "City Code")
The Panel on Takeovers and Mergers supervises and regulates takeovers and other matters to which the City Code applies. The City Code does not apply to the Company.

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

The Board meets at least four times a year and uses a structured agenda to ensure that 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 2014, the number of scheduled Board and Committee meetings attended by each Director was as follows:

	Board meetings	Audit and Valuation Committee meetings	Management Engagement Committee meetings*	Nomination Committee meetings*	Remuneration Committee meetings*
Steven Bates†	5 (5)	6 (6)	2 (2)	1 (1)	2 (2)
Martin Adams‡	5 (5)	6 (6)	2 (2)	1 (1)	2 (2)
Thuy Dam	3 (3)	2 (2)	0 (0)	0 (0)	0 (0)
Martin Glynn	5 (5)	6 (6)	2 (2)	1 (1)	2 (2)
Michael Gray±	5 (5)	6 (6)	2 (2)	1 (1)	2 (2)
Don Lam	5 (5)	N/A	N/A	N/A	N/A

† Steven Bates is Chairman of the Board and the Nomination Committee.

‡ Martin Adams is Chairman of the Management Engagement Committee.

± Michael Gray is Chairman of the Audit and Valuation Committee.

* During the year the Remuneration, Nomination and Management Engagement Committee ceased to exist. Meetings held by that Committee have been included in the calculation of meetings held by the Management Engagement Committee, Nomination Committee and Remuneration Committee held during the year.

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. Mr Lam is not a member of any of the Board Committees, so his attendance at those meetings is not included in the table above.

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 which 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

Steven Bates is 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 five 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. Mr Lam and Mr Glynn will not be seeking re-election at the 2014 AGM. Following their retirement the Board will consist of four non-executive directors all of whom are independent of VCIM.

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 32 and 33.

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 Nomination Committee, a final candidate is nominated and presented to the Board for final consideration.

Re-election of Directors

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

Following recommendations from the Nominations Committee, the Board considers that all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. Messers Bates, Adams and Gray will seek re-election at the Company's forthcoming AGM. Being the first AGM since her appointment, Ms Thuy will seek election at the forth coming AGM. Below are brief descriptions of the experience and knowledge the Directors standing for election/re-election 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.

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

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, and is a very effective advocate for applying the highest standards across all areas of the Company's operations.

Thuy Dam – has had a distinguished career as a banker in the Indochina region, mostly spent with ANZ Banking Group. She has unusually extensive knowledge of the Vietnamese investment environment and brings an independent and expert view of many of the issues faced by the Company.

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 four Board committees in operation: the Audit and Valuation Committee, Management Engagement Committee, Remuneration Committee and Nomination 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 46. 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
The Audit and Valuation Committee, which will meet at least twice a year, comprises all 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 and Valuation 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 and Valuation 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 Audit and Valuation Committee's Chairman presents the Committee's findings to the Board at each Board meeting.

Management Engagement Committee
The Management Engagement Committee comprises all independent Directors and is chaired by Mr Adams. The Committee's responsibilities include: reviewing 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 independent Directors and was chaired by Mr Glynn for the year to 30 June 2014. Following his retirement after the AGM, the Chairmanship will be taken on by Ms Dam. 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 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 which 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.

Following a tender process and after the Company's year end, KPMG were replaced by EY, with the agreement of the Board. The Board will continue to have direct access to the internal auditor who will be responsible for the implementation of a detailed plan which has been agreed by the Board. EY will also respond to specific requests of the directors and will disclose all applicable findings to the Board.

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 Wednesday, 26 November 2014 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 USD500,000 (or such higher amount as may be approved by the Company in a general meeting) in respect of any 12-month period.

For the year to 30 June 2014, Directors' remuneration remained the same, being 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.

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 2014 USD	Year to 30 June 2013 USD
Steven Bates (appointed 5 February 2013)	90,000	27,500
William Vanderfelt (resigned 1 May 2013)	–	75,000
Martin Adams (appointed 5 February 2013)	80,000	18,333
Thuy Dam (appointed 7 March 2014)	19,000	–
Michael Gray	90,000	60,000
Martin Glynn	80,000	60,000
Don Lam	–	–
	364,000	240,833

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 errors.

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 2014 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
VinaCapital Vietnam Opportunity Fund Limited
28 October 2014

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements set out on pages 55 to 113, which comprise the consolidated balance sheet of VinaCapital Vietnam Opportunity Fund Limited ("the Company") and its subsidiaries (together "the Group") as at 30 June 2014, the consolidated statements of changes in equity, the consolidated statement of income, the consolidated statement of comprehensive income, 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 controls 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 controls. 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 2014, 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
28 October 2014

CONSOLIDATED FINANCIAL STATEMENTS

	Note	30 June 2014 USD'000	30 June 2013 USD'000
ASSETS			
Non-current			
Plant and equipment		3,114	3,093
Investment properties		4,175	3,722
Interests in associates	5	169,505	182,090
Prepayments for acquisition of investment properties	6	7,895	8,239
Financial assets at fair value through profit or loss	11	4,697	4,697
Available-for-sale financial assets	7	6,033	5,784
Long-term loan to an associate	28(d)	–	1,325
Other non-current assets		792	207
Total non-current assets		**196,211**	**209,157**
Current			
Inventories	9	7,216	7,413
Trade and other receivables	10	14,515	17,918
Short-term loans to related parties	28(d)	5,235	7,501
Financial assets at fair value through profit or loss	11	552,339	467,762
Available-for-sale financial assets	7	–	8,700
Term deposit		4,695	–
Cash and cash equivalents	12	21,551	53,392
Total current assets		**605,551**	**562,686**
Assets classified as held for sale	13	3,726	–
Total assets		**805,488**	**771,843**

The notes on pages 63 to 113 are an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES	Note	30 June 2014 USD'000	30 June 2013 USD'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	14	3,246	3,246
Additional paid-in capital		722,064	722,064
Treasury shares	15	(165,939)	(113,639)
Revaluation reserve	16	33,281	31,376
Available-for-sale financial assets reserve		–	4,336
Foreign currency translation reserve		(19,186)	(18,763)
Retained earnings		205,489	123,823
Total equity attributable to shareholders of the Company		**778,955**	**752,443**
Non-controlling interests		**849**	**1,089**
Total equity		**779,804**	**753,532**
LIABILITIES			
Non-current			
Other long-term liabilities		189	236
Total non-current liabilities		**189**	**236**
Current			
Short-term bank borrowings	17	7,839	2,261
Trade and other payables	18	4,566	13,658
Payable to related parties	28(c)	13,090	2,156
Total current liabilities		**25,495**	**18,075**
Total liabilities		**25,684**	**18,311**
Total equity and liabilities		**805,488**	**771,843**
Net asset value, USD per share attributable to shareholders of the Company	26(c)	**3.27**	**2.88**

The notes on pages 63 to 113 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to shareholders 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	Foreign currency translation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
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	–	–	–	–	–	–	–	**–**	1,442	**1,442**
Transactions with shareholders										
Ordinary shares repurchased	–	–	(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**
Balance at 1 July 2013	**3,246**	**722,064**	**(113,639)**	**31,376**	**4,336**	**(18,763)**	**123,823**	**752,443**	**1,089**	**753,532**
Profit for the year	–	–	–	–	–	–	81,666	**81,666**	(239)	**81,427**
Other comprehensive income/(loss)	–	–	–	1,905	(4,336)	(423)	–	**(2,854)**	(1)	**(2,855)**
Total comprehensive income/(loss) for the year	–	–	–	1,905	(4,336)	(423)	81,666	**78,812**	(240)	**78,572**
Transactions with shareholders										
Ordinary shares repurchased	–	–	(52,300)	–	–	–	–	**(52,300)**	–	**(52,300)**
Balance at 30 June 2014	**3,246**	**722,064**	**(165,939)**	**33,281**	**–**	**(19,186)**	**205,489**	**778,955**	**849**	**779,804**

The notes on pages 63 to 113 are an integral part of these consolidated financial statements.

Consolidated Statement of Income

	Note	Year ended 30 June 2014 USD'000	Year ended 30 June 2013 USD'000
Revenue	19	11,445	9,982
Cost of sales	19	(8,377)	(7,639)
Gross profit		**3,068**	**2,343**
Dividend income		19,804	23,906
Interest income	20(a)	1,951	3,427
Fair value gain of financial assets at fair value through profit or loss, net	21	97,307	89,254
Fair value gain on investment property		473	-
Selling, general and administration expenses	22(a)	(26,864)	(20,740)
Other income	23	6,558	11,122
Other expenses	24	(14,725)	(9,327)
Operating profit		**87,572**	**99,985**
Finance income	20(b)	224	89
Finance costs	20(b)	(938)	(1,136)
Finance costs, net		(714)	(1,047)
Share of losses of associates, net of tax	5	(4,230)	(8,214)
		(4,944)	(9,261)
Profit before tax		**82,628**	**90,724**
Corporate income tax		(64)	(16)
Withholding taxes on investment income		(1,137)	(656)
Profit for the year		**81,427**	**90,052**
Profit attributable to:			
Shareholders of the Company		81,666	90,254
Non-controlling interests		(239)	(202)
		81,427	90,052
Earnings per share – basic and diluted (USD per share)	**26(a),(b)**	**0.33**	**0.31**

The notes on pages 63 to 113 are an integral part of these consolidated financial statements.

		Year ended	
	Note	30 June 2014 USD'000	30 June 2013 USD'000
Profit for the year		**81,427**	**90,052**
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss:			
– Disposal of available-for-sale financial assets		(4,336)	(9,844)
– Currency translation differences		(424)	(1,903)
		(4,760)	**(11,747)**
Items that will not be reclassified subsequently to profit or loss:			
– Share of revaluation reserve of associates	16	1,905	3,994
Other comprehensive loss for the year		**(2,855)**	**(7,753)**
Total comprehensive income for the year		**78,572**	**82,299**
Attributable to:			
Shareholders of the Company		78,812	82,652
Non-controlling interests		(240)	(353)
		78,572	**82,299**

The notes on pages 63 to 113 are an integral part of these consolidated financial statements.

	Note	Year ended 30 June 2014 USD'000	Year ended 30 June 2013 USD'000
Cash flows from operating activities			
Profit before tax		82,628	90,724
Adjustments for:			
– Asset depreciation and write off		674	531
– Net gain from realisation of financial assets at fair value through profit or loss	21	(9,134)	(34,753)
– Unrealised gain from revaluation of financial assets at fair value through profit or loss	21	(88,173)	(54,501)
– Loss on acquisition of investment		–	449
– Gain on disposal of available-for-sale financial assets	23	(4,336)	(9,954)
– Loss on disposal of associates		–	667
– Fair value gain of investment properties		(473)	–
– Gain on disposal of plant and equipment		(69)	–
– Share of losses of associates	5	4,230	8,214
– Unrealised losses from foreign exchange differences	20(b)	76	168
– Interest expense	20(b)	573	281
– Reversal of impairment losses	23	(249)	–
– Impairment of other assets	24	14,045	1,937
(Loss)/profit before changes in working capital		**(208)**	**3,763**
Change in trade receivables and other assets		(3,184)	2,604
Change in inventories		197	(238)
Change in trade payables and other liabilities		9,041	3,359
Income taxes paid		(1,201)	(672)
Net cash inflow from operating activities		**4,645**	**8,816**

The notes on pages 63 to 113 are an integral part of these consolidated financial statements.

	Note	Year ended 30 June 2014 USD'000	Year ended 30 June 2013 USD'000
(continued)			
Cash flows from investing activities			
Purchases of plant and equipment		(756)	(400)
Proceeds from disposal of plant and equipment		96	–
Dividends received	5	2,837	4,750
Acquisition of a subsidiary, net of cash acquired		–	(1,235)
Financial assets at fair value through profit or loss:			
– Acquisitions of investments		(76,216)	(104,865)
– Proceeds from disposals		88,947	148,843
Investments in associates:			
– Acquisition of investments		(1,137)	(46)
– Investment refunded		–	313
– Proceeds from disposals		2,663	–
Available-for-sale financial assets:			
– Proceed from disposals		–	19,650
Assets classified as held for sale:			
– Proceed from disposals		5,375	25,238
Term deposit at bank		(4,695)	–
Shareholder loans:			
– Advances made		(1,888)	(1,779)
– Repayments received	28(d)	2,829	1,514
Net cash inflow from investing activities		**18,055**	**91,983**

The notes on pages 63 to 113 are an integral part of these consolidated financial statements.

	Note	Year ended 30 June 2014 USD'000	Year ended 30 June 2013 USD'000
(continued)			
Cash flows from financing activities			
Interest paid	20(b)	(573)	(281)
Ordinary shares bought back		(59,545)	(88,609)
Loan proceeds from banks		25,798	7,087
Loan repayments to banks		(20,221)	(6,638)
Net cash outflow from financing activities		**(54,541)**	**(88,441)**
Net (decrease)/increase in cash and cash equivalents for the year		**(31,841)**	**12,358**
Cash and cash equivalents at the beginning of the year		53,392	41,034
Cash and cash equivalents at the end of the year	12	**21,551**	**53,392**

The notes on pages 63 to 113 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 principal objective is to undertake various forms of investment, primarily in Vietnam, as well as Cambodia, Laos and southern China. The Group and the Company invest in listed and unlisted companies, debt instruments, private equity, real estate assets, and other opportunities with the objective of achieving medium to long-term capital appreciation and investment income.

The Company is listed on the AIM market of the London Stock Exchange under the ticker symbol VOF.

The Group is managed by VinaCapital Investment Management Limited (the "Investment Manager" or "VCIM"), an investment management company incorporated in the Cayman Islands, under an amended and restated Investment Management Agreement dated 24 June 2013 which became effective as of 1 July 2013 (the "Amended Management Agreement").

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 Board 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 2014 were approved for issue by the Board on 28 October 2014.

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 the Company have been prepared in accordance with IFRS as issued by the 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 judgement to be exercised in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policy and disclosures

a) *New standards and amendments adopted by the Group*

The following new standards and amendments are mandatory for the first time for the financial year beginning 1 July 2013 and the Group adopted them in these consolidated financial statements:

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

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

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 IFRSs. The requirements, which are largely aligned between IFRSs 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 IFRSs.

b) *New standards, amendments and interpretations issued but not yet in effect for the financial year beginning on or after 1 July 2013 and have not been adopted early 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 adopted early by the Group. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements are 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.

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)

Amendments to IFRS 10, 'Consolidated financial statements', apply to a particular class of business that qualify as Investment Entities. The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. The Group intends to adopt the Amendments to IFRS 10 in the effective accounting year ending 30 June 2015.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13. The Group intends to adopt the Amendments to IAS 36 in the effective accounting year ending 30 June 2015.

IFRS 15, 'Revenue from contracts with customers', sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). The Group is yet to assess IFRS 15 full impact and intends to adopt IFRS 15 no later than the accounting year ending 30 June 2018.

There are no other IFRS or IFRS Interpretations Committee ("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, including structured entities, over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated on the date that 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 value 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 an amount equal to the proportion of the non-controlling interest of the acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

a) Subsidiaries (continued)

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

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 re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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

b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee company 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Consolidation *(continued)*

b) Associates (continued)

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.

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 from 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 (VND). The financial statements prepared using the functional currency is 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

b) *Transactions and balances (continued)*

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.

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 consolidated balance sheet presented are translated at the closing rate at the date of that consolidated 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 other comprehensive income.

2.5 Non-current assets (or disposal groups) 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 are designated 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.

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" (Notes 2.11), "Cash and cash equivalents" (Notes 2.12) and "Other financial asset" in the consolidated balance sheet.

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 there is the intention to dispose of them 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, de-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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Financial assets *(continued)*

2.6.2 Recognition, de-recognition and measurement *(continued)*

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

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

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

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

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

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Impairment of assets

a) Impairment of non-financial assets

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

b) Impairment of financial assets

Assets carried at amortised cost

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

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

For the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Impairment of assets *(continued)*

b) Impairment of financial assets (continued)

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.

2.10 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 ordinary 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Share capital *(continued)*

Any transaction costs associated with the issuing of ordinary 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 treasury shares are cancelled or reissued.

Where such treasury shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.15 Revaluation reserve

The revaluation reserve arises from the revaluation of buildings and leasehold land improvements including hotels and golf courses held by the 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Current and deferred income tax *(continued)*

a) Corporate income tax (continued)

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

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

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated 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.

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 flows 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 are individuals owning directly, or indirectly, an interest in the voting power of the Company that gives them significant influence over the entity, key management personnel, including directors and officers of the Company, the Investment Manager and their close family members. In considering related party relationships, 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, 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

The Group's real estate properties are stated at fair value in accordance with accounting policies. The fair values of properties are based on valuations by independent professional valuers including CBRE, Savills, Jones Lang LaSalle, Cushman & Wakefield and HVS. These valuations are based on certain assumptions which are subject to uncertainty and might materially differ from the actual results of a sale. The estimated fair values provided by the independent professional valuers are used by the Audit and Valuation Committee as the primary basis for estimating each property's fair value for recommendation to the Board.

In making its judgement, the Audit and Valuation Committee considers information from a variety of sources including:

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.

Discount rates ranging from 14% to 22% (30 June 2013: 14% to 22%) are considered appropriate by independent valuation firms for properties in different locations. Gains and losses from changes in fair value of properties within 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

3.1 Critical accounting estimates and assumptions *(continued)*

Fair value of financial assets
The fair values of listed securities are based on quoted market prices at the close of trading on the reporting date. For unlisted securities which are traded in an active market, the fair value is the average quoted prices at the close of trading obtained from a minimum sample of three reputable securities companies at the reporting date. Other relevant measurement bases are used if broker quotes are not available or if better and more reliable information is available.

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

At the reporting date, the Group has interests in certain investee companies with less than 20% voting power but these are accounted for as associates of the Group (Note 5) based on the following criteria:

a) The Group has representation on the board of the investee company;

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

c) There was change of management personnel; or

d) The Group provides essential technical information.

Those investments where the Group has more than 20% interest but does not have significant influence are accounted for as investments (Note 11).

4 SEGMENT ANALYSIS

In identifying its operating segments, the Group generally follows the sectors of investment which are based on internal management reporting, monitoring of investments and decision making. The operating segments by investment portfolio include capital markets (publicly listed securities and over-the-counter ("OTC") traded securities), real estate (real estate and hospitality), private equity and cash (cash and cash equivalents, short-term deposits and fixed income investments). On a look through basis, there are no material investments outside of Vietnam.

Each of the operating segments is managed and monitored individually as each requires different resources and approaches. The segment profit or loss is assessed using a measure of operating profit or loss from the underlying investments. Although IFRS 8 requires measurement of segmental profit or loss, the majority of expenses are common to all segments and 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 is presented 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 2014					
Revenue	–	–	11,445	–	11,445
Cost of sales	–	–	(8,377)	–	(8,377)
Dividend income	19,804	–	–	–	19,804
Interest income	–	824	–	1,127	1,951
Gains from financial assets at fair value through profit or loss, net:					
– Listed and unlisted securities	96,592	–	–	–	96,592
– Government bonds	715	–	–	–	715
Selling and other expenses	–	–	(3,327)	–	(3,327)
Fair value gain of investment property	–	473	–	–	473
Share of losses of associates, net of tax	–	(4,230)	–	–	(4,230)
Finance income	–	–	224	–	224
Other income	–	1,730	4,828	–	6,558
	117,111	**(1,203)**	**4,793**	**1,127**	**121,828**

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
Less: Unallocated expenses					**(39,200)**
Profit before tax					**81,428**
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
Gains from financial assets at fair value through profit or loss, net:					
– Listed and unlisted securities	88,619	–	–	–	88,619
– Government bonds	635	–	–	–	635
Selling and other expenses	–	–	(3,330)	–	(3,330)
Share of losses of associates, net of tax	–	(8,214)	–	–	(8,214)
Finance income	–	–	89	–	89
Other income	–	1,307	9,815	–	11,122
	113,160	(6,907)	8,917	3,427	118,597
Less: Unallocated expenses					**(27,873)**
Profit before tax					**90,724**

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 2014					
Investment properties	–	4,175	–	–	4,175
Interests in associates	–	169,505	–	–	169,505
Prepayments for acquisition of investment properties	–	7,895	–	–	7,895
Financial assets at fair value through profit or loss					
– Non-current	–	–	4,697	–	4,697
– Current	533,098	–	–	19,241	552,339
Available-for-sale financial assets:					
– Non-current	–	6,033	–	–	6,033
– Current	–	–	–	–	–
Other non-current assets	–	–	3,906	–	3,906
Inventories	–	–	7,216	–	7,216
Term deposit	–	–	–	4,695	4,695
Cash and cash equivalents	–	–	–	21,551	21,551
Other current assets	2,563	7,842	2,885	6,460	19,750
Assets classified as held for sale	–	3,726	–	–	3,726
Total assets	**535,661**	**199,176**	**18,704**	**51,947**	**805,488**
Total assets include:					
additions to non-current assets	**–**	**1,137**	**756**	**–**	**1,893**

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 2013					
Investment property	–	3,722	–	–	3,722
Interests in associates	–	182,090	–	–	182,090
Prepayments for acquisition of investment properties	–	8,239	–	–	8,239
Financial assets at fair value through profit or loss					
– Non-current	–	–	4,697	–	4,697
– Current	439,830	–	10,180	17,752	467,762
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
Inventories	–	–	7,413	–	7,413
Cash and cash equivalents	–	–	–	53,392	53,392
Other current assets	1,423	11,234	6,302	6,460	25,419
Total assets	**441,253**	**212,394**	**40,592**	**77,604**	**771,843**
Total assets include:					
additions to non-current assets	**–**	**484**	**400**	**–**	**884**

5 INTERESTS IN ASSOCIATES

	30 June 2014 USD'000	30 June 2013 USD'000
Investments in associates	141,891	146,966
Long-term loan receivables (Note 28(d))	27,614	35,124
Interests in associates	**169,505**	**182,090**
The movement in investments in associates is analysed as follows:		
Opening balance	146,966	172,341
Additional investments	1,137	484
Share of losses, net of tax	(4,230)	(8,214)
Share of change in revaluation reserve	1,905	3,994
Reclassified from long-term loan receivables (Note 28(d))	7,860	–
Transfer to assets classified as held for sale (Note 13)	(9,101)	–
Transfer to subsidiary	–	(8,058)
Dividends received	(2,837)	(4,750)
Disposals	–	(7,088)
Share of translation differences	191	(1,743)
Closing balance	**141,891**	**146,966**

5 INTERESTS IN ASSOCIATES *(continued)*

Set out below are the associates of the Group as at 30 June 2014, which, in the opinion of the Board of Directors, are material to the Group. The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investments in associates at 30 June 2014 and 30 June 2013:

Name	Country of incorporation/ place of business	Nature of business	% ownership	Measurement method
The 21st Century International Development Company Ltd.	Vietnam	Property development	25.00	Equity method
VinaCapital Danang Golf Course Ltd.	Vietnam	Golf course & property development	25.00	Equity method
Vina Dai Phuoc Corporation (*)	Vietnam	Property development	18.00	Equity method
Hung Vuong Corporation	Vietnam	Retails & residential	33.24	Equity method
Vina Alliance Limited (*)	Vietnam	Property development	15.50	Equity method
S.E.M Thong Nhat Hotel Metropole	Vietnam	Hospitality	50.00	Equity method

(*) Although the Group holds less than 20% of the equity shares in Vina Alliance Limited and Vina Dai Phuoc Corporation, 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.

There were no significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends or to repay loans or advances made. In addition, there are no contingent liabilities relating to the Group's interests in the associates.

5 INTERESTS IN ASSOCIATES *(continued)*

Set out below are the summarised financial information for associates which are accounted for using the equity method.

Summarised balance sheet

	The 21st Century International Development Company Ltd.		VinaCapital Danang Golf Course Ltd.		Vina Dai Phuoc Corporation		Hung Vuong Corporation		Vina Alliance Limited		S.E.M Thong Nhat Hotel Metropole	
	30 June		30 June		30 June		30 June		30 June		30 June	
	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000
Current												
Assets	6,158	3,713	4,006	4,150	26,800	34,631	5,253	3,247	181	120	17,599	10,956
Liabilities	(7,793)	(8,542)	(4,969)	(7,024)	(20,088)	(24,612)	(7,645)	(8,900)	(1,363)	(1,064)	(5,670)	(5,966)
Total current net assets	**(1,635)**	**(4,829)**	**(963)**	**(2,874)**	**6,712**	**10,019**	**(2,392)**	**(5,653)**	**(1,182)**	**(944)**	**11,929**	**4,990**
Non-current												
Assets	134,080	114,040	84,174	78,508	59,123	55,921	52,966	53,151	85,639	85,663	142,097	140,295
Liabilities	(38,688)	(11,584)	(32,352)	(28,136)	–	–	(14,563)	(13,344)	(25,161)	(28,710)	(21,275)	(21,211)
Total non-current net assets	**95,392**	**102,456**	**51,822**	**50,372**	**59,123**	**55,921**	**38,403**	**39,807**	**60,478**	**56,953**	**120,822**	**119,084**
Net assets	**93,757**	**97,627**	**50,859**	**47,498**	**65,835**	**65,940**	**36,011**	**34,154**	**59,296**	**56,009**	**132,751**	**124,074**

5 INTERESTS IN ASSOCIATES *(continued)*

Summarised statement of comprehensive income

	The 21st Century International Development Company Ltd.		VinaCapital Danang Golf Course Ltd.		Vina Dai Phuoc Corporation		Hung Vuong Corporation		Vina Alliance Limited		S.E.M Thong Nhat Hotel Metropole	
	30 June		30 June		30 June		30 June		30 June		30 June	
	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000
Revenue	123	306	5,074	4,334	10,830	14,554	8,460	8,510	288	207	37,467	36,496
Profit before income tax	(3,251)	(5,817)	4,830	(14,453)	307	(4,940)	4,365	3,993	3,954	(19,184)	12,024	11,073
Income tax expense)/ income	(2)	2,577	(1,747)	4,474	(77)	(1,880)	(842)	(685)	–	1,806	(2,421)	–
Post tax profit from continuing operations	(3,253)	(3,240)	3,083	(9,979)	230	(6,820)	3,523	3,308	3,954	(17,378)	9,603	11,073
Other comprehensive income/(loss)	(617)	(1,272)	278	(882)	(335)	(942)	(495)	(923)	(667)	(1,029)	3,574	3,995
Liabilities	(38,688)	(11,584)	(32,352)	(28,136)	–	–	(14,563)	(13,344)	(25,161)	(28,710)	(21,275)	(21,211)
Total comprehensive income	**(3,870)**	**(4,512)**	**3,361**	**(10,861)**	**(105)**	**(7,762)**	**3,028**	**2,385**	**3,287**	**(18,407)**	**13,177**	**15,068**
Dividends received from associates	**–**	**–**	**–**	**–**	**–**	**–**	**393**	**–**	**–**	**–**	**2,250**	**4,750**

The information above reflects the amounts presented in the financial statements of the associates adjusted for differences in accounting policies between the Group and the associates.

5 INTERESTS IN ASSOCIATES *(continued)*

Set out below are the summarised financial information for associates which are accounted for using the equity method.

Reconciliation of summarised financial information

	The 21st Century International Development Company Ltd. 30 June		VinaCapital Danang Golf Course Ltd. 30 June		Vina Dai Phuoc Corporation 30 June		Hung Vuong Corporation 30 June		Vina Alliance Limited 30 June		S.E.M Thong Nhat Hotel Metropole 30 June	
	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000
Summarised financial information												
Opening net assets 30 June	97,627	102,139	47,498	58,359	65,940	73,702	34,154	31,769	56,009	74,416	124,074	118,506
Profit/(loss) for the year	(3,253)	(3,240)	3,083	(9,979)	230	(6,820)	3,523	3,308	3,954	(17,378)	9,603	11,073
Other comprehensive income/(loss)	(617)	(1,272)	278	(882)	(335)	(942)	(495)	(923)	(667)	(1,029)	3,574	3,995
Dividend paid	–	–	–	–	–	–	(1,171)	–	–	–	(4,500)	(9,500)
Total closing net assets	**93,757**	**97,627**	**50,859**	**47,498**	**65,835**	**65,940**	**36,011**	**34,154**	**59,296**	**56,009**	**132,751**	**124,074**
Interests in associates	22,859	23,715	12,715	11,872	11,850	11,897	11,970	11,353	9,191	8,681	66,375	62,037
Others	–	(1,331)	75	3,293	1,525	5,891	–	(317)	149	1,134	–	–
Net carrying value of the Group	**22,859**	**22,384**	**12,790**	**15,165**	**13,375**	**17,788**	**11,970**	**11,036**	**9,340**	**9,815**	**66,375**	**62,037**

6 PREPAYMENTS FOR ACQUISITION OF INVESTMENT PROPERTIES

	30 June 2014 USD'000	30 June 2013 USD'000
Historical cost	10,975	8,986
Transfer from assets classified as held for sale (Note 13)	–	1,989
Less: cumulative allowance for impairment losses	(3,080)	(2,736)
	7,895	**8,239**

The movement of cumulative allowance for impairment losses is analysed as follows:

Opening balance	2,736	1,486
Charge for the year	344	1,250
Closing balance	**3,080**	**2,736**

These prepayments relate to payments made by the Group to property vendors where the final transfer of the properties is pending the approval of the relevant authorities as at the consolidated balance sheet date and/or is subject to either the Group or the vendor completing certain performance conditions set out in agreements.

As at 30 June 2014 and 30 June 2013, due to market conditions, the recoverable amounts of the properties which were assessed based on fair value less cost to sell were lower than their carrying values.

These prepayments have been measured using unobservable inputs, and are therefore within level 3 of the fair value hierarchy. There were no transfers between levels during the year.

Valuation processes
The recoverable amounts were estimated by independent professional qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and categories of the properties for which these payments are made.

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. Discount rates applied at 20.0% (30 June 2013: 20.0%).If the discount rates were to fluctuate by 5.0%, the impact on the net asset value (NAV) of the Group would be a gain/(loss) of USD1.2 million/(USD1.9 million) (30 June 2013: USD0.2 million/(USD1.0 million)).

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2014 USD'000	30 June 2013 USD'000
Opening balance	14,484	34,561
Disposal during the year	–	(20,077)
Reversal of impairment loss	249	–
Reclassified to trade and other receivables	(8,700)	–
Closing balance	6,033	14,484
Less: current portion	–	(8,700)
Non-current portion	**6,033**	**5,784**

8 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 2014				
Available-for-sale financial assets	–	–	6,033	**6,033**
Long-term loan included in interest in associates	27,614	–	–	**27,614**
Short-term loan to related parties	5,235	–	–	**5,235**
Trade and other receivables	14,515	–	–	**14,515**
Financial assets at fair value through profit or loss	–	557,036	–	**557,036**
Term deposit	4,695	–	–	**4,695**
Cash and cash equivalents	21,551	–	–	**21,551**
	73,610	**557,036**	**6,033**	**636,679**
Financial assets denominated in:				
– USD	19,405	25,008	–	**44,413**
– VND	54,199	531,493	6,033	**591,725**
– Other currency	6	535	–	**541**
	73,610	**557,036**	**6,033**	**636,679**

8 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 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 related parties	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**
	115,260	**472,459**	**14,484**	**602,203**
Financial assets denominated in:				
– USD	17,746	20,907	8,700	**47,353**
– VND	97,495	450,938	5,784	**554,217**
– Other currency	19	614	–	**633**
	115,260	**472,459**	**14,484**	**602,203**

All financial liabilities are classified as financial liabilities carried at amortised cost. As at the consolidated balance sheet date, the financial liabilities denominated in USD and in VND are USD11.5 million and USD14.3 million (30 June 2013: USD10.4 million and USD6.0 million), respectively.

9 INVENTORIES

	30 June 2014 USD'000	30 June 2013 USD'000
At cost:		
Finished goods	4,170	4,593
Raw materials	1,776	1,651
Work in progress	405	264
Spares and tools	865	905
	7,216	**7,413**

The cost of inventories recognised as expenses and included in cost of sales amounted to USD4.8 million (year ended 30 June 2013: USD5.5 million) during the year.

10 TRADE AND OTHER RECEIVABLES

	30 June 2014 USD'000	30 June 2013 USD'000
Trade receivables	2,566	1,730
Receivable from matured bonds	6,460	9,888
Interest receivables	1,595	1,030
Dividend receivables	1,627	371
Receivables from disposals of investments	9,000	2,963
Payments on behalf of related parties (Note 28(c))	1,290	2,059
Short-term loan to a third party	3,000	1,271
Deposits for share tender	–	1,152
Other receivables	2,364	2,555
	27,902	23,019
Less: Cumulative provision for impairment of receivables	(13,387)	(5,101)
	14,515	**17,918**

10 TRADE AND OTHER RECEIVABLES *(continued)*

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

	30 June 2014 USD'000	30 June 2013 USD'000
Opening balance	5,101	3,746
Provision for impaired trade receivables (Note 24)	114	1,355
Provision for impaired other receivables	11,600	–
Provision written off	(3,428)	–
Closing balance	**13,387**	**5,101**
Provision balance is in respect of:		
– Trade receivables	739	625
– Receivable from matured bonds	–	3,428
– Others	12,648	1,048
	13,387	**5,101**

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

During the year, a bond issuer increased its chartered capital and issued new shares to a subsidiary as a form of settlement of its debt. Accordingly, the receivable from matured bonds of USD3.4 million with the corresponding allowance of USD3.4 million, have been derecognised. The new shares received have been recognised as a financial asset at fair value through profit or loss during the year.

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

	30 June 2014 USD'000	30 June 2013 USD'000
Trade receivables:		
– Current within the credit period and not impaired	720	672
– Past due but not impaired	1,107	433
– Past due and impaired	739	625
Other receivables:		
– Current and not impaired	12,688	16,813
– Past due and impaired	12,648	4,476
Total	**27,902**	**23,019**

10 TRADE AND OTHER RECEIVABLES *(continued)*

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 consolidated balance sheet date relate to a number of customers with whom there is no recent history of default.

As at the reporting date, there was no significant concentration of credit risk (30 June 2013: none).

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

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

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2014 USD'000	30 June 2013 USD'000
Financial assets in Vietnam:		
Ordinary shares – listed	423,563	356,438
Ordinary shares – unlisted	88,689	76,748
Government bonds	19,241	17,752
	531,493	450,938
Financial assets in countries other than Vietnam:		
Ordinary shares – listed	25,543	21,521
	557,036	**472,459**
Less: non-current portion	(4,697)	(4,697)
Current portion	**552,339**	**467,762**

The government bonds carry a fixed interest rate of 6.7% – 7.6% per annum (30 June 2013: 9.3% – 12.2% per annum). The government bonds have a Moody's rating of B1 at 30 June 2014 (30 June 2013: Moody's rating of B2).

The value of government bonds pledged as collateral for a subsidiary's repurchase obligation is USD4.8 million (30 June 2013: nil).

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

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

	Equity interest (%) as at	
	30 June 2014	**30 June 2013**
Listed entities:		
– Khang Dien House Trading and Investment Joint Stock Company	22.3%	23.6%
Unlisted entities:		
– An Giang Plant Protection Joint Stock Company	24.7%	24.7%
– Cau Tre Export Goods Processing Joint Stock Company	37.3%	36.4%
– 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 2014 USD'000	**30 June 2013 USD'000**
Consumer discretionary, food	148,044	163,169
Construction materials	93,830	45,849
Financial services	54,542	61,343
Agriculture, rubber and fertiliser	94,251	83,673
Energy, minerals and petroleum	57,642	24,737
Pharmaceuticals	28,886	19,388
Real estate	54,518	48,036
Bonds	19,241	17,752
Other securities	6,082	8,512
	557,036	**472,459**

As at 30 June 2014, the value of one holding, Vinamilk, in financial assets at fair value through profit or loss amounted to 12.2% of the NAV of the Group (30 June 2013: 15.4%). There were no other holdings that had a value exceeding 10% of the NAV of the Group as at 30 June 2014 or 30 June 2013.

12 CASH AND CASH EQUIVALENTS

	30 June 2014 USD'000	30 June 2013 USD'000
Cash on hand	24	26
Cash in banks	18,401	28,987
Cash equivalents	3,126	24,379
	21,551	**53,392**

Cash equivalents represent short-term deposits with rates of 5.25% for VND accounts (30 June 2013: 0.5% and 7% 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 consolidated balance sheet date, the cash and cash equivalents are denominated in the following currencies:

	30 June 2014 USD'000	30 June 2013 USD'000
Cash and cash equivalents in USD	7,705	15,046
Cash and cash equivalents in VND	13,840	38,326
Cash and cash equivalents in other currencies	6	20
	21,551	**53,392**

13 ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2014 USD'000	30 June 2013 USD'000
Opening balance	–	32,127
Disposal during the year	(5,375)	(25,238)
Transfer to financial assets at fair value through profit or loss	–	(4,900)
Transfer from interest in associates (Note 5)	9,101	–
Transfer to prepayments for acquisition of investment properties (Note 6)	–	(1,989)
Closing balance	**3,726**	**–**

14 SHARE CAPITAL

	30 June 2014		30 June 2013	
	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

15 TREASURY SHARES

	30 June 2014		30 June 2013	
	Number of shares	USD'000	Number of shares	USD'000
Opening balance	63,233,988	113,639	12,074,663	17,785
Ordinary shares bought during the year	23,121,277	52,300	51,159,325	95,854
Closing balance	86,355,265	165,939	63,233,988	113,639

During the year, the Company purchased 23,121,277 of its ordinary shares (30 June 2013: 51,159,325 ordinary shares) for a total cash consideration of USD52.3 million (30 June 2013: USD88.7 million and payable of USD7.2 million at year end) at an average cost of USD2.27 per share (30 June 2013: USD1.87 per share).

The total number of ordinary shares acquired represents 26.6% (30 June 2013: 19.5%) 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 238,254,994 ordinary shares (30 June 2013: 261,376,271 ordinary shares).

16 REVALUATION RESERVE

	30 June 2014 USD'000	30 June 2013 USD'000
Opening balance	31,376	28,602
Share of change in revaluation reserve of associates	1,905	3,994
Disposal of an associate	–	(1,220)
Closing balance	**33,281**	**31,376**

16 REVALUATION RESERVE *(continued)*

The Group's share of the revaluation gains relates to the revaluation of hotels held by associates. The closing balance of the revaluation reserve as at 30 June 2014 relates solely to the Group's investment in S.E.M Thong Nhat Hotel Metropole.

17 SHORT-TERM BORROWINGS

	30 June 2014 USD'000	30 June 2013 USD'000
Short-term bank borrowings (*)	3,326	2,261
Sale and repurchase agreement (**)	4,513	–
Closing balance	**7,839**	**2,261**

(*) These loans, obtained by American Home Vietnam Co Ltd., are secured by the investee company's plant and equipment. The fair value of the loans at the reporting date, approximate their carrying amounts due to their short term nature. The loans are denominated in VND and are repayable within 12 months. The loans bore interest at rates ranging from 8.0% to 10.0% per annum (30 June 2013: 10.0% to 11.5%).

(**) This debt relates to the sale and repurchase of government bonds held by a subsidiary. The debt is denominated in VND and is repayable within two months of the reporting date. Its fair value at the reporting date is equal to the carrying amounts due to its short term nature. The debt is subject to an implied interest rate of 4.4% per annum.

18 TRADE AND OTHER PAYABLES

	30 June 2014 USD'000	30 June 2013 USD'000
Trade payables	1,794	1,841
Withholding taxes payable	548	1,093
Unearned revenue	1,250	1,526
Payables to brokers	–	7,245
Professional fees payables	199	739
Other payables	775	1,214
	4,566	**13,658**

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

19 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.

20 INTEREST INCOME AND FINANCE COSTS, NET

a) *Interest income*

	Year ended 30 June 2014 USD'000	Year ended 30 June 2013 USD'000
Interest income comprised interest earned on:		
– cash and term deposits	1,096	1,413
– government bonds	–	1,066
– corporate bonds	–	184
– loans to associates	824	590
– others	31	174
Total	**1,951**	**3,427**

b) *Finance income and finance costs*

	Year ended 30 June 2014 USD'000	Year ended 30 June 2013 USD'000
Finance income comprised:		
– realised gains on foreign currency differences	224	89
Finance costs comprised:		
– interest expense	(573)	(281)
– realised losses on foreign currency differences	(289)	(687)
– unrealised losses on foreign currency differences	(76)	(168)
	(938)	(1,136)
	(714)	**(1,047)**

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

	Year ended	
	30 June 2014 USD'000	**30 June 2013 USD'000**
Financial assets at fair value through profit or loss:		
– Gains from the realisation of financial assets, net	9,134	34,753
– Unrealised gains, net	88,173	54,501
	97,307	**89,254**

22 SELLING, GENERAL AND ADMINISTRATION EXPENSES AND ONGOING CHARGES

a) Selling, general and administration expenses

	Year ended	
	30 June 2014 USD'000	**30 June 2013 USD'000**
Investment Management fees (Note 28(a))	11,647	15,001
Incentive fee (Note 28(b))	9,013	–
Professional fees	2,583	3,550
Selling, general and administration expenses (*)	3,205	1,941
Other expenses	416	248
	26,864	**20,740**

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

22 SELLING, GENERAL AND ADMINISTRATION EXPENSES AND ONGOING CHARGES *(continued)*

b) Total expenses ratio

	Year ended 30 June 2014	Year ended 30 June 2013
Total expenses ratio (using AIC recommended methodology)	1.72%	2.13%
Incentive fee	1.17%	–
Total expenses ratio including incentive fee	**2.89%**	**2.13%**

Total expenses ratio has 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 of the Group during the year.

Expenses include: Investment 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.

23 OTHER INCOME

	Year ended 30 June 2014 USD'000	Year ended 30 June 2013 USD'000
Gains on disposals of investments in:		
– Available-for-sale financial assets	4,336	9,955
Total gain on disposals of investments	4,336	9,955
Reversal of impairment loss	249	–
Consulting income	412	343
Other income	1,561	824
	6,558	**11,122**

24 OTHER EXPENSES

	Year ended	
	30 June 2014 USD'000	30 June 2013 USD'000
Impairments of trade receivables (Note 10)	114	1,355
Impairments of other assets	14,045	1,937
Loans written off on disposals of investments in associates	–	3,028
Losses on disposals of investments in associates	–	667
Goodwill impairment	–	449
Others	566	1,891
	14,725	**9,327**

25 INCOME TAX EXPENSE

Under the current laws of the Cayman Islands, there is no income, state, corporation, capital gains or other taxes payable by the Company.

The income from subsidiaries incorporated in Vietnam is taxable at the applicable tax rate in Vietnam. Income tax expense is recognised based on the estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2014 is 23.5% (the estimated tax rate for the six months ended 31 December 2013 was 25%). The decrease is due to a reduction of 3% in the corporate income tax rate in Vietnam which is applicable from 1 January 2014.

Tax paid by the Group, including the subsidiaries incorporated in Vietnam, during the year is summarised as follows:

	Year ended	
	30 June 2014 USD'000	30 June 2013 USD'000
Capital gains tax	988	38
Transaction tax	81	210
Withholding tax	68	408
Corporate income tax	64	16
Tax expense	**1,201**	**672**

26 EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

a) *Basic*

Basic earnings per share is calculated by dividing the profit 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 15)).

	Year ended	
	30 June 2014	**30 June 2013**
Profit attributable to shareholders of the Company for the year (USD'000)	81,666	90,254
Weighted average number of ordinary shares in issue	246,934,372	286,648,181
Basic earnings per share (USD per share)	0.33	0.31

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 Company has not entered into any arrangement which could be dilutive to ordinary shareholders. Therefore, diluted earnings per share is equal to basic earnings per share.

c) *NAV 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 15)). Net asset value is determined as total assets less total liabilities.

	As at 30 June 2014	**As at 30 June 2013**
NAV attributable to shareholders of the Company (USD'000)	778,955	752,443
Number of outstanding ordinary shares in issue	238,254,994	261,376,271
NAV per share (USD/share)	3.27	2.88

27 DIRECTORS' REMUNERATION

The aggregate Directors' fees paid during the year amounted to USD363,767 (year ended 30 June 2013: USD240,833), of which USD331,192 was outstanding as payable as at 30 June 2014 (30 June 2013: USD45,833).

27 DIRECTORS' REMUNERATION *(continued)*

The details of remuneration by Director are summarised below:

	Year ended	
	30 June 2014 USD'000	**30 June 2013 USD'000**
Steven Bates	95	28
Martin Adams	80	18
Thuy Bich Dam	19	–
Martin Glynn	80	60
Michael Gray	90	60
Don Lam (*)	–	–
William Vanderfelt	–	75
	364	**241**
Directors' fee borne by:		
– The Investment Manager	–	79
– The Company	364	162
	364	**241**

(*) Don Lam does not receive any remuneration from the Company.

At the Annual General Meeting (AGM) held on 28 November 2013, the shareholders approved a resolution to increase the cap on Directors' remuneration to USD500,000 per annum, thus removing the need for the Investment Manager to subsidise Directors' fees.

28 RELATED PARTIES

a) Investment management fees

The Group is managed by the Investment Manager, an investment management company incorporated in the Cayman Islands, under an amended and restated Investment Management Agreement dated 24 June 2013 which became effective as of 1 July 2013 (the "Amended Management Agreement"). Prior to 1 July 2013 the Investment Manager received an investment management fee based on the NAV of the Group, payable monthly in arrears at an annual rate of 2.0% of the NAV. Under the Amended Investment Management Agreement the Investment Manager receives a fee at an annual rate of 1.5% of the NAV, payable monthly in arrears.

28 RELATED PARTIES *(continued)*

a) *Investment management fees (continued)*

The total investment management fees for the year amounted to USD11.6 million (30 June 2013: USD15.0 million), with USD1.2 million (30 June 2013: USD1.2 million) outstanding as payable to the Investment Manager at the reporting date.

b) *Incentive fees*

Prior to 1 July 2013 the Investment Manager was paid an incentive fee equal to 20% of the increase in the NAV of the Company over an 8% per annum hurdle rate, with a catch up.

From 1 July 2013 the incentive fee is 15% of the increase in NAV per share over a hurdle rate of 8% per annum. A catch up is no longer applied. Furthermore, for the purposes of calculating incentive fees, the Group's net assets are segregated into a Direct Real Estate Portfolio and a Capital Markets Portfolio. A separate incentive fee is calculated for each portfolio so that for any consolidated balance sheet date 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. However, the maximum incentive fee that can be paid in any given year with respect to a portfolio is 1.5% of the NAV of the portfolio at the consolidated balance sheet date. Any incentive fees earned in excess of the cap may be paid out in subsequent years providing that certain performance targets are met.

The total incentive fees for the year amounted to USD9.0 million (30 June 2013: nil), with USD9.0 million outstanding as payable to the Investment Manager (30 June 2013: nil) at the reporting date.

c) *Other balances with related parties*

	30 June 2014 USD'000	**30 June 2013 USD'000**
Receivables from VinaLand Limited – an investment company managed by the Investment Manager	959	1,586
Receivables from the Investment Manager	331	473
	1,290	**2,059**
Payable to the Investment Manager	(10,246)	(1,199)
Payable to VinaLand Limited – an investment company managed by the Investment Manager	(1,872)	(957)
Other payables to related parties	(972)	–
	(13,090)	**(2,156)**

28 RELATED PARTIES *(continued)*

c) Other balances with related parties (continued

	30 June 2014 USD'000	30 June 2013 USD'000
Investment in other investment companies managed by the Investment Manager		
– Vietnam Infrastructure Limited	4,955	4,338
– VinaLand Limited	20,053	16,569
	25,008	**20,907**

d) Loans to related parties

	30 June 2014 USD'000	30 June 2013 USD'000
Long-term loans to:		
– Associates under common management (i) (Note 5)	27,614	35,124
– An associate	–	1,325
Total long-term loans to related parties	27,614	36,449
Short-term loans to:		
– Current portion of long-term loan to an associate (ii)	1,596	568
– Other related parties (iii)	3,639	6,933
Total short-term loans to related parties	5,235	7,501
Total loans to related parties	**32,849**	**43,950**

(i) Associates under common management refers to investment companies which have joint investments in real estate projects with VinaLand Limited. These loans form part of the Group's net investment in the associates; repayments are not planned prior to the sale of each investment.

(ii) The short-term loan to an associate is secured by way of shares of an entity listed on either of Vietnam's stock exchanges, the Ho Chi Minh Stock Exchange (HOSE) or the Hanoi Stock Exchange (HNX). The loan bears interest at the rate of 15.0% per annum.

(iii) The short-term loans to other related parties have repayment terms within 12 months, they are unsecured and carry interest at rates ranging from 1.5% to 15.0% per annum (30 June 2013: 1.5% to 15.0% per annum).

28 RELATED PARTIES *(continued)*

d) Loans to related parties (continued)

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

	30 June 2014 USD'000	30 June 2013 USD'000
Opening balance	43,950	46,504
Loans advanced	1,888	1,779
Loan repayments	(2,829)	(1,514)
Disposals	–	(3,028)
Transfer to investments in associates (Note 5)	(7,860)	–
Impairment of loan receivables	(1,652)	(84)
Others	(648)	293
Closing balance	**32,849**	**43,950**

e) Other transactions with related parties

A loan of USD25.0 million was provided to Prosper Big Investments Limited and Henry Enterprise Limited, holding companies of a joint investment project (the 21st Century project) owned by VinaLand Limited and the Group. The loan was provided for a period of two weeks to enable the companies to provide proof of available financing in conjunction with the relicensing of the project.

29 FINANCIAL RISK FACTORS

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.

29 FINANCIAL RISK FACTORS *(continued)*

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

a) *Market risk analysis*

Foreign currency risk sensitivity

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

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 on the currency position.

Foreign exchange risk

As at 30 June 2014 and 2013, the Group has foreign currency exposure mainly arising from holding cash and cash equivalents which is not denominated in its functional currency. As at the reporting date, had the VND weakened/strengthened by 5% in relation to USD, with all other variables held constant, there would be a net exchange loss/profit from the financial assets and liabilities denominated in VND (Note 8) of USD27.0 million (30 June 2013: USD28.4 million).

Price risk

Price risk is the risk that the value of an 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 either of Vietnam's stock exchanges (HOSE or HNX).

As at 30 June 2014, the value of the holding in the equity of Vinamilk was 12.2% of the NAV of the Group (30 June 2013: 15.4%). The Group has no other holdings in individual equity positions exceeding 10.0% of the Group's net assets.

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

If the prices of the securities were to fluctuate by 10%, the impact on the NAV of the Group would be a gain/loss of USD53.8 million (30 June 2013: approximately gain/loss of USD44.0 million).

29 FINANCIAL RISK FACTORS *(continued)*

a) Market risk analysis (continued)

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 government bonds are subject to interest at fixed rates. They are exposed to fair value changes due to interest rate changes. The Group had no significant financial liabilities with floating interest rates. As a result, the Group had 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.

A list of approved banks is maintained for holding deposits and have 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.

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.

All clearing, settlement, custodial and depository operations for the Group's investments in Vietnam are conducted through HSBC Bank (Vietnam) Limited.

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 10 and those being rescheduled during the year as mentioned below, there are no other losses expected from non-performance by these counterparties.

In accordance with the Group's policies, the credit position is continuously monitored, identified either individually or by group, and incorporates this information into its credit controls.

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

29 FINANCIAL RISK FACTORS *(continued)*

b) Credit risk analysis (continued)

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

	30 June 2014 USD'000	30 June 2013 USD'000
Classes of financial assets – carrying amounts:		
Long-term loan included in interest in associates	27,618	35,124
Long-term loan to an associate	–	1,325
Short-term loan to related parties	5,235	7,501
Trade and other receivables	14,515	17,918
Financial assets at fair value through profit or loss	19,241	22,449
Short term investment	4,695	–
Cash and cash equivalents	21,551	53,392
	92,855	**137,709**
Allowance for impairment	**(13,387)**	**(5,101)**

A total allowance of USD13.4 million (30 June 2013: USD5.1 million) was provided for amounts that the Group expected to be uncollectible or impaired (Note 10).

Cash and cash equivalents, and term deposits are held at banks and financial institutions which do not have histories of default. Details are as follows:

Banks	S&P's rating	30 June 2014 USD'000	30 June 2013 USD'000
The Hong Kong and Shanghai Banking Corp	AA-	1,311	4,502
HSBC Bank (Vietnam) Ltd.	No rating (*)	11,836	23,398
Standard Chartered Bank (Hong Kong) Ltd.	B+ to BB-	2,458	5,792
Standard Chartered Bank (Singapore) Ltd.	B+ to BB-	1,400	1,651
Vietnam State-owned and joint stock banks	No rating (*)	4,546	18,049
		21,551	**53,392**

(*) These banks have no credit rating given by any international credit rating agencies. The Group has no other significant concentrations of credit risk.

29 FINANCIAL RISK FACTORS *(continued)*

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 either of Vietnam's stock exchanges (HOSE or HNX). However occasional lack of liquidity in the market can lead to delays in selling shares, which in turn, could impact the price realised if the Group needs to sell the shares 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 shown in the consolidated balance sheet as current are repayable within six months (30 June 2013: six months) from the consolidated 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 is not subject to any externally imposed capital requirements.

Net assets are allocated in such a way so as to generate investment returns that are commensurate with the investment objectives outlined in the Group's offering documents.

Of the above balances, during the year, a receivable from a third party amounting to US$8.7 million and a short-term loan to an associate amounting to US$0.3 million were rescheduled.

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 were no financial liabilities for the Group which were measured using the fair valuation method as at 30 June 2014 and 30 June 2013.

29 FINANCIAL RISK FACTORS *(continued)*

e) Fair value estimation (continued)

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. See Note 6 for the prepayment for acquisition of investment properties that are measured at fair value.

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
As at 30 June 2014				
Financial assets at fair value through profit or loss in Vietnam:				
– Ordinary shares – listed	418,964	4,599	–	**423,563**
– Ordinary shares – unlisted	4,697	81,301	2,691	**88,689**
– Government bonds	19,241	–	–	**19,241**
Financial assets in countries other than Vietnam:				
– Ordinary shares – listed	25,543	–	–	**25,543**
Available-for-sale financial assets:				
– Private equity investments	–	–	6,033	**6,033**
Other financial asset	4,695	–	–	**4,695**
	473,140	85,900	8,724	**567,764**

29 FINANCIAL RISK FACTORS *(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 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**
– 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**

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, government bonds and private equity investment that have committed prices at the consolidated balance sheet date. The Group does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices and dealer quotations are classified within Level 2. These include investments in listed equities and OTC equities. As Level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes;
- Use of discounted cash flow technique to present value the estimated future cash flows;
- Other techniques, such as latest market transaction price.

29 FINANCIAL RISK FACTORS *(continued)*

e) *Fair value estimation (continued)*

Level 3 instruments relate to investments in private equity and thinly traded shares. Investments classified within Level 3 have significant unobservable inputs as they trade infrequently. As observable prices are not available for these securities, the Group uses valuation techniques to derive the fair value and/or the value derived by independent valuation professionals. Level 3 valuations are reviewed on a half-yearly basis by the Company's Audit and Valuation Committee which in turn reports to the Board of Directors. The work of the Audit and Valuation Committee is assisted by the Investment Manager.

A sensitivity analysis for Level 3 investments is not presented as it was deemed that the impact of reasonable changes to any unobservable inputs would not be significant.

Transfers between levels

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

For the year ended 30 June 2014, there were two transfers between levels as follows:

Transfer from Level 1 to Level 2

During the year ended 30 June 2014, there were no transfers between Level 1 to Level 2. An unlisted investment worth USD1.6 million which was classified as Level 2 as at 30 June 2013 was sold during the year.

During the year ended 30 June 2013, the Group transferred two listed equities amounting to USD5.74 million that were thinly traded from Level 1 to Level 2.

Transfer from Level 2 to Level 3

During the year ended 30 June 2014, the Group transferred six unlisted investments amounting to USD2.6 million which were carried at par value from Level 2 to Level 3.

During the year ended 30 June 2014, two unlisted shares which were classified as Level 2 in prior year were transferred to Level 3 and fully provided for based on the known financial position of those investee companies as at the reporting date. The fair value loss of USD4.1 million was included in the consolidated income statement within the net gain in fair value of financial assets at fair value through profit and loss during the year.

During the year ended 30 June 2013, there were no transfers from Level 2 to Level 3.

29 FINANCIAL RISK FACTORS *(continued)*

e) Fair value estimation (continued)

Transfer from Level 2 to Level 3 (continued)

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

	Year ended	
	30 June 2014 USD'000	**30 June 2013 USD'000**
Opening balance	10,964	20,045
Additions	2,691	–
Transfers out of Level 3 (*)	–	(14,261)
Transfer from assets held for sales	–	4,900
Disposals	(5,180)	–
Reversal of impairment loss/gain recognised in income statement	249	280
Closing balance	**8,724**	**10,964**
Total gains for the year included in:		
– Income statement	249	280
– Other comprehensive income	–	–
	249	**280**

(*) Transfers out of Level 3 are due to disposals of investments.

SECTION 4

NOTICE OF 2014 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the VinaCapital Vietnam Opportunity Fund Limited will be held at 4pm local time on Wednesday 26 November 2014 at the offices of VinaCapital Singapore at 6 Temasek Boulevard, #42-01, Suntec Tower 4, Singapore 038986 for the purpose of considering and, if thought fit, passing the following resolutions all of which will be proposed as ordinary resolutions:

Resolution 1 – ordinary resolution	To receive and adopt the Financial Statements for the year ended 30 June 2014, with the Reports of the Directors and Auditors thereon.
Resolution 2 – ordinary resolution	To elect Ms Thuy Dam as a Director of the Company.
Resolution 3 – ordinary resolution	To re-elect Mr Steven Bates as a Director of the Company.
Resolution 4 – ordinary resolution	To re-elect Mr Martin Adams 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-appoint PricewaterhouseCoopers (Hong Kong) as independent auditor to the Company and to authorise the Directors to determine their remuneration.

Dated: 28 October 2014

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 6pm (Singapore time) on Monday, 24 November 2014

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 1pm. (UK time) on Monday, 24 November 2014. 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 VinaCapital Investment Management Limited (the "Investment Manager" or "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 per cent 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 per cent 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 per cent 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 VinaLand Limited (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 per cent 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	2009	2010	2011	2012	2013	2014
Statement of Income (USD'000)						
Total income from ordinary activities	29,075	134,263	(8,420)	54,556	120,750	119,487
Total expenses from ordinary activities	(25,869)	(29,047)	(27,214)	(25,424)	(29,515)	(35,921)
Operating profit before income tax	3,206	105,216	(35,634)	29,132	90,724	82,628
Income tax expense	(108)	(211)	(545)	(700)	(672)	(1,201)
Profit for the year	3,098	105,005	(36,179)	28,432	90,052	81,427
Minority interests	(3,684)	311	106	0	(202)	(239)
Profit attributable to ordinary equity holders	6,782	104,694	(36,285)	28,432	90,254	81,666
Statement of financial position (USD'000)						
Total assets	718,023	793,820	764,603	775,455	771,843	805,488
Total liabilities	36,111	11,319	12,697	9,810	19,400	26,533
Net assets	681,912	782,501	751,906	765,645	752,443	778,955
Share information						
Basic earnings per share (cents per share)	2.00	32.00	(11.00)	9.00	31.00	33.00
Share price as 30 June	1.43	1.40	1.57	1.50	2.13	2.50
Ordinary share capital (thousand shares)	324,610	324,610	324,610	312,536	261,376	238,255
Market capitalisation at 30 June (USD'000)	462,569	455,428	509,313	468,803	556,731	595,638
Net asset value per ordinary share (USD)	2.10	2.41	2.32	2.45	2.88	3.27
Ratio						
Return on average ordinary shareholder's funds	1.1%	17.0%	(6.0%)	4.0%	14.8%	14.6%
Total expense ratio (% of NAV)	2.24%	2.16%	2.13%	2.13%	2.13%	2.89%

Fund size
USD779.0 million (NAV as of 30 June 2014)

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) Limited
4 Carlton Gardens
London SW1Y 5AA
United Kingdom
www.countryfunds.co.uk

Numis Securities Limited
The London Stock Exchange
10 Paternoster Square
London EC4M 7LT
www.numiscorp.com

Lawyers
Wragge Lawrence Graham & Co LLP, Maples and Calder (Cayman Islands)

Base and incentive fee
Base fee of 1.5 per cent 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 per cent of the increase in the NAV of each pool during the year over a hurdle of 8 per cent. The total amount of incentive fees paid in any one year is capped at 1.5 per cent 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 per cent), Cambodia, Laos, and southern China.

Registered office
PO Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

Ho Chi Minh City
17th Floor, Sun Wah Tower
115 Nguyen Hue Blvd., District 1
Ho Chi Minh City, Vietnam
Phone: +84-8 3821 9930
Fax: +84-8 3821 9921

Hanoi
5th Floor, Sun City Building
13 Hai Ba Trung Street,
Hoan Kiem Dist., Hanoi, Vietnam
Phone: +84-4 3936 4630
Fax: +84-4 3936 4629

Singapore
6 Temasek Boulevard
42-01 Suntec Tower 4
Singapore 038986
Phone: +65 6332 9081
Fax: +65 6333 9081

VinaCapital