

14 December 2012

## PXP VIETNAM FUND LIMITED

### Annual report for the year ended 30 September 2012

#### OBJECTIVE AND HIGHLIGHTS

##### Objective

The investment objective of PXP Vietnam Fund Limited ("the Company") is to seek long-term capital appreciation of its assets by investing in a portfolio of equity securities of Vietnamese companies, whether established with domestic or foreign ownership, which are either listed companies or prelisting companies.

##### Financial summary

	2012	2011	% change
<b>Financial position at 30 September</b>			
Total Net Assets	US\$49,161,000	US\$41,849,000	17.49%
Ordinary shares of US\$0.05 in issue	12,000,000	12,000,000	
Net Asset Value ("NAV") per share	US\$4.097	US\$3.487	17.49%
Share price	US\$3.43	US\$3.13	9.58%
Vietnamese dong /US dollar exchange rate	20,853	20,830	-0.11%
Viet Nam Index	392.57	427.60	-8.19%
Viet Nam Index adjusted US\$ rate	265.29	289.28	-8.29%
<b>Results for the year to 30 September</b>			
Earnings/(loss) per share	US\$0.63	(US\$0.53)	
Expense ratio	2.85%	3.20%	

##### Year's high and low

	Year to 30 September 2012	
	High	Low
NAV per share	US\$4.635	US\$3.192
Share price	US\$3.94	US\$2.93
Discount	7.61%	20.37%

##### Relative performance

###### Cumulative performance for years to 30 September 2012

	NAV per share	Viet Nam Index
	%	(US\$)
	%	%
1 year	17.49	-8.29
2 years	-4.25	-19.34
3 years	-32.02	-42.18
4 years	-3.30	-31.57
5 years	-62.04	-71.07
6 years	-18.65	-42.62
7 years	54.66	3.42
8 years	70.99	27.19

#### CHAIRMAN'S STATEMENT

##### Performance and outlook

Over the 12 months to 30 September 2012, the Net Asset Value per share of PXP Vietnam Fund Limited increased by 17.49%. This compares to a fall in the Viet Nam Index ("VNI") in US dollar terms of 8.29% over the same period.

The tight monetary policies implemented by the Vietnamese Government from early 2011 have delivered lower inflation and a more stable currency. However, these policies together with global economic conditions have contributed to a slowing of GDP growth which the Government now expects to be 5.1% for the full year 2012. After a rally in the Vietnamese stock market from January to May 2012, the market was weak for the remainder of the financial year, with a main concern being the extent of bad debts in the domestic banking system.

The portfolio of the Company was invested wholly in Vietnamese listed equities during the financial year. The overperformance of the Company vis-a-vis the VNI can be largely attributed to the strong performance of the Company's highest weighted stocks during the financial year: Vinamilk, 40% return and Sacombank, 35% return; in addition to the return of 79% from the sale of the Company's entire holding in Binh Minh Plastics JSC.

In the two months after the Company's financial year-end, average daily turnover on the Vietnamese stock market has declined to levels last seen before the rally in January 2012. Although domestic macro-economic conditions remain relatively encouraging, market participants are in general waiting to see how the Government will proceed with the restructuring and possible recapitalisation needed in the banking sector. The long-term prospects for the Vietnamese stock market are positive, but in the near-term market activity is likely to remain subdued until such time that a credible action plan has been set out to deal with bad debts in the system.

### **Share price**

The Company's shares are listed on the London Stock Exchange plc's Main Market for listed securities as a premium listing of equity shares. The share price increased by 9.6% over the year to 30 September 2012, from US\$3.13 to US\$3.43. The discount at which shares traded to the net asset value of the Company began the financial year at 10% before widening over the period of the Vietnam stock market rally and ending the financial year at 16%. Liquidity of the Company's shares remained low during the financial year. A successful capital increase via a 'C' Share offer (as discussed below) may have beneficial effects on future liquidity.

### **'C' Share offer**

Following the recommendation of the Board of Directors, at the annual general meeting of the Company held on 31 May 2012 the shareholders passed a resolution giving authority to the Board to issue up to 20 million 'C' Shares within one year of the annual general meeting.

As at the date of approval of these financial statements, the Board of Directors is considering market conditions and assessing the current appetite of potential investors for a 'C' Share offer. The timing of any offer has not yet been determined.

Any offer of 'C' Shares would provide investors (both existing shareholders and new subscribers) with the opportunity to increase their investment exposure to Vietnam. The rationale for the offer of 'C' Shares as a class separate from the existing ordinary shares is to raise additional capital for investment by the Company in Vietnamese equities in a manner that reduces the risk of dilution to the existing holders of ordinary shares and to ensure that the costs of raising and investing that additional capital are not borne by the existing holders of ordinary shares.

### **Corporate governance**

The Company has established corporate governance processes which the Board believes are appropriate for an investment company with a premium listing on the London Stock Exchange.

### **Directorate**

There were no changes to the Board of Directors during the financial year to 30 September 2012. At the annual general meeting of the Company held on 31 May 2012, the five Directors in office were re-elected. The Directors collectively have substantial experience in asset management, investment and business in Asia.

### **Philip Smiley**

Chairman

13 December 2012

For further information, please contact:

**PXP Vietnam Asset Management Limited (the "Investment Manager")**

Kevin Snowball

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## **INVESTMENT MANAGER'S REPORT**

The Company is managed by PXP Vietnam Asset Management Limited, a British Virgin Islands company incorporated in October 2002. Kevin Snowball, the Chief Executive Officer of the Investment Manager has been Portfolio Manager since the Company's inception in 2003.

### **Review of the year**

During the year under review the Company's Net Asset Value ("NAV") per share increased by 17.49%, from US\$3.487 to US\$4.097. This compares with a decrease in the Viet Nam Index ("VNI") of 8.29% in US dollar terms over the same period. The Vietnamese dong (the "Dong") depreciated by 0.11% over the period under review.

### **Stock market**

The Company delivered a solid return in the Financial Year in what was ultimately a disappointing period for Vietnam's stock markets. A poor first quarter resulted from 2011 calendar year end margin-related selling even as the annualised inflation rate began to moderate from its 23.2% August 2011 peak. Once this government-mandated liquidation was complete, however, investors began to focus on macroeconomic improvements in terms of sharply lower inflation, persistent currency stability and a much-reduced trade deficit and the VNI rallied an impressive 48.2% from the traded low of 332.28 on 9 January 2012, touching 492.44 on 8 May 2012 before falling back as concerns regarding slowing GDP growth, rising non-performing loans ("NPLs") and a halt in credit growth came to the fore.

Over the subsequent seven weeks or so the index pulled back by a little over 14% as profits were taken and interest waned. The VNI tested and held the 400-point level in the second week of July before a renewed advance in two stages through the remainder of July and into August on generally positive 2012 first half results suggested gradually increasing optimism.

The market's fragile confidence was shattered however on 21 August 2012 with the arrest of Mr Nguyen Duc Kien, a prominent investor in local banks and co-founder of, among others, Asia Commercial Bank (ACB). This single event caused the biggest one day drop in the Viet Nam Index in percentage terms since October 2008 and although the market recovered some composure fairly quickly, rumours of unrest within the politburo and fears regarding the true extent of the damage caused to the banking system by NPLs saw the VNI fall to 372.39 (just over 1.5% below the August 2012 low) in early November, having finished the Company's Financial Year at 392.57. The index retested the November low toward the end of the month before beginning a slow but steady advance into December which continues at the time of writing.

### **Economy**

Although the Vietnamese Government has undoubtedly made significant macroeconomic progress through the resolute application of consistently strong monetary policy over the past two years - as evidenced by the reduction of the annual rate of inflation from 23.2% in August 2011 to 5.1% a year later, together with the promotion of confidence in the domestic currency as a consequence of a stable exchange rate against the US dollar since the most recent devaluation in February 2011 - this has not been achieved without some collateral damage along the way. The high interest rate regime which was the main contributor to these improvements has caused GDP growth to slow fairly dramatically from its 7% average over the past decade causing the original full year target of 6 to 6.5% for 2012 to be lowered to 5.1%. This is expected to pick up by 50 basis points or so in 2013.

A dramatic improvement in the balance of trade has reinforced the stability of the currency, with a US\$14 million surplus for the calendar year-to-date reported at the end of November 2012 raising hopes that Vietnam will enjoy its first annual trade surplus since 1992. Part of the credit for this impressive turnaround can be attributed to the impact of inward investment by the likes of Samsung, who currently assemble 24% of their smartphone output in Vietnam - with export value from such production at close to 10% of the country's total exports - and who have recently received approval to more than double said production. Whilst assembly is not strictly manufacturing the "value add" component is obviously more significant than that involved in turning imported textiles into t-shirts for Gap and this type of move up the value chain is obviously having a beneficial impact on the balance of trade.

### **Outlook and strategy**

We believe that we are beginning to see the first green shoots of improving sentiment in the Vietnam stock market in the few days leading up to the completion of this report. The level of non-performing loans within the banking system has occupied much investor attention over the past several months with commentators seemingly competing to outdo each other in raising the bar on the scale of the problem. What started with banks increasing provisions to reflect a system-estimated NPL level of approximately US\$5 billion was doubled by the Governor of the State Bank and then gradually increased to an estimated US\$25 to 30 billion by a couple of less "inside" commentators. Understandably the market has been somewhat spooked by this for the past couple of months, but perhaps no more. In the past few days certain senior foreign bankers have begun to lower the temperature, as it were. The local head of Standard Chartered Bank essentially suggested at a meeting of the Vietnam Business Forum on 3 December 2012 that, if the figure given by the Governor is correct, bank losses should be contained at US\$7 billion. That, combined with the anticipation of a 1% cut in interest rates in the short-term to reflect the lessening of inflationary pressure as well as, hopefully, create a more fluid lending environment, may very well see the nascent rally continue toward the calendar year-end and hopefully on toward Tet (Lunar New Year).

Whether any such rally should prove sustainable will, in our opinion, be dependent on the publication and introduction of a clear and efficient plan to deal with NPLs and create some much-needed confidence in the domestic banking system. A resumption of economic growth in the West would also add strength to the foundations of an advance by generating an acceleration domestically.

The timing of any launch of the 'C' Share issue approved by Shareholders at the Company's annual general meeting on 31 May 2012 is very much dependent on an improvement in market conditions. The Shares currently trade at a discount of close to 20% to Net Asset Value and this will need to narrow to single digits in order for a capital raising to have any chance of success. Foreign participation in the domestic stock exchanges continues to languish at below 10% of average daily turnover; a clear indication that Vietnam has not yet returned to the radar of international portfolio investors even as risk appetite shows some evidence of increasing elsewhere in emerging markets. We continue to be optimistic that an opportunity to launch the issue will arise before the forthcoming annual general meeting assuming that investor confidence is restored once the government issues a roadmap for the recapitalisation of the banking sector. Various senior government officials have reinforced the message that this remains the top policy priority, and we are hopeful that an effective plan will be forthcoming in the next month or so.

Our strategy remains to build and maintain a high conviction portfolio providing Shareholders with access to the highest quality companies listed in Vietnam. We continue to apply a rigorous, research-driven, bottom-up approach to stock selection which we believe will enable Shareholders to maximise returns over the long term.

We thank the Company's Shareholders for your continued support.

On behalf of the Investment Manager

**Kevin Snowball**

13 December 2012

### **SUMMARY OF TEN LARGEST INVESTMENTS**

Ten largest investments as at 30 September 2012	Valuation US\$'000	% of NAV %
<b>VNM Viet Nam Dairy Products JSC (Vinamilk)</b>		

Vinamilk is the largest producer and distributor of dairy products in Vietnam, and is arguably the country's most respected company internationally. VNM is currently the second largest listed company in Vietnam and has been the cornerstone of the Company's portfolio since 2005.

13,753 27.98

**STB Sai Gon Thuong Tin Commercial Joint Stock Bank (Sacombank)**

Sacombank was the first Vietnamese bank to be listed (in 2006) and is one of the three largest joint stock banks in the country with total assets of US\$6.8 billion as at the end of 2011, having grown its loan book and net profit by 460% and 340% respectively between 2006 and 2011.

5,561 11.31

**REE Refrigeration Electrical Engineering Corporation**

Refrigeration Electrical Engineering Corporation was one of the first two listed stocks on the Ho Chi Minh City Stock Exchange ("HoSE"). Its core businesses include mechanical and engineering services, in which it is the largest and longest established company in Vietnam, the manufacture and distribution of white goods and office leasing. REE also acts as an investment holding company with investments in utilities and energy.

3,027 6.16

**FPT FPT Corporation**

FPT Corporation is a leading information and communications technology company in Vietnam, providing services in mobile telephone distribution, systems integration, software outsourcing and development, internet and e-media content, and education. FPT is the third largest local internet service provider and the market leader in Vietnam in several of the segments in which it is operating.

2,609 5.31

**DPR Dong Phu Rubber JSC**

Dong Phu Rubber JSC specialises in producing and processing rubber latex and is the second largest rubber company listed on the HoSE in terms of cultivation area. DPR exports around 60% of its volume and is expanding its plantations in Vietnam and Cambodia.

2,068 4.21

**HCM Ho Chi Minh City Securities Corporation**

Ho Chi Minh City Securities Corporation is the largest broker in terms of market share on the HoSE with 12.5% as at 30 September 2012. HCM offers securities brokerage, research and investment banking, and is recognised for its experienced, relatively conservative management team and good corporate governance standards.

2,023 4.11

**SSC Southern Seed Corporation**

Southern Seed Corporation specialises in the research, production and trading of primarily rice and corn seeds. SSC has substantial holdings of agricultural land at strategic locations in the south of Vietnam, which will be a driver for the company's aim to be one of the leading seed producers in Vietnam.

1,798 3.66

**HPG Hoa Phat Group JSC**

Hoa Phat Group JSC is the second largest construction steel producer in Vietnam with 14% market share overall and is the leader in this sector in northern Vietnam. The opening of a modern production facility at the end of 2011 enabling the manufacture of steel from iron ore rather than billet provides cost advantages against its competitors and will ensure that it survives the current downtrend in the property market.

1,717 3.49

**HAG Hoang Anh Gia Lai JSC**

Hoang Anh Gia Lai JSC has traditionally been one of the leading real estate developers in Vietnam, with a main focus on the mid-end sector. HAG has more recently diversified into rubber, sugar, hydropower and mining to generate stable earnings growth and revenues.

1,555 3.16

**GIL Binh Thanh Import Export Production and Trade JSC**

Binh Thanh Import Export Production and Trade JSC specialises in textile products including home furnishings and travelling bags, and is a long-established supplier to IKEA. In the past three years, the company has average annual profit growth of 30%.

1,399 2.84

35,510 72.23

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks affecting the Company, which fall under the headings of market risks, performance risks, share price risks, regulatory risks and control systems risks. The Audit Committee performs a risk assessment and risk management process which is updated and reviewed at least on an annual basis.

The Board reviews and agrees policies for managing risks, and the summaries of these are set out below.

### Market risks

The Company's assets consist mainly of listed securities and the principal risks are market related such as price volatility, foreign exchange risk and inflation risk. The Company is exposed to market price risk on all of its investments and is subject to additional risks arising from the concentration of investments in the Vietnamese stock markets, resulting in the Company being heavily dependent on the performance of these particular stock markets.

### Performance risks

The achievement of the Company's performance objective requires the acceptance of risk. Strategy, asset allocation and stock selection might lead to underperformance in comparison to the VNI. The Investment Manager has significant discretion, subject to the Company's investment objectives, policy and guidelines, in selecting, evaluating, executing, monitoring and realising investments on the Company's behalf. The Investment Manager has substantial experience in investing and managing investments in Vietnam, but there is no guarantee that its investments for and the management of the Company will produce long-term capital appreciation of the assets of the Company.

Management of these risks is carried out by the Board which, at each Board meeting, considers the asset allocation of the portfolio at an industry sector level and reviews significant holdings, recent trading and expenses. The Investment Manager is responsible for actively monitoring the portfolio selected in accordance with the investment policy and restrictions. The NAV per share of the Company is calculated and published each working day.

As at 30 September 2012 the holding of the Company in Vinamilk represents 27.98% of the net assets of the Company. The acquisition of Vinamilk shares was in compliance with the investment restriction that the Company will not invest more than 10% of its net asset value at the time of the investment in the shares of a single investment company. The outperformance of Vinamilk in comparison to the VNI over a number of years, including a 40% gain in value for the year to 30 September 2012, has resulted in a concentration of net asset value of the Company in this position. The Board recognises that actions are required to reduce this concentration of risk, either by dilution if the proposed 'C' Share offer is launched within the approved timeframe or by realisation of a proportion of the Vinamilk holding.

At the annual general meeting of the Company that was held on 31 May 2012 the shareholders gave authority to the Board to issue up to 20 million 'C' Shares within one year of the annual general meeting. If new share capital is raised, there is a risk of delay in investing the new funds in accordance with the investment objective of the Company depending on prevailing stock market conditions and availability of suitable investment opportunities at the time. Management of this risk will be a responsibility of the Directors and Investment Manager in applying their judgement to decide the appropriate timing to launch any 'C' Share offer. If there are delays in investing the new funds, the Investment Manager may consider short-term investments that give Vietnamese listed equity exposure.

### Share price risks

The share price of the Company may vary significantly. The price of the Company's shares and its premium or discount to NAV is not a factor that the Company is able to control.

The Company's share price, NAV and discount volatility are monitored daily by the Investment Manager and considered by the Board at each of its meetings.

## **Regulatory risks**

The investment activities of the Company are primarily focused on Vietnam. The value of the Company's assets may be affected by regulatory changes, which could include changes in Vietnamese government policies relating to foreign investment, taxation, securities market regulations and foreign currency conversion and repatriation.

The Investment Manager reports to the Board on any regulatory developments in Vietnam. The Audit Committee considers regulatory risks in general and any Vietnam-specific matters in the annual risk assessment process.

## **Control systems risks**

The Company is dependent on the Investment Manager's control systems and those of its Custodian, Administrator and Registrar, all of which are monitored and managed by the Investment Manager in the context of the Company's assets and interests on behalf of the Board. The Investment Manager provides a regular report to the Audit Committee on compliance matters and internal control.

## **GOING CONCERN**

The Company's assets consist mainly of securities which are readily realisable and the Company has no gearing and does not have a significant level of financial or contingent liabilities. The Board receives regular reports from the Investment Manager, including portfolio analysis and financial position of the Company.

Despite the risks associated with investment in Vietnam, the Directors have a reasonable expectation that the Company has adequate resources to continue its business, with its stated objectives and strategy, for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **SHARE CAPITAL**

The Company's authorised share capital comprises 30,000,000 Ordinary Shares with a par value of US\$0.05 per share and 20,000,000 'C' Shares with a par value of US\$0.05 per share. As at 30 September 2012: 12,000,000 Ordinary Shares were issued and fully paid and no 'C' Shares were issued.

## **RELATED PARTY TRANSACTIONS**

Related parties include any entities and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company. The Company's Directors, Investment Manager, directors and key management personnel of the Investment Manager, including close members of the family of these individuals and entities which are controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, these individuals, also constitute related parties.

## **Directors**

In accordance with the Company's Articles of Association any non-independent Director shall be subject to annual re-election at a meeting of shareholders and any independent Director shall retire and be subject to re-election at the third annual general election after that at which he was last elected. All five of the Directors in office directly prior to the annual general meeting on 31 May 2012 were re-elected at that meeting and it is the current intention of the Board that all Directors will be subject to annual re-election at a meeting of shareholders.

The total amount of fees payable to the Directors for the year ended 30 September 2012 was US\$105,000 (2011: US\$102,480) and the outstanding fees payable as at 30 September 2012 was US\$105,000 (30 September 2011: US\$90,864).

Other than the fees payable to the Directors, there are no other transactions or balances with the Directors of the Company.

Interests of the Directors in the Company's shares:

<b>Director</b>	<b>Number of shares</b>	
	<b>As at 30 September</b>	
	<b>2012</b>	<b>2011</b>
Philip Smiley (held by a trust of which Philip Smiley's family are the principal beneficiaries)	41,000	41,000
Urs Bolzern	80,000	80,000
Antony Jordan	-	-
Christopher Vale	-	-
Do Thu Ngan	-	-

### **Investment Manager**

Management fee payable to the Investment Manager for the year to 30 September 2012 was US\$930,000 (30 September 2011: US\$900,000) and the outstanding fee payable at 30 September 2012 was nil (30 September 2011: US\$71,000). The Investment Manager does not receive an incentive or performance fee.

As at 30 September 2012, the Investment Manager held 446,536 shares of the Company (30 September 2011: 456,536 shares), of which 10,000 shares are non-beneficial. Mr Kevin Snowball and Ms Joelle Daumas-Snowball, owners of the ultimate holding company of the Investment Manager, own as at 30 September 2012 either individually, jointly or through a company that they jointly own, a further 150,825 shares of the Company (30 September 2011: 140,825 shares).

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors is responsible for the financial statements which give a true and fair view of the financial position of the Company as at 30 September 2012 and of its financial performance, cash flows and changes in shareholders' equity for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable financial statements to be prepared which comply with International Financial Reporting Standards. The Board of Directors is also responsible for safeguarding the assets of the Company and thus for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm to the best of our knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position, financial performance and cash flows of the Company.
- The Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board of Directors on 13 December 2012 and signed on its behalf by

**Philip Smiley**  
Chairman

### **BALANCE SHEET**

**As at 30 September**

	<b>2012</b> <b>US\$'000</b>	<b>2011</b> <b>US\$'000</b>
<b>Assets</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss	49,151	41,295
Receivables and prepayments	116	106
Cash and cash equivalents	223	909
	<hr/>	<hr/>
<b>Total assets</b>	<b>49,490</b>	<b>42,310</b>
	<hr/>	<hr/>
<b>Equity</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Issued capital	600	600
Share premium	33,953	33,953
Cumulative translation reserve	(15,012)	(14,898)
Other reserve	(111)	-
Accumulated profits	29,731	22,194
	<hr/>	<hr/>
<b>Total equity</b>	<b>49,161</b>	<b>41,849</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Due to brokers	150	228
Accrued fees and other payables	179	233
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>329</b>	<b>461</b>
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>49,490</b>	<b>42,310</b>
	<hr/>	<hr/>
<b>Net asset value per share (US\$ per share)</b>	<b>4.097</b>	<b>3.487</b>
	<hr/>	<hr/>

## **INCOME STATEMENT**

	<b>Year ended 30 September</b>	
	<b>2012</b> <b>US\$'000</b>	<b>2011</b> <b>US\$'000</b>
Interest income	8	81
Dividend income	2,697	2,607
Net gains/(losses) on financial assets at fair value through profit or loss	6,193	(7,608)
	<hr/>	<hr/>
<b>Net investment income/(loss)</b>	<b>8,898</b>	<b>(4,920)</b>
	<hr/>	<hr/>
Management fee	(930)	(900)
Directors' fees	(105)	(102)
Custodian, administration and secretarial fees	(81)	(76)
Transaction costs	(20)	(8)

Foreign exchange loss – net	(1)	(21)
Other operating expenses	(223)	(308)
<b>Total operating expenses</b>	<b>(1,360)</b>	<b>(1,415)</b>
<b>Profit/(loss) before tax</b>	<b>7,538</b>	<b>(6,335)</b>
Income tax expense	(1)	(8)
<b>Net profit/(loss) for the year</b>	<b>7,537</b>	<b>(6,343)</b>
<b>Earnings/(loss) per share – basic (US\$ per share)</b>	<b>0.63</b>	<b>(0.53)</b>

## STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 September	
	2012 US\$'000	2011 US\$'000
Net profit/(loss) for the year	7,537	(6,343)
<b>Other comprehensive income/(loss)</b>		
Currency translation differences	(114)	(3,156)
'C' Shares issue fees	(111)	-
<b>Total comprehensive income/(loss) for the year</b>	<b>7,312</b>	<b>(9,499)</b>

## STATEMENT OF CHANGES IN EQUITY

	Issued capital US\$'000	Share premium US\$'000	Cumulative translation reserve US\$'000	Other reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>Balance at 1 October 2010</b>	600	33,953	(11,742)	-	28,537	51,348
Net loss for the year	-	-	-	-	(6,343)	(6,343)
Other comprehensive income/(loss):						
Currency translation differences	-	-	(3,156)	-	-	(3,156)
Total comprehensive loss for the year ended 30 September 2011	-	-	(3,156)	-	(6,343)	(9,499)
<b>Balance at 30 September 2011</b>	<b>600</b>	<b>33,953</b>	<b>(14,898)</b>	<b>-</b>	<b>22,194</b>	<b>41,849</b>
Net profit for the year	-	-	-	-	7,537	7,537
Other comprehensive income/(loss):						
Currency translation differences	-	-	(114)	-	-	(114)
'C' Shares issue fees	-	-	-	(111)	-	(111)

Total comprehensive income/(loss) for the year ended 30 September 2012	-	-	(114)	(111)	7,537	7,312
<b>Balance at 30 September 2012</b>	<b>600</b>	<b>33,953</b>	<b>(15,012)</b>	<b>(111)</b>	<b>29,731</b>	<b>49,161</b>

## STATEMENT OF CASH FLOWS

	Year ended 30 September	
	2012 US\$'000	2011 US\$'000
<b>Cash flows from operating activities</b>		
Purchases of financial assets	(7,885)	(3,272)
Proceeds from sales of financial assets	6,030	2,814
Dividends received	2,685	2,651
Interest received	8	81
Operating expenses paid	(1,412)	(1,408)
Income tax paid	(1)	(8)
<b>Net cash (used in)/generated from operating activities</b>	<b>(575)</b>	<b>858</b>
<b>Cash flows from financing activities</b>		
Payments for 'C' Shares issue fees	(111)	-
<b>Net cash used in financing activities</b>	<b>(111)</b>	<b>-</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(686)</b>	<b>858</b>
Cash and cash equivalents at beginning of year	909	50
Effects of exchange rate changes on cash and cash equivalents	-	1
<b>Cash and cash equivalents at end of year</b>	<b>223</b>	<b>909</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Net asset value per share and earnings/(loss) per share

	As at 30 September	
	2012	2011
Net asset value (US\$)	49,161,000	41,849,000
Number of shares in issue	12,000,000	12,000,000
Net asset value per share (US\$ per share)	4.097	3.487
	Year ended 30 September	
	2012	2011
Net profit/(loss) for the year (US\$)	7,537,000	(6,343,000)
Weighted average number of ordinary shares in issue	12,000,000	12,000,000
Basic earnings/(loss) per share (US\$ per share)	0.63	(0.53)

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The above statements have been prepared on the basis of the accounting policies as set out in the annual financial statements to 30 September 2012. This preliminary statement was approved by the Board on 13 December 2012. It is not the Company's annual financial statements. The financial statements for the financial year ended 30 September 2012 have been approved and audited. The financial statements for the financial years ended 30 September 2011 and 30 September 2012 received unqualified audit reports and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report.

The annual report and financial statements of the Company for the year ended 30 September 2012 have been submitted to the Irish Stock Exchange, the Central Bank of Ireland and the UK Listing Authority and will shortly be available for inspection on the UK National Storage Mechanism (NSM):

[www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do)

(Documents will usually be available for inspection within two business days of this notice being given)

The annual report and financial statements will be posted to shareholders as soon as is practicable and in any event no later than 31 January 2013. The annual report and financial statements will shortly be available in the section relating to the Company on the website of the Investment Manager at [www.pxpam.com](http://www.pxpam.com)